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W.L.M. KING PAPERS

Memoranda and Notes

1940-1950

MG 26 J 4 Volume 265

Pages C181656-C182499

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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PAGE BARBOUILLEE

C181838

MEMORANDUM

Re Department of National War Services
Draft Bill

Last night I was handed a typewritten draft bill to be used as a basis for a new draft bill to create the above mentioned Department. It should be observed that there have been four previous drafts printed. The typewritten draft given to me last night was apparently taken from the second printed draft bill which was the first draft bill submitted to Council. It has a preamble which was omitted, presumably by Council, in the third printed draft.

Submitted herewith is the draft prepared on the basis of the typewritten draft. This is the fifth printed draft. The following comments may be helpful in appreciating what departures have been made in the present draft from the provisions of the typewritten draft.

Preamble. The preamble in the attached print is textually the same as in the typewritten draft. It is taken from the second printed draft with the words "and the national safety of Canada has become endangered" omitted from the first paragraph. This paragraph as it stood was taken from the Mobilization Act. The only other changes made in the preamble are the omission of the words "all" in the second paragraph, and the deletion of the third paragraph from the second printed draft.

Sections 1 and 2 of the attached print are textually the same as Sections 1 and 2 of the typewritten draft.

Section 3 (1) in the attached print omits the words "on recommendation of the Minister" from the typewritten draft as the provisions for the appointments of the deputy ministers usually omit these words.

Section 3 (2) in the attached print is textually the same as in the typewritten draft.

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Section 3 (3) of the typewritten draft is omitted in the attached print. No previous drafts stated the purposes of the Minister. The Mobilization Act already deals with this. The Section of the Bill under discussion is understood to be to create a Department which will effect a national registration and deal with the other matters authorized by the Governor in Council rather than to be the immediate instrument for the mobilization of the man-power and the material resources of the nation.

Section 4 of the attached print has two paragraphs (a) and (b) corresponding closely to paragraphs (a) and (b) of the typewritten draft. Paragraphs (c) and (d) of Section 4 in the typewritten draft have been omitted from the attached print as it is understood that the proposed department will have the duty of conducting a registration so as to tell the service departments and other departments of the government what men are available. If the requirements of these departments cannot be filled through voluntary means, a report will no doubt be made to Council, and it will use the powers conferred on it by the Mobilization Act to make such order as may be appropriate to fill the need.

(e) of Section 4 of the typewritten draft has been omitted as it is covered by Section 6 of the typewritten draft which becomes Section 5 in the attached print.

Section 5 of the typewritten draft providing that the Minister shall administer the Prairie Farm Rehabilitation Act, the Wheat Board Act, the Agricultural Supplies Board, the War Prices Board, and the Office of Public Information, has been omitted as it is understood that these departments ar agencies are already administered by other departments. If it is desired to transfer their administration to the new department, this can be done by the Governor in Council under the provisions of the Public Service Rearrangement and Transfer of Duties Act (R.S.C. 1927, c.165).

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The remaining provisions of the typewritten draft correspond to provisions of the draft bills previously submitted and are included verbatim in the attached print, except that Section 8 of the typewritten draft regarding Information has been omitted as it is understood that this Section was struck out of the third print draft when this was before Council. Possibly that provision should be restored though in view of the restoration to the bill of the authority to make a national registration and survey. On the other hand, it may be felt that it is preferable to make provisions of this kind by Order in Council under the War Measures Act or the Mobilization Act.

Attention is called to the wording of Section 11 of the attached print corresponding to Section 12 of the typewritten draft. When the Mobilization Act was before Parliament, an amendment was proposed by the Leader of the Opposition to provide for the sending of orders to Members of Parliament, etc. It may be desired to anticipate a similar proposal for a similar amendment to the present bill. In this event, the wording of Section 5 of the Mobilization Act should be substituted for Section 11 in the attached print. A copy of this wording is attached.

- B. C.

July 3, 1940

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1st draft without revisions

(1)

C181841

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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C181842

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS *The National Resources Mobilization Act, 1940*, has been enacted to provide for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is necessary for such purpose to ascertain what resources, whether human or material, are available for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of *The National Resources Mobilization Act, 1940* and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside and the Minister shall have the administration and direction of the Department.

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EXPLANATORY NOTES.

The purpose of this Act is to set up a department of National War Services to assist in carrying out the objects of *The National Resources Mobilization Act, 1940*, and for other purposes mentioned in the Act.

The relevant sections of *The National Resources Mobilization Act, 1940*, read as follows:—

"**2.** Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

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C181844

Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(a) carry out a national registration for the purpose of ascertaining the persons available to render within Canada and the territorial waters thereof such services as may be required for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community, and for the purpose of identifying enemy aliens;

(b) make a survey of the available material resources which may be required for any of the purposes mentioned in paragraph *(a)* hereof; and

(c) place the results of such registration and of such survey at the disposal of His Majesty in the right of Canada.

Powers of the Minister.

5. The Minister may,

(a) promote and organize voluntary assistance with a view to the most effective use of services or contributions of wealth or other property for the efficient prosecution of the war and the welfare of the nation;

(b) coordinate the existing public information services of the Government and originate or use other means of obtaining the utmost aid from the people of Canada for the purposes of this Act;

(c) make all necessary arrangements with regard to war refugees; and

(d) perform such other duties as may be assigned to him by the Governor in Council.

Powers of Minister.

6. The Minister shall have all powers necessary to carry out the purposes of this Act and of any orders or regulations made thereunder.

Other organizations.

7. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

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3. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof."

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C181846

Obtaining information.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures.

9. All expenditures incurred under this Act shall be paid out of the monies provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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C181847

43.

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL 43.

An Act to confer certain powers upon the Governor in Council for the mobilization of national resources in the present war.

AS PASSED BY THE HOUSE OF COMMONS, 20th JUNE, 1940.

OTTAWA
J. O. PATENAUDE, I.S.O.
4781 PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1940

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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PUBLIC ARCHIVES
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CANADA

C181848

1st Session, 19th Parliament, 4 George VI, 1940.

BILL 43.

THE HOUSE OF COMMONS OF CANADA.

An Act to confer certain powers upon the Governor in Council for the mobilization of national resources in the present war.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered; and

Whereas it is, therefore, expedient to confer upon the Governor in Council special emergency powers to permit of the mobilization of all of the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

Whereas it is expedient that the said powers should be conferred upon the Governor in Council during the continuation of the state of war now existing:

Therefor His Majesty, by and with the advice and consent of the Senate and the House of Commons enacts as follows:—

Short title.

1. This Act may be cited as *The National Resources Mobilization Act, 1940.*

Special powers of the Governor in Council.

2. Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

Limitation in respect of service overseas.

3. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof.

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C181848

1st Session, 19th Parliament, 4 George VI, 1940.

BILL 43.

THE HOUSE OF COMMONS OF CANADA.

An Act to confer certain powers upon the Governor in Council for the mobilization of national resources in the present war.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered; and

Whereas it is, therefore, expedient to confer upon the Governor in Council special emergency powers to permit of the mobilization of all of the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

Whereas it is expedient that the said powers should be conferred upon the Governor in Council during the continuation of the state of war now existing:

Therefor His Majesty, by and with the advice and consent of the Senate and the House of Commons enacts as follows:—

Short title.

1. This Act may be cited as *The National Resources Mobilization Act, 1940.*

Special powers of the Governor in Council.

2. Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

Limitation in respect of service overseas.

3. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof.

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C181849

Limitation.

4. The powers conferred by this Act shall remain in force only during the continuation of the state of war now existing.

Tabling of orders and regulations.

5. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in Session and a copy thereof sent to every Member of the House of Commons and of the Senate and if Parliament is not in Session then every such order or regulation shall be forthwith published in the *Canada Gazette* and copies thereof sent to every Member of the House of Commons and of the Senate forthwith; provided that any of the steps specified in this section may be omitted or deferred if the Governor in Council considers such omission or deferment necessary in the national interest having regard to the special circumstances.

Imposing penalties.

6. The Governor in Council may prescribe the penalties that may be imposed for violations of orders and regulations made under this Act, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for any term not exceeding five years, or both fine and imprisonment.

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WWII - Cabinet
2 - Members of Parliament
Dept. of National War Services

N-805-61
1940

(2) C181850

Ottawa, June 24th, 1940.

MEMORANDUM FOR THE PRIME MINISTER:

Re: Department of National War Services

The Committee Convened by Mr. Mackenzie and Mr. Ilsley (representing the Cabinet Legislation Committee) consisted of the following:

Chairman - Brooke Claxton, M.P.,
L. P. Picard, M.P.,
J. T. Thorson, M.P.,
W. C. Macdonald, M.P.

Mr. Ollivier, Joint Law Clerk of the House of Commons has been working with the Committee.

The Bill and Resolution have been prepared and are being submitted to Council for approval or revision, this morning.

A. D. P. H.

AH/R

for original see
P-652-2
1940

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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II

Second draft

JUN 25 1940

C181851

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services, who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(a) promote and organize voluntary assistance with a view to the most effective use of services or contributions of wealth or other property for the efficient prosecution of the war and the welfare of the nation;

EXPLANATORY NOTES.

The purpose of this Act is to set up a department of National War Services to assist in carrying out the objects of *The National Resources Mobilization Act, 1940,* and for other purposes mentioned in the Act.

The relevant sections of *The National Resources Mobilization Act, 1940,* read as follows:—

"**2.** Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

3. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof."

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C181854

(*b*) co-ordinate the existing public information services of the Government and originate or use other means of obtaining the utmost aid from the people of Canada for the purposes mentioned in paragraph (*a*) hereof,

(*c*) make all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war; and

(*d*) conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of *The National Resources Mobilization Act, 1940*~~, and~~

Powers of Minister.

5 ~~6.~~ The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

6 ~~7.~~ The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Obtaining information.

7 ~~8.~~ Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain, for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,

(*a*) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(*b*) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures.

8 ~~9.~~ All expenditures incurred under this Act shall be paid out of the monies provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

9 ~~10.~~ In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

10 ~~11.~~ Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session,

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within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

~~12.~~ 11 The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

~~13.~~ 12 The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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1st draft
Mr. Ilsley made
observations in Committee on Tuesday, June 24th 1940

(2)

C181856

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS *The National Resources Mobilization Act, 1940*, has been enacted to provide for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is necessary for such purpose to ascertain what resources, whether human or material, are available for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of *The National Resources Mobilization Act, 1940* and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside and the Minister shall have the administration and direction of the Department.

EXPLANATORY NOTES.

The purpose of this Act is to set up a department of National War Services to assist in carrying out the objects of *The National Resources Mobilization Act, 1940*, and for other purposes mentioned in the Act.

The relevant sections of *The National Resources Mobilization Act, 1940*, read as follows:—

"**2.** Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(a) carry out a national registration for the purpose of ascertaining the persons available to render within Canada and the territorial waters thereof such services as may be required for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community, and for the purpose of identifying enemy aliens;

(b) make a survey of the available material resources which may be required for any of the purposes mentioned in paragraph (a) hereof; and

(c) place the results of such registration and of such survey at the disposal of His Majesty in the right of Canada.

Powers of the Minister.

5. The Minister may,

(a) promote and organize voluntary assistance with a view to the most effective use of services or contributions of wealth or other property for the efficient prosecution of the war and the welfare of the nation;

(b) coordinate the existing public information services of the Government and originate or use other means of obtaining the utmost aid from the people of Canada for the purposes of this Act;

(c) make all necessary arrangements with regard to war refugees; and

(d) perform such other duties as may be assigned to him by the Governor in Council.

Powers of Minister.

6. The Minister shall have all powers necessary to carry out the purposes of this Act and of any orders or regulations made thereunder.

Other organizations.

7. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

8. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C181861

Obtaining information.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures.

9. All expenditures incurred under this Act shall be paid out of the monies provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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MG 26 J 4, Volume 265, pages C181656-C182499

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C181862

JUN 2 5 1940

2nd revision as made in comm. June 26. 1940

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services, who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(a) promote and organize voluntary assistance with a view to the most effective use of services or contributions of ~~wealth or other property~~ for the efficient prosecution of the war and the welfare of the nation;

EXPLANATORY NOTES.

The purpose of this Act is to set up a department of National War Services to assist in carrying out the objects of *The National Resources Mobilization Act, 1940*, and for other purposes mentioned in the Act.

The relevant sections of *The National Resources Mobilization Act, 1940*, read as follows:—

"**2.** Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

3. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof."

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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CANADA

C181865

(b) co-ordinate the existing public information services of the Government and originate or use other means of obtaining the utmost aid from the people of Canada for the purposes mentioned in paragraph *(a)* hereof,

(c) make all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war; and

(d) conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of *The National Resources Mobilization Act, 1940*; and

Powers of Minister.

6. The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

7. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Obtaining information.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain, for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures.

9. All expenditures incurred under this Act shall be paid out of the monies provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session,

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PUBLIC ARCHIVES
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CANADA

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C181866

within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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CANADA

This Draft
JUN 27 1940

III

C181867

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

PUBLIC ARCHIVES
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CANADA

C181868

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services, who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(*a*) promote, organize and co-ordinate different forms of voluntary assistance with a view to the most effective use of personal services or material contributions for the efficient prosecution of the war and the welfare of the country;

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MG 26 J 4, Volume 265, pages C181656-C182499

PUBLIC ARCHIVES
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CANADA

C181869

(*b*) originate or use other means of obtaining the utmost aid from the people of Canada for the purposes mentioned in paragraph (*a*) hereof;

(*c*) co-operate with other departments of the government in making all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war.

Powers of Minister.

5. The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

6. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Expenditures.

7. All expenditures incurred under this Act shall be paid out of the monies provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

8. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

9. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

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11. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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W.L. Pickersgill

JUN 2 8 1940 C181870

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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C181871

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

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Officers, clerks and employees.

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(*b*) originate or use other means of obtaining the utmost aid from the people of Canada for the purposes mentioned in paragraph (*a*) hereof;

(*c*) co-operate with other departments of the government in making all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war.

Powers of Minister.

5. The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

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Report to Parliament.

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Penalties.

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CANADA

WW Turnbull

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not sent to PM

C1818'73

MEMORANDUM

Re Department of National War Services
Draft Bill

July 3 1940

Last night I was handed a typewritten draft bill to be used as a basis for a new draft bill to create the above mentioned Department. It should be observed that there have been four previous drafts printed. The typewritten draft given to me last night was apparently taken from the second printed draft bill which was the first draft bill submitted to Council. It has a preamble which was omitted, presumably by Council, in the third printed draft.

Submitted herewith is the draft prepared on the basis of the typewritten draft. This is the fifth printed draft. The following comments may be helpful in appreciating what departures have been made in the present draft from the provisions of the typewritten draft.

Preamble. The preamble in the attached print is textually the same as in the typewritten draft. It is taken from the second printed draft with the words "and the national safety of Canada has become endangered" omitted from the first paragraph. This paragraph as it stood was taken from the Mobilization Act. The only other changes made in the preamble are the omission of the words "all" in the second paragraph, and the deletion of the third paragraph from the second printed draft.

Sections 1 and 2 of the attached print are textually the same as Sections 1 and 2 of the typewritten draft.

Section 3 (1) in the attached print omits the words "on recommendation of the Minister" from the typewritten draft as the provisions for the appointments of the deputy ministers usually omit these words.

Section 3 (2) in the attached print is textually the same as in the typewritten draft.

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(*b*) originate or use other means of obtaining the utmost aid from the people of Canada for the purposes mentioned in paragraph (*a*) hereof;

(*c*) co-operate with other departments of the government in making all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war.

Powers of Minister.

5. The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

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Tabling of orders and regulations.

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CANADA

WH Turnbull

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C181873

MEMORANDUM

Re Department of National War Services
Draft Bill

July 3. 1940

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CANADA

Section 3 (3) of the typewritten draft is omitted in the attached print. No previous drafts stated the purposes of the Minister. The Mobilization Act already deals with this. The Section of the Bill under discussion is understood to be to create a Department which will effect a national registration and deal with the other matters authorized by the Governor in Council rather than to be the immediate instrument for the mobilization of the man-power and the material resources of the nation.

Section 4 of the attached print has two paragraphs (a) and (b) corresponding closely to paragraphs (a) and (b) of the typewritten draft. Paragraphs (c) and (d) of Section 4 in the typewritten draft have been omitted from the attached print as it is understood that the proposed department will have the duty of conducting a registration so as to tell the service departments and other departments of the government what men are available. If the requirements of these departments cannot be filled through voluntary means, a report will no doubt be made to Council, and it will use the powers conferred on it by the Mobilization Act to make such order as may be appropriate to fill the need.

(e) of Section 4 of the typewritten draft has been omitted as it is covered by Section 6 of the typewritten draft which becomes Section 5 in the attached print.

Section 5 of the typewritten draft providing that the Minister shall administer the Prairie Farm Rehabilitation Act, the Wheat Board Act, the Agricultural Supplies Board, the War Prices Board, and the Office of Public Information, has been omitted as it is understood that these departments or agencies are already administered by other departments. If it is desired to transfer their administration to the new department, this can be done by the Governor in Council under the provisions of the Public Service Rearrangement and Transfer of Duties Act (R.S.C. 1927, c.165).

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MG 26 J 4, Volume 265, pages C181656-C182499

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CANADA

The remaining provisions of the typewritten draft correspond to provisions of the draft bills previously submitted and are included verbatim in the attached print, except that Section 8 of the typewritten draft regarding Information has been omitted as it is understood that this Section was struck out of the third print draft when this was before Council. Possibly that provision should be restored though in view of the restoration to the bill of the authority to make a national registration and survey. On the other hand, it may be felt that it is preferable to make provisions of this kind by Order in Council under the War Measures Act or the Mobilization Act.

Attention is called to the wording of Section 11 of the attached print corresponding to Section 12 of the typewritten draft. When the Mobilization Act was before Parliament, an amendment was proposed by the Leader of the Opposition to provide for the sending of orders to Members of Parliament, etc. It may be desired to anticipate a similar proposal for a similar amendment to the present bill. In this event, the wording of Section 5 of the Mobilization Act should be substituted for Section 11 in the attached print. A copy of this wording is attached.

B. C.

(BROOKE CLAXTON)

July 3, 1940

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

PUBLIC ARCHIVES
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CANADA

OFFICE OF THE PRIME MINISTER

MEMORANDUM

C181876

P-652-2
1940

FOR MR. HEENEY:

I am enclosing three copies of a reprinted Bill covering the new Department of War Services.

Following the submission of a typewritten draft by Mr. Gardiner I went over it with Mr. King and, at his request, following your suggestion, turned it over to Brooke Claxton. A reprint follows Claxton's suggestion. In turn, I have sent this on to Mr. King but it has not been placed in anyone else's hands, including Mr. Gardiner.

W. J. T.

July 5, 1940

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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OFFICE OF THE PRIME MINISTER

MEMORANDUM

4-7-40

C181877

Mr W Lockerby

Mr Gardiner submitted a draft
letter re War Services in typewritten
form (one attached). Mr King wants new
it + struck out certain items
- (one pencilled note). Letter Mr Clayton
re. disposal + his amended draft
two printed (one copy submitted)
- also a supplied the attached note
showing what he did. They seem
too long. Can you type this down for
P.M. simply state in one list
what was omitted from Gardiner's
draft and some - what was
added with some. Ask him
give any instructions regarding what
to show who worked over
Gardiner's copy. Give to me
Friday

WLJ

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C181878

Important and Confidential

Ottawa, July 6th, 1940.

MEMORANDUM FOR THE PRIME MINISTER:

Re: New departmental legislation

The Prime Minister wished to have, for consideration over the weekend, the draft Bill for the establishment of the Department of National War Services, and draft legislation required to provide for the Associate Minister of National Defence, and the Minister of National Defence for Naval Affairs.

1. Department of National War Services -

(a) A Special Committee composed of a number of Members of the House, under the chairmanship of Brooke Claxton, M.P., was convened by Mr. Mackenzie. This Committee prepared a draft Bill which was subsequently revised on several occasions, for the consideration of Council.

(b) Earlier this week Mr. Gardiner set out his ideas for the new department, in a typewritten draft which he submitted to the Prime Minister. A copy of Mr. Gardiner's typewritten draft is attached.

(c) With the Prime Minister's approval, Mr. Gardiner's typewritten draft was referred, confidentially, to Mr. Claxton to whom were communicated Mr. King's views as to the scope of the new department. Mr. Claxton thereupon prepared and had printed a further draft Bill (printed draft IV attached). This is based upon the earlier drafts prepared by the Special Committee, and upon Mr. Gardiner's draft as modified by the Prime Minister's views. A brief analysis showing changes in the printed Bill (IV) as compared with the typewritten draft (Mr. Gardiner's) is attached.

Mr. Claxton's revision of the Bill will not be referred to Mr. Gardiner until the Prime Minister has had an opportunity of considering it and unless Mr. King so directs.

(d) A copy of a draft Resolution prepared by the Law Clerks, based upon the printed Bill (IV) to precede the introduction of the Bill into the House, is attached.

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H.H. Gardiner's draft

C181879

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting a Department of National War Services.

Preamble

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen, and

WHEREAS The National Resources Mobilization Act, 1940, has been enacted to provide for the mobilization of the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of The National Resources Mobilization Act, 1940, and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title

1. This Act may be cited as The Department of National War Services Act, 1940.

Establishment of Department

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside and the Minister shall have the administration and direction of the Department.

Deputy Minister

3. (1) The Governor in Council on recommendation of the Minister may appoint an officer who shall be called the Deputy Minister of National War Services who shall be the deputy head of the Department.

Officers, clerks & employees

(2) Such other officers, clerks, and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

(3) The purposes of the Minister will be to bring about the

(a) Mobilization of the man power of the nation;
(b) Mobilization of the natural resources of the nation;
(c) Mobilization of the industry of the nation;
(d) Mobilization of the transportation facilities of the nation;

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(e) Mobilization of the publicity agencies of the nation;

so that the whole effort of the nation will be utilized toward the successful conclusion of the war.

4. To accomplish this purpose the Minister will have power with the consent of the Governor General in Council;

(a) to conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act.

(b) to direct the development of natural resources, the distribution of the product and the control, operation and maintenance of industry, transportation and publicity agencies required so that the whole effort of the nation shall be utilized for the successful conclusion of the war.

(c) to place any classes of persons between 19 and 40 in part or full time training for home defence and to take applications from any such persons for voluntary service outside Canada.

(d) to direct that preference in employment be given and training arranged, first to volunteers for service and second to those being trained for home defence in all civil service positions, on all government works, and in all factories and on all contractors parties receiving orders associated with the prosecution of the war, and to find employment so far as possible for all men who have volunteered for service.

(e) to perform such other duties as may be assigned to him by the Governor General in Council.

5. The Minister for the duration of the war shall administer:
(1) The Prairie Farm Rehabilitation Act;
(2) The Wheat Board Act;
(3) The Agricultural Supplies Board;
(4) The War Prices Board;
(5) The Office of Public Information;
and shall have power to arrange for the construction of military highways.

6. The Minister may perform such other duties as may be assigned to him by the Governor General in Council and he shall have all the powers necessary to carry out the provisions of this Act and any orders or regulations made thereunder.

7. The Minister may establish national, provincial, or local committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

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8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made;

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

9. All expenditures incurred under this Act shall be paid out of the monies provided by The War Appropriation Act, 1940, or otherwise by Parliament for the purposes of this Act.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

11. Every order or regulation passed under the authority of this Act shall be laid before Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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These things among others might be done by regulation:

(1) require that all or part of the civil servants and other employees of the government between the ages of 18 and 40 take military training.

(2) require that all or part of the employees of factories tendering upon or receiving government contracts between the ages of 18 and 40 take military training.

(3) require that all persons employed by contractors on government work be those who are prepared to take military training.

(4) require that any others who may be designated by the Governor General in Council take military training.

(5) arrange that any others who desire to take military training may do so.

(6) provide the officers, staffs, equipment, and pay necessary to the above training.

(7) provide within the terms of the National Resources Mobilization Act that men trained be made available from time to time to the several services into which they may have enlisted.

(8) provide that those who have enlisted for service be given preference on Federal government works.

(9) arrange with other government bodies or contractors that those who have enlisted be given first consideration on public works.

(10) recommend to the Governor General in Council agreements or arrangements with Great Britain or her allies for the supply of food or other products necessary to the proper prosecution of the war.

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Memorandum re

C181883

Draft Bill

Department of National War Services

Changes in the printed bill (attached) compared with typewritten draft (attached)

Changes in Printed Bill	Comment
Sect. 3 (1) omits "on recommendation of the Minister"	Usually omitted in such cases
Sect. 3 (3) of typewritten line omitted	The Mobilization Bill already deals with the purposes of the Minister. The department will not be confined to the purposes mentioned in typewritten draft.
Sec. 4 altered slightly for simplicity and clarity	
Sec. 4 (a) Slight verbal change	
Sec. 4 (b) Some verbal changes	
Sec. 4 (c) (d) of typewritten draft omitted	Proposed department to conduct a register for information of other departments.
Sec. 4 (e) of typewritten draft omitted	Covered by Section 5 of printed Bill.

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Sec. 5 of typewritten draft omitted	These agencies already administered by other departments. They can be transferred, if desired, by Order in Council.
Sec. 6 includes word "council"	Cf. sec. 7 of typewritten draft.
Sec. 8 of typewritten draft omitted	It might yet be included or similar powers might be given by Order in Council.
Sec. 7 of printed Bill same as sec. 9 of typewritten draft	
Sec. 8 of printed Bill same as sec. 10 of typewritten draft	
Sec. 9 of printed Bill same as sec. 11 of typewritten draft	This might be amended to provide for the sending of orders to Members of Parliament, etc.

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C181885

GOVERNMENT NOTICE OF MOTION.

THE PRIME MINISTER - On next -

In Committee of the Whole - the following Resolution:-

RESOLVED, That it is expedient to introduce a measure to establish a Department of National War Services, with power to the Minister thereof to conduct a national registration and survey; to co-operate in the promotion of the development and mobilization of the natural resources, industry, transportation and publicity services; to promote, organize and co-ordinate voluntary assistance; to co-operate in making arrangements respecting refugees; to establish councils, committees or boards or use existing agencies to assist the Minister; to empower the Governor in Council to prescribe penalties for violations of the Act; and to provide further for the employment of officers, clerks and employees necessary for the proper conduct of the business of the Department and to authorize the payment of expenditures incurred under the Act.

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Printed draft IV

C181886

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June 19, 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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C181887

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS *The National Resources Mobilization Act, 1940* has been enacted to provide for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of *The National Resources Mobilization Act, 1940* and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services, who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law:

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Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(a) conduct such national registration and make such survey as may be required for the effective carrying out of *The National Resources Mobilization Act, 1940;*

(b) Co-operate with other departments and agencies of the government to promote the most efficient development and mobilization of the natural resources and industry and the transportation and publicity services of the nation, for the effective prosecution of the war and the welfare of the country;

(c) promote, organize and co-ordinate voluntary assistance with a view to the most effective use of personal services or material contributions for the efficient prosecution of the war and the welfare of the country; and

(d) co-operate with other departments of the government in making all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war.

Powers of Minister.

5. The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

6. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Expenditures.

7. All expenditures incurred under this Act shall be paid out of the moneys provided by *The War Appropriation Act, 1940,* or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

8. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

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Tabling of orders and regulations.

9. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

10. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

11. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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Dept. of National War Services ✓
Dept of National Defence ✓

C181890

Important and
Confidential

Ottawa, July 6th, 1940.

MEMORANDUM FOR THE PRIME MINISTER:

Re: New departmental legislation

The Prime Minister wished to have, for consideration over the weekend, the draft Bill for the establishment of the Department of National War Services, and draft legislation required to provide for the Associate Minister of National Defence, and the Minister of National Defence for Naval Affairs.

1. Department of National War Services -

(a) A Special Committee composed of a number of Members of the House, under the chairmanship of Brooke Claxton, M.P., was convened by Mr. Mackenzie. This Committee prepared a draft Bill which was subsequently revised on several occasions, for the consideration of Council.

(b) Earlier this week Mr. Gardiner set out his ideas for the new department, in a typewritten draft which he submitted to the Prime Minister. A copy of Mr. Gardiner's typewritten draft is attached.

(c) With the Prime Minister's approval, Mr. Gardiner's typewritten draft was referred, confidentially, to Mr. Claxton to whom were communicated Mr. King's views as to the scope of the new department. Mr. Claxton thereupon prepared and had printed a further draft Bill (printed draft IV attached). This is based upon the earlier drafts prepared by the Special Committee, and upon Mr. Gardiner's draft as modified by the Prime Minister's views. A brief analysis showing changes in the printed Bill (IV) as compared with the typewritten draft (Mr. Gardiner's) is attached.

Mr. Claxton's revision of the Bill will not be referred to Mr. Gardiner until the Prime Minister has had an opportunity of considering it and unless Mr. King so directs.

(d) A copy of a draft Resolution prepared by the Law Clerks, based upon the printed Bill (IV) to precede the introduction of the Bill into the House, is attached.

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2. Department of National Defence -

(a) A Bill has been prepared by Mr. Ralston and Mr. Power, to amend the Department of National Defence Act, so as to provide for an Associate Minister of National Defence, and a Minister of National Defence for Naval Affairs, as well as a Minister of National Defence for Air. A printed copy of the Bill is attached.

(b) A copy of a Resolution prepared by the Law Clerks, to precede the introduction of the Bill, is also attached.

Note - The Prime Minister has indicated his intention of introducing the Bill to amend the Department of National Defence Act on Monday, to be passed through all stages that day, in order that the new Defence Ministers may be sworn in at the earliest possible time.

The Clerk of the Senate tells me that the Senate stands adjourned until 8 o'clock Monday evening, and would therefore be available for passage of the Bill.

3. Salaries Act -

(a) The draft Bill to amend the Department of National Defence Act makes provision for the salaries of the new Defence Ministers, including that of the Minister of National Defence for Air. The only salary, therefore, for which provision requires to be made is that of the Minister of National War Services. A Bill to amend the Salaries Act, for this purpose, is attached.

(b) A copy of a draft Resolution to precede the introduction of the Bill, is attached.

Note - Mr. Power is of opinion that the Salaries Act might be subject to more general revision later in the Session.

A. D. P. H.

AH/R

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Important

MEMORANDUM C181892

Office of the Clerk of the Privy Council

Ottawa, July 5, 1940.

W W Turnbull

This is a complete set of the material sent to the Dept. at Kingston

Ott

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C181893

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting a Department of National War Services.

Preamble

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen ~~and the national safety of Canada has become endangered~~, and

WHEREAS The National Resources Mobilization Act, 1940, has been enacted to provide for the mobilization of ~~all~~ the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to assure in create a Department of National War Services to carry out the purposes of The National Resources Mobilization Act, 1940 and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

Short title.

1. This Act may be cited as The Department of National War Services Act, 1940.

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside and the Minister shall have the administration and direction of the Department.

Deputy Minister.

3. (1) The Governor in Council on recommendation of the Minister may appoint an officer who shall be called the Deputy Minister of National War Services who shall be the deputy head of the Department.

Officers, clerks & employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

(3) The purposes of the Minister will be to bring about the

(a) Mobilization of the man power of the nation;
(b) Mobilization of the natural resources of the nation;
(c) Mobilization of the industry of the nation;
(d) Mobilization of the transportation facilities of the nation;
(e) Mobilization of the publicity agencies of the nation;

so that the whole effort of the nation will be utilized toward the successful conclusion of the war.

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4. To accomplish this purpose the Minister will have power with the consent of the Governor General in Council:

(a) to conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act.

(b) to direct the development of natural resources, the distribution of the product and the control, operation and maintenance of industry, transportation and publicity agencies required so that the whole effort of the nation shall be utilized for the successful conclusion of the war.

(c) to place any classes of persons between 19 and 40 in part or full time training for home defence and to take applications from any such persons for voluntary service outside Canada.

(d) to direct that preference in employment be given and training arranged, first to volunteers for service and second to those being trained for home defence in all civil service positions, on all government works, and in all factories and on all contractors parties receiving orders associated with the prosecution of the war, and to find employment so far as possible for all men who have volunteered for service.

(e) to perform such other duties as may be assigned to him by the Governor General in Council.

5. The Minister for the duration of the war shall administer:

(1) The Prairie Farm Rehabilitation Act;
(2) The Wheat Board Act;
(3) The Agricultural Supplies Board;
(4) The War Prices Board;
(5) The Office of Public Information;

and shall have power to arrange for the construction of military highways.

6. The Minister may perform such other duties as may be assigned to him by the Governor General in Council and he shall have all the powers necessary to carry out the provisions of this Act and any orders or regulations made there-under.

7. The Minister may establish national, provincial, or local committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information

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as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

9. All expenditures incurred under this Act shall be paid out of the monies provided by The War Appropriation Act, 1940, or otherwise by Parliament for the purposes of this Act.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

11. Every order or regulation passed under the authority of this Act shall be laid before Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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(1) require that all or part of the civil servants and other employees of the government between the ages of 18 and 40 take military training.

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(3) require that all persons employed by contractors on government work be those who are prepared to take military training.

(4) require that any others who may be designated by the Governor General in Council take military training.

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(7) provide within the terms of the National Resources Mobilization Act that men trained be made available from time to time to the several services into which they may have enlisted.

(8) provide that those who have enlisted for service be given preference on Federal government works.

(9) arrange with other government bodies or contractors that those who have enlisted be given first consideration on public works.

(10) recommend to the Governor General in Council agreements or arrangements with Great Britain or her allies for the supply of food or other products necessary to the proper prosecution of the war.

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4. To accomplish this purpose the Minister ~~will~~ have power with the consent of the Governor General in Council:

(a) to conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act.

(b) ~~to direct the~~ development of natural resources, the distribution of the product and the ~~control~~, operation ~~and~~ maintenance of industry, transportation and publicity agencies ~~required toward the successful conclusion of the war.~~

(c) to place any classes of persons between 19 and 40 in part or full time training for home defence and to take applications from any such persons for voluntary service outside Canada.

(d) to direct that preference in employment be given and training arranged, first to volunteers for service and second to those being trained for home defence in all civil service positions, on all government works, and in all factories and on all contractors parties receiving orders associated with the prosecution of the war, and to find employment so far as possible for all men who have volunteered for service.

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5. The Minister for the duration of the war shall administer:

(1) The Prairie Farm Rehabilitation Act;
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(3) The Agricultural Supplies Board;
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(5) The Office of Public Information;

~~and shall have power to arrange for the construction of military highways.~~

6. The Minister may perform such other duties as may be assigned to him by the Governor General in Council and he shall have all the powers necessary to carry out the provisions of this Act and any orders or regulations made thereunder.

7. The Minister may establish national, provincial, or local committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information

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4. To accomplish this purpose the Minister will have power with the consent of the Governor General in Council:

(a) to conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act.

(b) to direct the development of natural resources, the distribution of the product and the control, operation and maintenance of industry, transportation and publicity agencies required so that the whole effort of the nation shall be utilized for the successful conclusion of the war.

(c) to place any classes of persons between 19 and 40 in part or full time training for home defence and to take applications from any such persons for voluntary service outside Canada.

(d) to direct that preference in employment be given and training arranged, first to volunteers for service and second to those being trained for home defence in all civil service positions, on all government works, and in all factories and on all contractors parties receiving orders associated with the prosecution of the war, and to find employment so far as possible for all men who have volunteered for service.

(e) to perform such other duties as may be assigned to him by the Governor General in Council.

5. The Minister for the duration of the war shall administer:

(1) The Prairie Farm Rehabilitation Act;
(2) The Wheat Board Act;
(3) The Agricultural Supplies Board;
(4) The War Prices Board;
(5) The Office of Public Information;

and shall have power to arrange for the construction of military highways.

6. The Minister may perform such other duties as may be assigned to him by the Governor General in Council and he shall have all the powers necessary to carry out the provisions of this Act and any orders or regulations made there-under.

7. The Minister may establish national, provincial, or local committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information

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JUL 3 1940

Printed draft IV

C181899

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of National War Services.

First reading, June , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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C181900

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS *The National Resources Mobilization Act, 1940* has been enacted to provide for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of *The National Resources Mobilization Act, 1940* and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

3. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of National War Services, who shall be the deputy head of the Department.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law:

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Provided that the Minister may, with the approval of the Governor in Council, whenever it is deemed necessary or expedient, appoint such other officers, clerks and employees as he shall from time to time determine and fix their remuneration.

Powers of Minister.

4. The Minister may, when authorized by the Governor in Council,

(a) conduct such national registration and make such survey as may be required for the effective carrying out of *The National Resources Mobilization Act, 1940;*

(b) Co-operate with other departments and agencies of the government to promote the most efficient development and mobilization of the natural resources and industry and the transportation and publicity services of the nation, for the effective prosecution of the war and the welfare of the country;

(c) promote, organize and co-ordinate voluntary assistance with a view to the most effective use of personal services or material contributions for the efficient prosecution of the war and the welfare of the country; and

(d) co-operate with other departments of the government in making all necessary arrangements with regard to persons taking refuge in or brought to Canada by reason of the present war.

Powers of Minister.

5. The Minister may perform such other duties as may be assigned to him by the Governor in Council and he shall have all powers necessary to carry out the provisions of this Act and of any orders or regulations made thereunder.

Other organizations.

6. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Expenditures.

7. All expenditures incurred under this Act shall be paid out of the moneys provided by *The War Appropriation Act, 1940,* or otherwise by Parliament for the purposes of this Act.

Orders and regulations.

8. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

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Tabling of orders and regulations.

9. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

10. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

11. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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Memorandum re

Draft Bill

Department of National War Services

Changes in the printed bill (attached) compared with typewritten draft (attached)

Changes in Printed Bill	Comment
Sect. 3 (1) omits "on recommendation of the Minister"	Usually omitted in such cases
Sect. 3 (3) of typewritten line omitted	The Mobilization Bill already deals with the purposes of the Minister. The department will not be confined to the purposes mentioned in typewritten draft.
Sec. 4 altered slightly for simplicity and clarity	
Sec. 4 (a) Slight verbal change	
Sec. 4 (b) Some verbal changes	
Sec. 4 (c) (d) of typewritten draft omitted	Proposed department to conduct a register for information of other departments.
Sec. 4 (e) of typewritten draft omitted	Covered by Section 5 of printed Bill.

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Sec. 5 of typewritten draft omitted	These agencies already administered by other departments. They can be transferred, if desired, by Order in Council.
Sec. 6 includes word "council"	Cf. sec. 7 of typewritten draft.
Sec. 8 of typewritten draft omitted	It might yet be included or similar powers might be given by Order in Council.
Sec. 7 of printed will same as sec. 9 of typewritten draft	
Sec. 8 of printed will same as sec. 10 of typewritten draft	
Sec. 9 of printed will same as sec. 11 of typewritten draft	This might be amended to provide for the sending of orders to Members of Parliament, etc.

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C181905

GOVERNMENT NOTICE OR MOTION

THE PRIME MINISTER - On next -

In Committee of the Whole - the following

Resolution:

RESOLVED, That it is expendient to introduce a measure to establish a Department of National War Services, with power to the Minister thereof to conduct a national registration and survey, to co-operate in the promotion of the development and mobilization of the natural resources, industry, transportation and publicity services; to promote, organize and co-ordinate voluntary assistance; to co-operate in making arrangements respecting refugees, to establish councils, committees or boards or use existing agencies to assist the Minister; to empower the Governor in Council to prescribe penalties for violations of the Act; and to provide further for the employment of officers, clerks and employees necessary for the proper conduct of the business of the Department and to authorize the payment of expenditures incurred under the Act.

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C181906

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL

An Act to amend the Department of National Defence Act.

First reading, July 0, 1940.

THE PRIME MINISTER.

OTTAWA
J.-O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
5602 1940

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C181907

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act to amend the Department of National Defence Act.

R.S., c. 136; 1940, c. 1.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. An Act to amend the *Department of National Defence Act*, chapter one of the statutes of the present session is repealed.

Definitions.

2. Section two of the *Department of National Defence Act*, chapter one hundred and thirty-six of the Revised Statutes of Canada, 1927, is amended by inserting therein immediately after paragraph *(b)* thereof the following paragraph:—

"Minister."

"*(c)* "Minister" means the Minister of National Defence, unless under the provisions of this Act one or more additional Ministers of National Defence have been appointed, in which case "Minister", in this or any other Act relating to the military, naval and air services, means the Minister of National Defence or one of the additional Ministers of National Defence acting as in this Act provided."

3. The said *Department of National Defence Act* is further amended by inserting therein, as section four A, thereof the following section:—

Additional Ministers of National Defence may be appointed.

R.S., c. 206.

"**4A.** When such a proclamation as is first mentioned in section two of the *War Measures Act* has been issued under the said section additional Ministers of National Defence may be appointed as follows:—

(a) an Associate Minister of National Defence;

(b) a Minister of National Defence for Naval Affairs, and

(c) a Minister of National Defence for Air.

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C181908

EXPLANATORY NOTE.

Chapter one of the statutes of the present session to be repealed, reads as follows:—

"CHAP. 1.

An Act to amend the Department of National Defence Act.

[*Assented to 22nd May, 1940.*]

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:— R.S., c. 136.

1. Paragraph *(c)* of section two of the *Department of National Defence Act*, chapter one hundred and thirty-six of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:— Definitions.

"*(c)* "Minister" means the Minister of National Defence unless under the provisions of this Act a Minister of National Defence for Air has been appointed, in which case "Minister" means the Minister of National Defence or the Minister of National Defence for Air acting as in this Act provided." "Minister."

2. The said Act is further amended by inserting therein, as section four A thereof, the following section:—

"**4A.** (1) When such a proclamation as is first mentioned in section two of the *War Measures Act* has been issued under the said section, an additional Minister of National Defence may be appointed to administer the air service; such additional Minister shall be the Minister of National Defence for Air and shall be charged with all matters relating to the air service. Minister of National Defence for Air may be appointed. R.S., c. 206.

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Powers of the Ministers.

(2) During the tenure of office of any such additional Minister of National Defence the powers exercisable by him shall be as follows:—

Associate Minister of National Defence.

(a) An Associate Minister of National Defence shall, unless the Governor in Council otherwise directs, be entitled to exercise all the powers of the Minister of National Defence, including those defined by this Act;

Minister of National Defence for Naval Affairs.

(b) A Minister of National Defence for Naval Affairs shall be entitled to exercise all the powers of the Minister of National Defence in respect of any matter relating exclusively to the naval service;

Minister of National Defence for Air.

(c) A Minister of National Defence for Air shall be entitled to exercise all the powers of the Minister of National Defence in respect of any matter relating exclusively to the air service.

Matters affecting the Naval service, or the Air service, and any other service.

(3) In respect of any matter affecting both the naval service and any other service, the powers of the Minister of National Defence shall be exercisable by him in consultation with the Minister of National Defence for Naval Affairs, if any, and in respect of any matter affecting both the air service and any other service, such powers shall be exercisable by the Minister of National Defence in consultation with the Minister of National Defence for Air, if any.

Powers of one Minister exercisable by the other.

(4) In order to ensure the coordination of the defence services and the continuity of the administration of the department, and subject to such direction as may be given by the Governor in Council, all the powers of the Minister of National Defence for Naval Affairs or of the Minister of National Defence for Air shall, in the absence of such Minister, be exercisable by the Minister of National Defence, and all the powers of the Minister of National Defence shall in the absence both of such Minister and of the Associate Minister of National Defence be exercisable by the Minister of National Defence for Naval Affairs, and in the absence also of the Minister of National Defence for Naval Affairs shall be exercisable by the Minister of National Defence for Air.

Salary.

(5) Any additional Minister of National Defence appointed under this section shall be entitled to receive the same salary as the Minister of National Defence and may continue to hold office until the expiration of a period not exceeding six months after the issue of the second of the two proclamations specified in section two of the *War Measures Act*.

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(2) During the tenure of office of any Minister of National Defence for Air he shall, in respect of any matter relating exclusively to the air service, exercise all the powers of the Minister of National Defence and in respect of any matter affecting both the air service and any other defence service, such powers shall be exercisable by the Minister of National Defence acting in consultation with the Minister of National Defence for Air. Powers of the Minister.

(3) In order to ensure continuity of departmental administration and the co-ordination of the defence services within the Department, the powers of the Minister of National Defence and the powers of the Minister of National Defence for Air, shall, in the absence of either one of them, be exercisable by the other. Powers of one Minister exercisable by the other.

(4) Any Minister of National Defence for Air appointed under this section shall be entitled to receive the same salary as the Minister of National Defence and may continue to hold office until the expiration of a period not exceeding six months after the issue of the second of the two proclamations specified in section two of the *War Measures Act*." Salary.

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C181911

4. Section five of the said Act is amended by inserting therein the following subsections after subsection one thereof:—

Appointment of additional deputy ministers

"(1A) When such a proclamation as is first mentioned in section two of the *War Measures Act* has been issued thereunder, additional deputy ministers may be appointed by the Governor in Council for the military, naval and air services respectively.

Duties of deputy ministers.

"(1B) If a Minister of National Defence for Naval Affairs or a Minister of National Defence for Air has been appointed, the duties of any deputy minister for naval affairs and of any deputy minister for the air service shall be such as are specified by the Minister of National Defence for Naval Affairs or the Minister of National Defence for Air, as the case may be, and the powers of such deputy shall be such as might have been exercisable by him if there were a separate department for naval affairs or for the air service."

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3. Section five of the said Act is amended by inserting therein the following subsections after subsection one thereof:—

Appointment of additional deputy ministers.

"(1A) When such a proclamation as is first mentioned in section two of the *War Measures Act* has been issued thereunder, additional deputy ministers may be appointed by the Governor-in-Council for the military, naval and air services respectively.

Duties of deputy minister for the air service.

"(1B) If a Minister of National Defence for Air has been appointed, the duties of the deputy minister for the air service shall be such as are specified by such Minister and the powers of such deputy shall be such as might have been exercisable by him if there were a separate department for the air service."

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C181913

GOVERNMENT NOTICE OF MOTION

THE PRIME MINISTER - ON next -

In Committee of the Whole - the following Resolution:-

RESOLVED, That it is expedient to introduce an Act to provide for the appointment of additional Ministers of National Defence as, an Associate Minister of National Defence, a Minister of National Defence for Naval Affairs, and a Minister of National Defence for Air, each at the same salary as the Minister of National Defence, to deal with matters relating to National Defence, to the naval service and to the air service, respectively, and also for the appointment of additional deputy ministers for the military, naval and air services, respectively.

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C181914

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act to amend the Salaries Act.

First reading, June 14, 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
5054 1940

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C181915

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act to amend the Salaries Act.

R.S., c. 182; 1930, c. 40; 1931, c. 12; 1939, (2nd Sess.), c. 7.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Salary of Minister of National Defence for Air.

1. Section four of the *Salaries Act*, chapter one hundred and eighty-two of the Revised Statutes of Canada, 1927, as amended by section one of chapter forty of the statutes of 1930 and by section one of chapter seven of the statutes of 1929, (2nd Session), is further amended by adding at the end of the said section the following:—

~~"The Minister of National Defence for Air . . . $10,000 00~~

The Minister of National War Services . . . . . 10,000 00"

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GOVERNMENT NOTICE OF MOTION

THE PRIME MINISTER - On next -

In Committee of the Whole - the following Resolution:

RESOLUTION, That it is expedient to amend the Salaries Act to provide that the Salary of the Minister of National War Services, shall be ten thousand dollars.

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Revise I.A.M. et al
July 8th, 1940.

THE HOUSE OF COMMONS OF CANADA

C181917

BILL

An Act respecting a Department of National War Services.

Preamble

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS The National Resources Mobilization Act, 1940, has been enacted to provide for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to carry out the purpose of The National Resources Mobilization Act, 1940, and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

Short title

1. This Act may be cited as The Department of National War Services Act, 1940.

Establishment of Department

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside and the Minister shall have the administration and direction of the Department.

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Deputy Ministers

3. (1) The Governor in Council on recommendation of the Minister may appoint two officers who shall be called Deputy Ministers of National War Services and who shall be the Deputy Heads of the Department.

Officers, clerks and employees

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, appoint such officers, clerks and employees as he shall from time to time deem necessary or expedient for the purpose of carrying out the provisions of this Act, and fix their remuneration.

4. The Minister shall have power to require persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order for the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community, and in particular, to carry out the intent of the National Resources Mobilization Act, 1940.

5. The Minister may:

(a) Conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act and The National Resources Mobilization Act, 1940.

(b) To place the results of such registration and of such survey at the disposal of His Majesty in the right of Canada.

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(c) Promote, organize and co-ordinate different forms of voluntary assistance with a view to the most effective use of personal services or material contributions for the prosecution of the war and the welfare of the nation.

(d) Co-ordinate the existing public information services of the Government in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.

(e) Make all necessary arrangements with regard to those taking refuge in or brought to Canada by reason of the war.

(f) Perform such other duties as may be assigned to him from time to time by the Governor General in Council, and he shall have all powers necessary to carry out the provisions of this Act and of any Orders or Regulations made hereunder.

6. The Governor General in Council shall have the power to transfer to the Minister and the Department hereby created any of the powers or duties of any other Government Department, Board or authority whether conferred by Statute or otherwise, and without restricting the generality hereof, the administration of The Wheat Board Act, The Agricultural Supplies Board, and The Wartime Prices Board is hereby transferred to the Minister.

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7. The Minister may establish national, provincial or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purpose of this Act.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,-

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures

9. All expenditures incurred under this Act shall be paid out of the monies provided by The War Appropriation Act, 1940, or otherwise by Parliament for the purpose of this Act.

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Orders and Regulations

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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Confidential

GOVERNMENT NOTICE OF MOTION

C181922

THE PRIME MINISTER - On next --

In Committee of the Whole - the following resolution:-

RESOLVED, that it is expedient to introduce a measure to establish a Department of National War Services, with power to the Minister thereof to conduct a national registration and survey, to promote, organize and co-ordinate all offers of voluntary assistance, the development and mobilization of the natural resources, industry, transportation and publicity services; to make arrangements respecting those taking refuge in or brought to Canada by reason of the war; to establish councils, committees or boards or use existing agencies to assist the Minister; to empower the Governor in Council to prescribe penalties for violations of the Act; and to provide further for the employment of officers, clerks and employees necessary for the proper conduct of the business of the department and to authorize the payment of expenditures incurred under the Act.

Resn IAM (tel)
July 8

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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Revise I.A.M. et al
July 8th, 1940.

C181923

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting a Department of National War Services.

Preamble

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS The National Resources Mobilization Act, 1940, has been enacted to provide for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to carry out the purpose of The National Resources Mobilization Act, 1940, and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

Short title

1. This Act may be cited as The Department of National War Services Act, 1940.

Establishment of Department

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside and the Minister shall have the administration and direction of the Department.

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Deputy Ministers

3. (1) The Governor in Council ~~on recommendation of the Minister~~ may appoint two officers who shall be called Deputy Ministers of National War Services and who shall be the Deputy Heads of the Department.

Officers, clerks and employees

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, appoint such officers, clerks and employees as he shall from time to time deem necessary or expedient for the purpose of carrying out the provisions of this Act, and fix their remuneration.

4. The Minister shall have power to require persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order for the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community, and in particular, to carry out the intent of the National Resources Mobilization Act, 1940.

5. The Minister may:

(a) Conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act and The National Resources Mobilization Act, 1940.

(b) To place the results of such registration and of such survey at the disposal of His Majesty in the right of Canada.

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(c) Promote, organize and co-ordinate different forms of voluntary assistance ~~with a view to the most effective use of personal services or material contributions for the prosecution of the war and the welfare of the nation.~~ stet.

(d) ~~Co-ordinate~~ the existing public information services of the Government in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.

(e) Make all necessary arrangements with regard to those taking refuge in or brought to Canada by reason of the war.

(f) Perform such other duties as may be assigned to him from time to time by the Governor General in Council, and he shall have all powers necessary to carry out the provisions of this Act and of any Orders or Regulations made hereunder.

6. The Governor General in Council shall have the power to transfer to the Minister and the Department hereby created any of the powers or duties of any other Government Department, Board or authority whether conferred by Statute or otherwise, and without restricting the generality hereof, the administration of The Wheat Board Act, The Agricultural Supplies Board, and The Wartime Prices Board is hereby transferred to the Minister.

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7. The Minister may establish national, provincial or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purpose of this Act.

8. Where a government department or any person or body of persons has by virtue of any Act or order in council power to obtain for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,-

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures

9. All expenditures incurred under this Act shall be paid out of the monies provided by The War Appropriation Act, 1940, or otherwise by Parliament for the purpose of this Act.

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Orders and Regulations

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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W/T

Confidential

C181928

GOVERNMENT NOTICE OF MOTION

THE PRIME MINISTER - On next --

In Committee of the Whole - the following resolution:-

RESOLVED, that it is expedient to introduce a measure to establish a Department of National War Services, with power to the Minister thereof to conduct a national registration and survey, to promote, organize and co-ordinate all offers of voluntary assistance, the development and mobilization of the natural resources, industry, transportation and publicity services; to make arrangements respecting those taking refuge in or brought to Canada by reason of the war; to establish councils, committees or boards or use existing agencies to assist the Minister; to empower the Governor in Council to prescribe penalties for violations of the Act; and to provide further for the employment of officers, clerks and employees necessary for the proper conduct of the business of the department and to authorize the payment of expenditures incurred under the Act.

Revised IAM 1st Draft July 8

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C181929

JUL 9 (2) 1940

First Session, Nineteenth Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA.

BILL

An Act respecting a Department of National War Services.

First reading, July , 1940.

THE PRIME MINISTER.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
4969 1940

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C181930

1st Session, 19th Parliament, 4 George VI, 1940.

THE HOUSE OF COMMONS OF CANADA

BILL .

An Act respecting a Department of National War Services.

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS *The National Resources Mobilization Act, 1940* provides for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of *The National Resources Mobilization Act, 1940* and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940.*

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Ministers.

3. (1) The Governor in Council may appoint two officers who shall be called Associate Deputy Ministers of National War Services, who shall be associate deputy heads of the Department and who shall hold office during pleasure.

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Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, appoint and fix the remuneration of such officers, clerks and employees as he shall from time to time deem necessary or expedient for the purpose of carrying out the provisions of this Act.

Duty of Minister.

4. It shall be the duty of the Minister to assist in carrying out the objects of *The National Resources Mobilization Act, 1940.*

Powers of Minister.

5. The Minister may, with the consent of the Governor in Council,

(a) conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act and of *The National Resources Mobilization Act, 1940;*

(b) place the results of such registration and of such survey at the disposal of His Majesty in the right of Canada;

(c) promote, organize and co-ordinate different forms of voluntary assistance with a view to the most effective use of personal services or material contributions for the prosecution of the war and the welfare of the nation;

(d) co-ordinate the existing public information services of the Government and originate or employ other means in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen;

Other duties.

6. The Minister may perform such other duties as may be assigned to him from time to time by the Governor General in Council, and he shall have all powers necessary to carry out the provisions of this Act and of any Orders or Regulations made hereunder.

Other organizations.

7. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Information.

8. Where a government department or any person or body of persons has, by virtue of any Act or Order in Council, power to obtain, for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,—

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C181932

(a) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(b) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures.

9. All expenditures incurred under this Act shall be paid out of the moneys provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purpose of this Act.

Orders and regulations.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

13. The Governor in Council may prescribe the penalties that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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C181934 P-652-2
1940

Ottawa, July 9th, 1940. M305-61
1940

MEMORANDUM FOR THE PRIME MINISTER:

Re: Department of National War Services

The Prime Minister may wish to discuss with Mr. Gardiner the terms of the Resolution and draft Bill which were prepared yesterday by Messrs. Mackenzie, Gardiner and Michaud.

The principal distinction between this draft Bill and those previously prepared by the Committee convened by Mr. Mackenzie, is the inclusion in this draft (Section 6) of the transfer to the Minister of the administration of the Wheat Board Act, the Agricultural Supplies Board and the Wartime Prices and Trade Board.

Mr. King has copies of the draft Resolution and Bill, prepared yesterday.

A. D. P. H.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C181935 WJT/PM
9.7.40

P-652-2
1940

Confidential

For the Prime Minister

Mr. Mackenzie reported, last night, that Council had failed to agree on the War Services Bill, largely because of Mr. Gardiner's wish to include in it Section 6, which has to do with the Boards transferred to the new department. In Mr. Mackenzie's opinion opinion this section should be dropped entirely unless part of the general wording is required to establish some legal point.

In Section 3, re appointment of Deputies, the clause provides for appointment of Deputies "on recommendation of the Minister". Appointment of Deputies is a prerogative of the Prime Minister's, and this wording should be amended. In this connection, Mr. Gardiner has already announced the Deputies to be appointed.

It is further suggested that Sub-section F of Section 5 be made a new section to start with the words, "the Minister may".

W. J. T.

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OFFICE OF THE CLERK OF THE PRIVY COUNCIL

MEMORANDUM

C181936

July 12th, 1940.

M.305-22(F)-1-A
1940

For the Prime Minister:

Re: Department of National War Services

M.305-61
1940

The Acting Chairman of the Economic Advisory Committee has now submitted the Committee's report on the proposal that the administration of the Wheat Board and the Agricultural Supplies Board be undertaken by the new Department of National War Services.

This proposal, at the Prime Minister's direction, was referred to the Economic Advisory Committee, for consideration and report.

A copy of the report is
-- attached.

Would Mr. King wish to bring this matter up in Council on Monday, or deal with it in personal interview with the Ministers concerned?

A. D. P. H.

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REPORT OF THE ECONOMIC ADVISORY COMMITTEE ON THE SUGGESTION THAT THE ADMINISTRATION OF THE WHEAT BOARD AND THE AGRICULTURAL SUPPLIES BOARD BE UNDERTAKEN BY THE DEPARTMENT OF NATIONAL WAR SERVICES

REFERENCE:

The Economic Advisory Committee was asked to "consider the advisability, from the administrative point of view, of agreeing to this suggestion, or, alternatively, of permitting administration of these two boards to remain under the Department of Trade and Commerce, and the Department of Agriculture, respectively, or, indeed, whether either or both of these boards could more appropriately come under other departments of government".

PROCEDURE:

On July 11th, the Committee considered these questions at length, and, as directed, obtained the views of officials of the Department of Agriculture, the Department of Trade and Commerce, the Agricultural Supplies Board and Wheat Board.

THE CANADIAN WHEAT BOARD:

The Committee was impressed by the following considerations:

(a) The Wheat Board is not a special war organization, but was created in peacetime to deal with wheat surpluses which persist in war and peace;

(b) There is a marked and obvious difference in the position of wheat in the present war in contrast with

that

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that in 1914 - 1918. Canada is not now faced with the need for a special emergency organization to encourage production such as was set up under the Canada Food Board. The problem is an unmanageable surplus of wheat;

(c) The function of the Wheat Board is selling, not production. It has little, if any, relation to the type of widespread, voluntary organization which would seem to be contemplated for the Department of National War Services;

(d) In carrying out its selling functions, and particularly in relation to the sale of flour in the few remaining export markets, the Wheat Board has need of close co-operation with the Commercial Intelligence Service. Equally, it must have the cooperation of the Board of Grain Commissioners. Both of these organizations are under the Department of Trade and Commerce;

(e) Through the Wheat Committee of the Cabinet, the experience of several Departments of Government is brought to bear on the problems of the Wheat Board.

In the light of the above considerations, the Economic Advisory Committee is of the opinion that it is not advisable from the administrative point of view to transfer the Wheat Board from the Department of Trade and Commerce to which it is now attached.

AGRICULTURAL
SUPPLIES BOARD:

In the examination of the position of this Board, the following points came under consideration:

(a) The Agricultural Supplies Board is a special war organization which devotes its energies -

(i) To ensuring the availability of supplies necessary for the maintenance of farm production,

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C181939

production, and

(ii) To the promotion of farm programmes which will meet wartime needs for production, but preserving as far as possible a dutiable, peacetime basis of agriculture.

(b) In performing the latter function, the Board makes use of voluntary committees in different parts of the country and of provincial services. There is in this respect some relation to the type of voluntary organization and mobilization of agencies which might be considered to fall within the scope of the Department of National War Services;

(c) The Agricultural Supplies Board is composed entirely of officials of the Department of Agriculture, who have heavy and important duties aside from the operations of the Board. The Board functions through the staff of the Department of Agriculture, and it would not be possible to remove either the Board or its staff from the Department of Agriculture without disrupting the Department's organization. On the other hand, even though it might be possible, it would be administratively difficult for the Board and its staff to serve two Ministers.

Having regard to the administrative point of view, the Economic Advisory Committee is of the opinion that the Agricultural Supplies Board should remain in the Department of Agriculture.

W. Clifford Clark
For the Chairman.

Friday,
July 12, 1940.

WAM/G

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η.305-22(B)
1940

C181940

η.305-61
1940

P.C. 3333

AT THE GOVERNMENT HOUSE AT OTTAWA

Friday the 19th day of July, 1940.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS by Order in Council of December the 8th, 1939 (P.C.4073), Walter S. Thompson, Esquire, was appointed Director of Public Information, for the purpose of providing for the collection, co-ordination and dissemination to the public of information concerning all phases of Canada's war effort and the various activities of the government related thereto;

AND WHEREAS by Order in Council of February the 23rd, 1940 (P.C.772), G.H.Lash, Esquire, was appointed Director of Public Information, vice the said Walter S. Thompson, Esquire, resigned;

AND WHEREAS by Order in Council of February the 23rd, 1940 (.C.773) Claude Melancon, Esquire, was appointed Associate Director of Public Information;

AND WHEREAS under the authority of the Orders in Council to which reference has been made above, the Director of Public Information has engaged certain officers, clerks and other persons for the performance of the duties pertaining to his office;

AND WHEREAS by subsection (d) of Section 5 of The Department of National War Services Act, 1940, it is provided that the Minister of National War Services may, with the consent of the Governor in Council:

> "(d) co-ordinate the existing public information services of the Government and originate or employ other means in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.";

AND WHEREAS the Prime Minister reports that in order to give effect to the provisions of the said Act with respect to public

information

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η.305-22(B)
1940

C181940

η.305-61
1940

P.C. 3333

AT THE GOVERNMENT HOUSE AT OTTAWA

Friday the 19th day of July, 1940.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

WHEREAS by Order in Council of December the 8th, 1939 (P.C.4073), Walter S. Thompson, Esquire, was appointed Director of Public Information, for the purpose of providing for the collection, co-ordination and dissemination to the public of information concerning all phases of Canada's war effort and the various activities of the government related thereto;

AND WHEREAS by Order in Council of February the 23rd, 1940 (P.C.772), G.H.Lash, Esquire, was appointed Director of Public Information, vice the said Walter S. Thompson, Esquire, resigned;

AND WHEREAS by Order in Council of February the 23rd, 1940 (.C.773) Claude Melancon, Esquire, was appointed Associate Director of Public Information;

AND WHEREAS under the authority of the Orders in Council to which reference has been made above, the Director of Public Information has engaged certain officers, clerks and other persons for the performance of the duties pertaining to his office;

AND WHEREAS by subsection (d) of Section 5 of The Department of National War Services Act, 1940, it is provided that the Minister of National War Services may, with the consent of the Governor in Council:

> "(d) co-ordinate the existing public information services of the Government and originate or employ other means in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.";

AND WHEREAS the Prime Minister reports that in order to give effect to the provisions of the said Act with respect to public

information

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information, it is expedient to provide that the Minister of National War Services be directed and empowered to carry out the duties described in the said subsection (d) of Section 5 of The Department of National War Services Act, 1940, and that for this purpose the said Minister be charged forthwith with the supervision and direction of the said Director and Associate Directors of Public Information, and the officers, clerks and other persons who have been employed by the said Director of Public Information for the performance of the duties pertaining to his office.

THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Prime Minister, with the concurrence of the Minister of National War Services, and under the provisions of Section 5 of The Department of National War Services Act, 1940, is pleased to order, and it is hereby ordered, that the Minister of National War Services be directed and empowered to carry out the duties described in subsection (d) of the said Section of the said Act, and that for this purpose he be charged forthwith with the supervision and direction of the Director and Associate Directors of Public Information and the officers, clerks and other persons who have been employed by the said Director of Public Information for the performance of the duties pertaining to his office.

Sgd. A.D.P.Heeney,

Clerk of the Privy Council.

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P.C. 3406

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 23rd July, 1940.

The Committee of the Privy Council have had before them a report dated 22nd July, 1940, from the Right Honourable W. L. Mackenzie King, the Prime Minister, submitting:

That The Department of National War Services Act, 1940, provides for the appointment of two officers in the newly established Department to be called Associate Deputy Ministers of National War Services, who shall be associate Deputy Heads of the Department and who shall hold office during pleasure;

That in order to proceed without delay with the organization and work of the Department aforesaid it is deemed necessary for the security, defence, peace, order and welfare of Canada to appoint one of the two officers aforesaid;

That the Honourable Thomas C. Davis, a Puisne Judge of the Court of Appeal for Saskatchewan has, by Order in Council P.C. 3212, 16th July, 1940, been granted leave of absence from his judicial duties with pay as in that Order provided, in order that he may for the time being act as an Associate Deputy of the Department of National War Services.

The Prime Minister, therefore, recommends that, as provided in Section 2 of the National Resources Mobilization Act, 1940, the said the Honourable Mr. Justice Thomas C. Davis be required to offer his services and that under the provisions of The Department of National War Services Act, 1940, and the War Measures Act, Chapter 206, R.S.C.1927, he be appointed (notwithstanding anything contained in Section 36 of the Judges Act, Chapter 105, R.S.C. 1927) an Associate Deputy Minister of National War Services, to hold office during pleasure and to serve without additional remuneration, except that he shall be paid travelling or living allowances as from the second day of July, 1940, in addition to his moving or transportation expenses in such sum or sums as would be payable if he were attending as such Judge at any place other than that at which he is by law obliged to reside.

The/

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The Prime Minister further recommends that the said the Honourable Thomas C. Davis be authorized to perform the functions of deputy head of the Department, and for all purposes to be the deputy head of the Department, and to engage in such occupation, notwithstanding the fact that his Associate Deputy Minister has not yet been appointed.

The Committee concur in the foregoing recommendations and submit the same for approval.

Sgd. A.D.P.Heeney

Clerk of the Privy Council.

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PRESS RELEASE - Department of National War Services
Ottawa, July 25, 1940.

People are inquiring why provision should not be made so that individuals may readily procure, before the dates fixed for registration, copies of the questionnaire card and take the same home and complete them at their leisure.

The reason this policy is not being followed is that a measure of control must of necessity be exercised. The information to be secured by this registration has to be utilized and tabulated by the Bureau of Statistics, and great care has to be exercised in filling out the cards. The Dominion Statistician has prepared an explanation of each question and the information he hopes to secure from the answers thereto. His instructions are being included in the printed instructions going forward at once to the Deputy Registrars throughout Canada. Members of the staff in each registration booth in Canada, by studying these instructions, will know exactly what is aimed at in each question and will be able to elicit the answer in a way to meet the requirements of the Government. An uncontrolled distribution of cards would defeat this object.

It is going to take ten or fifteen minutes for each individual to complete his card in the registration booth. The pressure on the booths is therefore going to be heavy.

In order to relieve this pressure we propose to follow one or other of the following methods:

The first method will apply to industries or organizations where the number of members or employees is small. The second proposal will apply to the large organizations in Canada.

In the case of the smaller organizations, which includes every type of organization with a concentration of employees or members, if such organization will designate certain members of its staff to act as Voluntary Assistant Registrars, then we will furnish such organization with registration cards, and arrangements can be made internally for these voluntary workers to help the members or employees fill in their cards. These voluntary workers will have to study the instructions to Deputy Registrars, so that they will be adequately equipped to help with the completion of these cards. The card will be handed to the individual who will be under the duty of seeking out his own registration booth, taking the card there, signing and acknowledging the same before the Deputy Registrar and receiving in exchange therefor his certificate of registration.

Any organization seeking to avail itself of this privilege should get in touch with the Registrar for the federal constituency in which the plant or premises of the organization is situated.

JUL 26 1940

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The other alternative can best be explained by taking a concrete proposal submitted by one of the large industrial organizations in Canada to the Government.

This concern has 7,500 employees. It works twenty-four hours a day, in three shifts of eight hours each, which means roughly 2,500 men in the plant at all times. This organization asks us to designate its premises as a polling division with a polling division number for the purposes of the registration. This concern offers to furnish a staff of eighty Deputy Registrars in this polling division, and offers to pay them and to conduct the whole business of registration within the plant.

We have decided to accept this offer and the head of this company will go to the Registrar for the electoral division in which the plant is located. The Registrar will hand this company 7,500 registration cards. The company will furnish him with the names of the individuals who will act as Deputy Registrars. The Registrar will declare the premises of the company a registration unit and give it a number. The Registrar will appoint the eighty persons as Deputy Registrars for that registration unit and they will take the regular oath of office. They will be given certificates of registration. The company will open adequate offices in its own plant and arrange for the methodical appearance of its employees in those offices for registration. This registration office can be opened up as soon as the necessary cards and certificates are available.

The company will be obliged to endorse on each card the number of the electoral division in which the registrant resides as one plant may have employees living in ten or fifteen different electoral divisions. The company will also endorse on the card the polling division number allocated to the plant. The company will have to arrange for the copying of the cards of all single men between the ages of 19 and 45 who register in the company's office.

This second suggestion will apply in the case of the larger industries and larger concentration of employees or members. In the smaller industries where it is not going to seriously interfere with the operation of the plant to require the individual to take his card to his own registration booth, this method will be insisted upon.

Honourable James G. Gardiner,
Minister of National War Services.

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Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 13th AUGUST 1940

PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that in the absence from Ottawa of the Honourable J. G. Gardiner, Minister of National War Services, or in the event of his being unable to perform the functions of his office, the Honourable P. J. A. Cardin, Minister of Public Works, be authorized to act as Minister of National War Services.

A.D.M. Lothrop
A/Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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IMPORTANT AND
CONFIDENTIAL

Ottawa, September 10th, 1940.

MEMORANDUM FOR THE PRIME MINISTER:

The attached recommendation to Council was handed to me today by the Minister of National War Services, who felt that the Prime Minister should see it before it was submitted to Council for consideration. However, Mr. Gardiner would like to have the recommendation dealt with by Council this week, in view of the fact that he has already arranged to retain certain employees to carry out duties with regard to the medical examination of recruits.

The Prime Minister will observe that the powers suggested for the first two proposed Divisions of the Department, viz., the Division of Human Resources, and the Division of Material Resources, are extensive and in several aspects concern matters with which other departments of the government have to do. This is true particularly of the Departments of Agriculture, Munitions and Supplies, Labour, and Trade and Commerce.

The Economic Advisory Committee have already given some consideration to the problem of labour supply, as well as to subjects referred to in the section (on page 2) dealing with the proposed Division of Material Resources. The Economic Advisory Committee have also considered matters relating to wartime organization of departments.

In the circumstances, the Prime Minister might perhaps wish to have the observations of the Economic Advisory Committee upon the proposed organization of the Department of National War Services, before the recommendation is submitted to Council for decision.

Mr. Gardiner thought that the Prime Minister might wish to have a word with him, on the telephone, on this matter before the recommendation is considered by Council. Mr. Lapointe has fixed the next meeting of Council for Thursday afternoon at three o'clock.

I am attaching a copy of the Act creating the Department of National War Services.

AH/R

A. D. P. H.

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Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 2 nd OCTOBER 1940

PRIVY COUNCIL CANADA

In view of the absence from Ottawa of the Honourable J. G. Gardiner, Minister of National War Services, and of the Honourable P.J. A. Cardin, Acting Minister of National War Services, the Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that the Honourable Angus L. Macdonald, Minister of National Defence for Naval Services, be authorized to act as Minister of National War Services until the return to Ottawa of the Honourable J. G. Gardiner or the Honourable P. J. A. Cardin.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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CONFIDENTIAL

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N-305-28(C) Feb
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The Prime Minister announced today the arrival in the United Kingdom of the Honourable J.G. Gardiner, Minister of National War Services, accompanied by Mr. A.M. Shaw, Director of Marketing Services, Mr. Georges Bouchard, Assistant Deputy Minister of the Department of Agriculture, Mr. Waterous, Director of the Division of Material Resources of the Department of National War Services and the Honourable J.G. Taggart, Chairman of the Bacon Board.

The Minister of National War Services in consultation with United Kingdom Ministers will review the working of the arrangements under which Canada has been providing an increasingly important share of the United Kingdom's requirements of foodstuffs and other essential materials. It is expected that the discussions will determine, in particular, how Canada's capacity to produce foodstuffs can be utilized to best advantage in the prosecution of the common war effort. This will involve a study of the United Kingdom's needs in the light of the experience of the first year of war, in relation to what Canada can do to meet those needs.

During Mr. Gardiner's visit in the United Kingdom, he intends to study at first hand the measures which the United Kingdom Government have taken to ensure the most effective application of labour power and industrial skill to the needs of wartime industry.

W L M K

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WAR SERVICES

(Summary) as at Oct. 31/45

Department of National War Services created July 12. Hon. J. G. Gardiner appointed Minister on same day.

Two Associate Deputy Ministers appointed :

Mr. Justice T. C. Davis

Major General L. R. LaFleche

National Registration carried out by Department - Aug. 19, 20 and 21 (see separate sheet for details)

Four Divisions of Department established September 13/40 (P.C. 4742) :

Division of Human Resources,

Division of Material Resources,

Division of Voluntary Services,

Division of Publicity.

Duties of Division of Human Resources

The Division of Human Resources is specifically charged with :

(a) The tabulation and compilation of information secured as a result of the recent National Registration in Canada, and

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(b) in conjunction with the Department of Labour, to study and report upon the available supplies of labour in Canada,

(c) to study and report upon the demands and needs of industry for labour,

(d) "to aid in a systematic way in directing those seeking employment to employment by employers and toward training facilities which may be available".

(e) The further duty of this Division will be to direct the carrying out of The National War Services Regulations, 1940, (Recruits).

Duties of Division of Material Resources

The Division of Material Resources will :

(a) Conduct such surveys as are necessary to the mobilization of the material resources of the nation,

(b) aid and direct the development of the nation's material resources,

(c) aid in the co-ordination of the productive efforts of the industries of the nation,

(d) aid in the production, maintenance and distribution of the food supplies necessary to the successful prosecution of the war,

(e) study the future industrial developments of the

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nation and provide any necessary information for the proper location of industries so that the economy of Canada may be more evenly balanced.

Duties of Division of Voluntary Services

The Division of Voluntary Services will :

(a) Administer The War Charities Act,

(b) Co-ordinate, organize and utilize the voluntary effort of the Canadian people,

(c) Organize and assist organizations engaged in supporting the war effort of the nation.

Duties of Division of Publicity

The Division of Publicity will :

(a) Direct the activities of the Bureau of Public Information, and

(b) Carry out such other duties as may be from time to time delegated to it by the Minister.

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W A R S E R V I C E S

(National Registration)

First administrative act of new department was preparation of Regulations for National Registration. (P.C. 3156, July 12/40)

Registration itself carried out in three days - Aug. 19, 20 and 21.

Duplicate cards prepared at once for single men and childless widowers from age of 19 to 45, for purpose of compulsory mobilization for training.

Cost of Registration greatly reduced by tremendous amount of voluntary unpaid assistance.

Voluntary assistance from organizations and individuals in publicity contributed largely to success.

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W A R S E R V I C E S

(Mobilization)

Responsibility for calling up single men and childless widowers for military training entrusted to Department of National War Services.

National War Services Regulations, 1940(Recruits) enacted Aug. 27/40 (P.C. 4185)

13 National War Service Boards established. Each board consists of a judge and two other persons. Their duties consist chiefly in hearing appeals for exemption from or postponement of military training.

In each of the 13 administrative divisions, there is a divisional registrar whose duties are to prepare from duplicate registration cards lists of men to be called up for service.

September 13th, 1940 - Proclamation issued calling out men for military training in the 21, 22, 23 year old classes.

When a man is notified by the divisional registrar that he has been selected, he proceeds to

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the nearest authorized physician for medical examination. Those who pass medical examination report for training, unless exemption is granted.

In response to the first call, 27,559 men appeared. Of these, 2034 were rejected after a second medical examination at the training centres.

Exemptions

1) On account of previous training.
2) Mennonites and Doukhobors.
3) University students who are receiving approved military training in connection with their courses.
4) Conscientious objectors.

Postponements

1) Men engaged in seasonal occupations may, at discretion of boards, have service postponed to slack season (e.g. farming, fishing, lumbering and trapping)
2) Representatives of industry may appeal to the boards for postponement in cases where absence of employees would seriously impair efficiency of essential industries.

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Ottawa, May 20th, 1941.

MEMORANDUM FOR THE PRIME MINISTER

Re: Salary of the Minister of
National War Services.

"An Act to amend the Salaries Act", Chapter 40 of the Statutes of 1940, fixes the salary of the Minister of National War Services at $10,000.00.

The National War Services portfolio is established by "The Department of National War Services Act, 1940," Chapter 22 of the Statutes of 1940. Section 2 of the said Act reads as follows:

> "There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department."

A copy of "The Department of National War Services Act, 1940" is attached hereto.

A. D. P. H.

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DEPARTMENT OF NATIONAL WAR SERVICES

THIS BOOK CONTAINS:

1. The War Measures Act, 1914.
   (Chapter 206 of the Revised Statutes of Canada, 1927)

2. The National Resources Mobilization Act, 1940.
   (Chapter 13 of the Statutes of Canada, 1940)

3. The Department of National War Services Act, 1940.
   (Chapter 22 of the Statutes of Canada, 1940)

4. The National Registration Regulations.
   (As Amended to August 21st, 1940)

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1940

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CHAPTER 206

An Act to confer certain powers upon the Governor in Council in the event of War, Invasion, or Insurrection

SHORT TITLE

1. This Act may be cited as the War Measures Act. 1914 (2nd session), c. 2, s. 1. Short title.

EVIDENCE OF WAR

2. The issue of a proclamation by His Majesty, or under the authority of the Governor in Council shall be conclusive evidence that war, invasion, or insurrection, real or apprehended, exists and has existed for any period of time therein stated, and of its continuance, until by the issue of a further proclamation it is declared that the war, invasion or insurrection no longer exists. 1914 (2nd session), c. 2, s. 4. Evidence of war, etc.

POWERS OF THE GOVERNOR IN COUNCIL

3. The Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of the existence of real or apprehended war, invasion or insurrection deem necessary or advisable for the security, defence, peace, order and welfare of Canada; and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the Governor in Council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:— Special powers of Governor in Council.

(*a*) Censorship and the control and suppression of publications, writings, maps, plans, photographs, communications and means of communication;
(*b*) Arrest, detention, exclusion and deportation;
(*c*) Control of the harbours, ports and territorial waters of Canada and the movements of vessels;
(*d*) Transportation by land, air, or water and the control of the transport of persons and things;
(*e*) Trading, exportation, importation, production and manufacture;
(*f*) Appropriation, control, forfeiture and disposition of property and of the use thereof.

2. All orders and regulations made under this section shall have the force of law, and shall be enforced in such manner and by such courts, officers and authorities as the Governor in Council may prescribe, and may be varied, extended or revoked by any subsequent order or regulation; but if any order or regulation is varied, extended or revoked, neither the previous operation thereof nor anything duly done thereunder, shall be affected thereby, nor shall any right,

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privilege, obligation or liability acquired, accrued, accruing or incurred thereunder be affected by such variation, extension or revocation. 1914 (2nd session), c. 2, s. 6.

Imposing penalties.

4. The Governor in Council may prescribe the penalties that may be imposed for violations of orders and regulations made under this Act, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for any term not exceeding five years, or both fine and imprisonment. 1914. (2nd session), c. 2, s. 10.

Release of arrested alien forbidden.

5. No person who is held for deportation under this Act or under any regulation made thereunder, or is under arrest or detention as an alien enemy, or upon suspicion that he is an alien enemy, or to prevent his departure from Canada, shall be released upon bail or otherwise discharged or tried, without the consent of the Minister of Justice. 1914. (2nd session), c. 2, s. 11.

Limitation.

6. The provisions of the three sections last preceding shall only be in force during war, invasion, or insurrection, real or apprehended. 1914. (2nd session), c. 2, s. 3.

PROCEDURE

Fixing compensation.

7. Whenever any property or the use thereof has been appropriated by His Majesty under the provisions of this Act, or any Order in Council, order or regulation made thereunder, and compensation is to be made therefor and has not been agreed upon, the claim shall be referred by the Minister of Justice to the Exchequer Court, or to a superior or county court of the province within which the claim arises, or to a judge of any such court. 1914. (2nd session) c. 2, s. 7.

Forfeitures.

8. Any ship or vessel used or moved, or any goods, wares or merchandise dealt with, contrary to any order or regulation made under this Act, may be seized and detained and shall be liable to forfeiture, at the instance of the Minister of Justice, upon proceedings in the Exchequer Court of Canada or in any superior court. 1914 (2nd session), c. 2, s. 8.

Rules.

9. Every court mentioned in the two sections last preceding may make rules governing the procedure upon any reference made to, or proceedings taken before, such court or a judge thereof under the said sections. 1914 (2nd session), c. 2, s. 9.

4 GEORGE VI.

CHAP. 13.

An Act to confer certain powers upon the Governor in Council for the mobilization of national resources in the present war.

[*Assented to 21st June, 1940*]

Preamble.

Whereas by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered; and

Whereas it is, therefore, expedient to confer upon the Governor in Council special emergency powers to permit of the mobilization of all of the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

Whereas it is expedient that the said powers should be conferred upon the Governor in Council during the continuation of the state of war now existing:

Therefore His Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada enacts as follows:—

Short title.

1. This Act may be cited as *The National Resources Mobilization Act, 1940.*

Special powers of the Governor in Council.

2. Subject to the provisions of section three hereof, the Governor in Council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

Limitation in respect of service overseas.

3. The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof.

Limitation.

4. The powers conferred by this Act shall remain in force only during the continuation of the state of war now existing.

Tabling of orders and regulations.

5. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in Session and a copy thereof sent to every Member of the House of Commons

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and of the Senate and if Parliament is not in Session then every such order or regulation shall be forthwith published in the *Canada Gazette* and copies thereof sent to every Member of the House of Commons and of the Senate forthwith; provided that any of the steps specified in this section may be omitted or deferred if the Governor in Council considers such omission or deferment necessary in the national interest having regard to the special circumstances.

Imposing penalties.

6. The Governor in Council may prescribe the penalties that may be imposed for violations of orders and regulations made under this Act, and may also prescribe whether such penalties shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for any term not exceeding five years, or both fine and imprisonment.

4 GEORGE VI.

CHAP. 22.

An Act respecting a Department of National War Services.

[*Assented to 12th July, 1940*]

Preamble.

WHEREAS by reason of developments since the outbreak of the present war a special emergency has arisen and the national safety of Canada has become endangered, and

WHEREAS *The National Resources Mobilization Act, 1940* provides for the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada, and

WHEREAS it is expedient to create a Department of National War Services to assist in carrying out the purposes of *The National Resources Mobilization Act, 1940* and for the other purposes of this Act;

THEREFORE His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of National War Services Act, 1940*.

Establishment of Department.

2. There shall be a Department of the Government to be called the Department of National War Services over which the Minister of National War Services for the time being appointed by the Governor General by Commission under the Great Seal of Canada shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Ministers.

3. (1) The Governor in Council may appoint two officers who shall be called Associate Deputy Ministers of National War Services, who shall be associate deputy heads of the Department and who shall hold office during pleasure.

Officers, clerks and employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law: Provided that the Minister may, with the approval of the Governor in Council, appoint and fix the remuneration of such officers, clerks and employees as he shall from time to time deem necessary or expedient for the purpose of carrying out the provisions of this Act.

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Duty of Minister.

4. It shall be the duty of the Minister to assist in carrying out the objects of *The National Resources Mobilization Act, 1940.*

Powers of Minister.

5. The Minister may, with the consent of the Governor in Council,

(*a*) conduct such national registration and make such survey as may be required for the effective carrying out of the provisions of this Act and of *The National Resources Mobilization Act, 1940;*

(*b*) place the results of such registration and of such survey at the disposal of His Majesty in the right of Canada;

(*c*) promote, organize and co-ordinate different forms of voluntary assistance with a view to the most effective use of personal services or material contributions for the prosecution of the war and the welfare of the nation;

(*d*) co-ordinate the existing public information services of the Government and originate or employ other means in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.

Other duties.

6. The Minister may perform such other duties as may be assigned to him from time to time by the Governor in Council, and he shall have all powers necessary to carry out the provisions of this Act and of any Orders or Regulations made hereunder.

Other organisations.

7. The Minister may establish national, provincial, or local councils, committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act.

Information.

8. Where a government department or any person or body of persons has, by virtue of any Act or Order in Council, power to obtain, for any purpose, information as to matters with respect to which the Minister is empowered to require information to be given or returns to be made,—

(*a*) such department, person or body shall, if so required by the Minister, exercise that power for the purpose of assisting the Minister in obtaining any such information, and

(*b*) any information obtained by such department, person or body, whether upon a requisition of the Minister or otherwise, may, notwithstanding anything in any other enactment or order, be furnished to the Minister.

Expenditures.

9. All expenditures incurred under this Act shall be paid out of the moneys provided by *The War Appropriation Act, 1940*, or otherwise by Parliament for the purpose of this Act.

Orders and regulations.

10. In addition to the powers otherwise conferred by this Act, the Governor in Council may, from time to time, make such orders or regulations as may be deemed necessary or advisable to carry into effect the purposes of this Act, and any such orders or regulations shall have the same force and effect as if enacted herein.

Tabling of orders and regulations.

11. Every order or regulation passed under the authority of this Act shall be tabled in Parliament forthwith if Parliament is in session, and, if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation.

Report to Parliament.

12. The Minister shall lay before Parliament, within thirty days after the commencement of each session thereof, a report containing a statement of the operations of the Department during the year then last preceding.

Penalties.

13. The Governor in Council may prescribe the penalities that may be imposed by fine or imprisonment or by fine and imprisonment for violations of this Act or of orders and regulations made thereunder, and may also prescribe whether such penalites shall be imposed upon summary conviction or upon indictment, but no such penalty shall exceed a fine of five thousand dollars or imprisonment for a term of five years, or both such fine and imprisonment.

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NATIONAL REGISTRATION REGULATIONS, 1940

As passed by Order in Council, dated the 12th day of July, 1940, P.C. 3156; and amended by Orders in Council of August 5, 1940, P.C. 3681, and of August 21st, 1940, P.C. 4079.

INTERPRETATION

1. In these Regulations and in any amendments thereto, unless the context otherwise requires,

(*a*) "Chief Registrar for Canada" means a person appointed by Order in Council to exercise general direction and supervision over the registration of persons resident in Canada;

(*b*) "Deputy Chief Registrar for Canada" means a person appointed to assist the Chief Registrar for Canada in the performance of his duties under these Regulations;

(*c*) "Registrar" means the person appointed under these Regulations to supervise the registration of persons in an electoral district;

(*d*) "Chief Assistant" means a person appointed under these Regulations to assist the Registrar in the performance of his duties;

(*e*) "deputy registrar" means the person appointed under these Regulations to conduct the registration in a given polling division;

(*f*) "voluntary assistant deputy registrar" means a person appointed by a deputy registrar under these Regulations to assist in the conduct of the registration in a given polling division;

(*g*) "electoral district" means an electoral district as defined in *The Dominion Elections Act, 1938,* and fixed by *The Representation Act, 1933,* and amendments thereto;

(*h*) "polling division" means a polling division as established for the last Dominion general election: provided, however, that the Chief Registrar for Canada may for the convenience of the public authorize the revision of any such division;

(*i*) "registrant" means a person who has registered or is registering pursuant to these Regulations;

(*j*) "registration period" means the period of days appointed by Proclamation of the Governor in Council for registration as hereinafter provided;

(*k*) "single man" means a person who was unmarried on July 15, 1940.

REGISTRATION

2. (1) The Governor in Council may appoint a Chief Registrar for Canada who shall

(*a*) exercise general direction and supervision over the administrative conduct of the registration of all persons of 16 years of age and over, held under these Regulations;

(*b*) issue to Registrars and other persons employed at or with respect to registration under these Regulations such instructions as from time to time he may deem necessary;

(*c*) execute and perform all other powers and duties which in these Regulations are imposed upon him.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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(2) The Governor in Council may also appoint a Deputy Chief Registrar for Canada, who shall assist the Chief Registrar for Canada in the performance of the duties imposed upon him by these Regulations.

3. The Governor in Council may by Proclamation appoint a period of days for the registration hereinafter provided for.

4. (1) Every person who resides in Canada, man and woman, British subject or alien, who shall have attained his or her sixteenth birthday on or before the last day of the registration period as herein defined shall register in the manner prescribed in section nine of these Regulations: provided, however, that the following persons shall not be required to register, viz:—

(*a*) Cloistered nuns;

(*b*) Members of the Naval, Military and Air Forces of Canada on Active Service;

(*c*) Persons confined in asylums for the insane or feeble minded, or in penitentiaries or prisons;

(*d*) Inmates of institutions excepted by the Chief Registrar for Canada upon the recommendation of a Registrar for the electoral district in which the institution is situated.

Provided that information required with respect to any of the excepted classes mentioned in sub-sections (*a*) to (*d*) inclusive shall be made available to the Bureau of Statistics in a manner to be hereafter prescribed.

(2) Every person resident in Canada, man and woman, British subject or alien who,—

(*a*) attains his or her sixteenth birthday after the last day of the registration period, or

(*b*) ceases after the last day of the registration period to be a member of a class of persons exempted from registration under subsection one of this section, or

(*c*) was absent from Canada during the whole of the registration period,

shall, within thirty days from the date of his or her sixteenth birthday in the case of persons mentioned in paragraph (*a*) or from the date of his or her ceasing to be exempted in the case of persons mentioned in paragraph (*b*) or from the date of his or her entry or re-entry into Canada in the case of persons mentioned in paragraph (*c*), register in the manner prescribed in section ten of these Regulations.

(3) Every person who fails to register as required by these Regulations may nevertheless register in the manner prescribed in section ten of these Regulations: provided that such subsequent registration shall not, except as herein otherwise provided, relieve such person from any penalty incurred for having failed to register during the registration period or within the time limited.

(4) Notwithstanding anything contained in subsection (1) of this section, the Chief Registrar for Canada shall arrange for taking the registration, so far as this is possible, of those persons mentioned in paragraphs (*a*), (*b*), (*c*) and (*d*) of subsection (1) and shall prescribe such procedure as he deems advisable for the purpose.

5. A central registry shall be maintained at the Dominion Bureau of Statistics at the City of Ottawa under the charge and direction of the Dominion Statistician.

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REGISTRARS

6. (1) The Chief Registrar for Canada shall on the nomination of the Minister of National War Services appoint a Registrar and one Chief Assistant for each electoral district who shall subscribe and take an oath of office in the form prescribed by the Chief Registrar for Canada and approved by Order in Council, before a judge, notary public, commissioner, justice of the peace, postmaster or other person authorized by law to administer oaths and shall forthwith cause the same to be returned to the Chief Registrar for Canada.

(2) The Registrar shall, having due regard to the public convenience, appoint a place or places of registration for each polling division in his electoral district and provide therein a suitable room or rooms for the conduct of the registration.

(3) Within two days after he has been advised by the Chief Registrar for Canada as to the dates fixed for registration, each Registrar shall publish a "Notice of Registration" in Form A of these Regulations. A copy of such notice shall be mailed to each post office in the electoral district. The postmaster shall post up such notice in a conspicuous place within his office, to which the public has access, and shall maintain it so posted up until the end of the registration period.

DEPUTY REGISTRARS

7. (1) The Registrar shall appoint on the form prescribed by the Chief Registrar for Canada and approved by Order in Council, two competent persons whose handwriting is legible to be deputy registrars in each polling division.

(2) Every deputy registrar shall, before entering upon his duties, subscribe and take an oath of office in the form prescribed by the Chief Registrar for Canada and approved by Order in Council, before the Registrar of the electoral district for which he is appointed, a Chief Assistant, a judge, notary public, commissioner, justice of the peace, postmaster, or other person authorized by law to administer oaths, and shall forthwith cause the same to be returned to the Registrar.

(3) The deputy registrar shall, at least five days before the first day fixed for the registration, cause to be posted up in conspicuous places throughout his polling division, at least six copies of a notice in Form B of these Regulations, specifying the boundaries of the polling division, the dates fixed for registration and the location of the registration places appointed for that division.

(4) A deputy registrar may appoint such voluntary assistant deputy registrars as he may deem necessary to assist in the conduct of the registration in his polling division during the period of registration. Such voluntary assistant deputy registrars shall be appointed in the form prescribed by the Chief Registrar for Canada and approved by Order in Council and shall be sworn before the deputy registrar by whom they have been appointed in the form prescribed by the Chief Registrar for Canada and approved by Order in Council.

8. Copies of these Regulations, and of registration cards, together with instructions, shall be supplied by the Chief Registrar for Canada to the Registrars, and the Registrars shall distribute the same in sufficient numbers to the deputy registrars and moreover every Registrar shall fully instruct the deputy registrars in his electoral district as to their duties and the proper method of performing the same.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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(2) The Governor in Council may also appoint a Deputy Chief Registrar for Canada, who shall assist the Chief Registrar for Canada in the performance of the duties imposed upon him by these Regulations.

3. The Governor in Council may by Proclamation appoint a period of days for the registration hereinafter provided for.

4. (1) Every person who resides in Canada, man and woman, British subject or alien, who shall have attained his or her sixteenth birthday on or before the last day of the registration period as herein defined shall register in the manner prescribed in section nine of these Regulations: provided, however, that the following persons shall not be required to register, viz:—

(*a*) Cloistered nuns;
(*b*) Members of the Naval, Military and Air Forces of Canada on Active Service;
(*c*) Persons confined in asylums for the insane or feeble minded, or in penitentiaries or prisons;
(*d*) Inmates of institutions excepted by the Chief Registrar for Canada upon the recommendation of a Registrar for the electoral district in which the institution is situated.

Provided that information required with respect to any of the excepted classes mentioned in sub-sections (*a*) to (*d*) inclusive shall be made available to the Bureau of Statistics in a manner to be hereafter prescribed.

(2) Every person resident in Canada, man and woman, British subject or alien who,—

(*a*) attains his or her sixteenth birthday after the last day of the registration period, or
(*b*) ceases after the last day of the registration period to be a member of a class of persons exempted from registration under subsection one of this section, or

(*c*) was absent from Canada during the whole of the registration period, shall, within thirty days from the date of his or her sixteenth birthday in the case of persons mentioned in paragraph (*a*) or from the date of his or her ceasing to be exempted in the case of persons mentioned in paragraph (*b*) or from the date of his or her entry or re-entry into Canada in the case of persons mentioned in paragraph (*c*), register in the manner prescribed in section ten of these Regulations.

(3) Every person who fails to register as required by these Regulations may nevertheless register in the manner prescribed in section ten of these Regulations: provided that such subsequent registration shall not, except as herein otherwise provided, relieve such person from any penalty incurred for having failed to register during the registration period or within the time limited.

(4) Notwithstanding anything contained in subsection (1) of this section, the Chief Registrar for Canada shall arrange for taking the registration, so far as this is possible, of those persons mentioned in paragraphs (*a*), (*b*), (*c*) and (d) of subsection (1) and shall prescribe such procedure as he deems advisable for the purpose.

5. A central registry shall be maintained at the Dominion Bureau of Statistics at the City of Ottawa under the charge and direction of the Dominion Statistician.

REGISTRARS

6. (1) The Chief Registrar for Canada shall on the nomination of the Minister of National War Services appoint a Registrar and one Chief Assistant for each electoral district who shall subscribe and take an oath of office in the form prescribed by the Chief Registrar for Canada and approved by Order in Council, before a judge, notary public, commissioner, justice of the peace, postmaster or other person authorized by law to administer oaths and shall forthwith cause the same to be returned to the Chief Registrar for Canada.

(2) The Registrar shall, having due regard to the public convenience, appoint a place or places of registration for each polling division in his electoral district and provide therein a suitable room or rooms for the conduct of the registration.

(3) Within two days after he has been advised by the Chief Registrar for Canada as to the dates fixed for registration, each Registrar shall publish a "Notice of Registration" in Form A of these Regulations. A copy of such notice shall be mailed to each post office in the electoral district. The postmaster shall post up such notice in a conspicuous place within his office, to which the public has access, and shall maintain it so posted up until the end of the registration period.

DEPUTY REGISTRARS

7. (1) The Registrar shall appoint on the form prescribed by the Chief Registrar for Canada and approved by Order in Council, two competent persons whose handwriting is legible to be deputy registrars in each polling division.

(2) Every deputy registrar shall, before entering upon his duties, subscribe and take an oath of office in the form prescribed by the Chief Registrar for Canada and approved by Order in Council, before the Registrar of the electoral district for which he is appointed, a Chief Assistant, a judge, notary public, commissioner, justice of the peace, postmaster, or other person authorized by law to administer oaths, and shall forthwith cause the same to be returned to the Registrar.

(3) The deputy registrar shall, at least five days before the first day fixed for the registration, cause to be posted up in conspicuous places throughout his polling division, at least six copies of a notice in Form B of these Regulations, specifying the boundaries of the polling division, the dates fixed for registration and the location of the registration places appointed for that division.

(4) A deputy registrar may appoint such voluntary assistant deputy registrars as he may deem necessary to assist in the conduct of the registration in his polling division during the period of registration. Such voluntary assistant deputy registrars shall be appointed in the form prescribed by the Chief Registrar for Canada and approved by Order in Council and shall be sworn before the deputy registrar by whom they have been appointed in the form prescribed by the Chief Registrar for Canada and approved by Order in Council.

8. Copies of these Regulations, and of registration cards, together with instructions, shall be supplied by the Chief Registrar for Canada to the Registrars, and the Registrars shall distribute the same in sufficient numbers to the deputy registrars and moreover every Registrar shall fully instruct the deputy registrars in his electoral district as to their duties and the proper method of performing the same.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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REGISTRATION DURING REGISTRATION PERIOD

9. Every person required by these Regulations to register during the registration period shall attend at one of the places appointed for registration and truthfully declare to the deputy registrar his answers to the questions upon the appropriate registration card. The deputy registrar shall carefully and legibly write or cause to be written such answers upon the said registration card; the registrant shall sign the registration card thereby affirming the truth of the answers there recorded and the deputy registrar shall complete and sign the report on the said registration card. Where to the knowledge of the deputy registrar, a person is ill or incapacitated and cannot attend the registration booth in person, the deputy registrar may have a duly appointed voluntary assistant deputy registrar attend on such ill or incapacitated person to complete the registration card in the usual manner.

10. Every person required by these Regulations to register after the registration period shall within the time limited for registration by him by these Regulations attend at a post office in Canada, and complete a registration card to be furnished to him by the postmaster, and the postmaster shall, for the purposes of any such registration, perform all the duties and functions of, and shall be deemed to be a deputy registrar under these Regulations.

11. Except as herein otherwise provided, every person shall register during the registration period at a registration booth established for the polling division in which he ordinarily resides, or subsequent to the registration period, at the post office nearest to his permanent place of residence: Provided that if any person is absent from his ordinary place of residence during the registration period he may register at a registration booth established for the polling division in which he happens to be during such period upon satisfying the deputy registrar that it is not possible for him to register in the polling division in which he ordinarily resides.

12. (1) The deputy registrar shall issue to every registrant who has duly registered with him a certificate of registration in the form prescribed by the Chief Registrar for Canada and approved by Order in Council.

(2) If the registration certificate of any person should be lost or destroyed, worn out or defaced, he may, upon establishing the fact to the satisfaction of the Dominion Statistician at Ottawa, obtain from him a fresh certificate.

13. Registration cards for men and women shall be in the form prescribed by the Chief Registrar for Canada and approved by Order in Council.

14. Every registration card and every registration certificate shall bear the name of the appropriate electoral district and the name or number of the polling division thereon in the spaces provided for that purpose on the face of each of such documents.

15. During the registration period the places appointed for registration shall be opened at eight o'clock in the morning and they shall remain open until ten o'clock in the evening, both local time.

16. The deputy registrar may, when necessary, employ a person qualified to act as interpreter, who, before proceeding to interpret the questions and answers, shall take an oath before the deputy registrar in the following form: I, A.B., do solemnly swear (or affirm, if the interpreter be a person entitled to affirm) that I will truly interpret the questions submitted to and the answers given by the registrant, so help me God.

17. (1) The deputy registrar shall make duplicates of all registration cards of single men and widowers without children from the age of nineteen years to the age of forty-five years and shall enclose such duplicate cards in a separate envelope or parcel for transmission to the Registrar. The Registrar shall transmit the said duplicate registration cards to such judge as shall be named to him by the Chief Registrar for Canada.

(2) Registration cards after completion thereof shall be delivered by the deputy registrar to the Registrar, and by the Registrar to the Dominion Statistician in accordance with directions given by the Chief Registrar for Canada.

18. The Dominion Statistician shall be the custodian of the registration cards, and shall file, preserve, classify and deal with them, and abstract, co-ordinate and make available the information therein contained in the manner directed by the Governor in Council.

19. The Chief Registrar for Canada, the Deputy Chief Registrar for Canada, the Registrars, the Chief Assistants, the deputy registrars, the voluntary assistant deputy registrars, and the postmasters, as well as all clerks or other persons engaged in the registration, or in the custody or use of the registration cards, shall preserve secrecy as to all information disclosed by the cards; and any of these officers, clerks or persons who discloses, except as officially or by law required, or as authorized by these Regulations or by the instructions of the Chief Registrar for Canada, any information so obtained shall be guilty of an offence and liable to a fine not exceeding five hundred dollars, or to imprisonment for any term not exceeding three months or to both such fine and such imprisonment.

20. (1) Every person required by these Regulations to register during the registration period who, without lawful excuse, omits, neglects or fails to register during such registration period, and every person required by these Regulations to register after the registration period who, without lawful excuse, omits, neglects or fails to register in the manner hereinbefore provided within the time limited therefor, shall be guilty of an offence, and shall be liable to a fine not exceeding two hundred dollars, or to imprisonment for a term not exceeding three months, or to both such fine and such imprisonment, and, moreover, to a further penalty not exceeding ten dollars for each day, after the day upon which he should have registered, during which he shall continue to be unregistered.

(2) Any person to whom a registration certificate has not been issued shall be deemed to be unregistered, and the burden of proving registration shall lie with the person who alleges it.

21. (1) Every registrant shall at all times carry upon his person his registration certificate, and shall produce it for inspection upon reasonable demand to any peace officer, police officer or constable who may in particular, without limiting the generality of this section, require any person present or attending at any public assembly, place of public resort or entertainment, ticket or telegraph office, or post office, or being in or upon any car, train or steamboat, to produce his registration certificate upon that occasion; and if any person so required shall, without reasonable excuse, refuse, neglect or fail to produce his registration certificate, he shall be guilty of an offence and liable to a fine not exceeding twenty dollars, and may be taken immediately before a justice of the peace to be dealt with according to law.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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(2) Any person may at any time after the registration period be accosted by any peace officer, police officer or constable and questioned as to whether or not he is registered; it shall be the duty of any person so accosted to answer truthfully all relevant questions put to him concerning his registration, and if he answers untruthfully or evasively, or if the officer questioning shall have reasonable ground to believe that his answers are untruthful or evasive, the officer may detain such person and take him before a justice of the peace to be dealt with according to law.

22. If any person upon his registration refuses to answer any question on his registration card, he shall be guilty of an offence and liable to a fine not exceeding one hundred dollars.

23. If any person upon his registration wilfully gives a false or misleading answer to any question on his registration card, he shall be guilty of an offence, and liable to a fine not exceeding two hundred dollars or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

24. Every person who falsely represents himself to be a person to whom a registration certificate has been issued, shall be guilty of an offence, and liable to a fine not exceeding two hundred dollars, and not less than fifty dollars, or to imprisonment for a term not exceeding three months, or to both such fine and such imprisonment.

24A. Every person who without lawful reason or excuse, the proof of which shall lie upon him, has in his possession

(*a*) a registration certificate or document purporting to be such registration certificate, which registration certificate or document was not lawfully issued to him pursuant to these regulations; or

(*b*) a blank form of registration certificate or printed paper purporting to be such blank form of registration certificate

shall be guilty of an offence and liable upon summary conviction to imprisonment for any term not exceeding three years and not less than six months.

24B. Every person who without lawful authority or excuse, the proof of which shall lie upon him, prints or makes a registration certificate or any printed paper purporting to be a blank form of registration certificate, shall be guilty of an offence and liable upon summary conviction or upon indictment to imprisonment for any term not exceeding three years and not less than six months.

25. Every person who counsels or advises any other person to refuse or omit to comply with any of the provisions of these Regulations or who impedes or attempts to impede any person in the performance of his duties under these Regulations shall be guilty of an offence and liable to a fine not exceeding two hundred dollars, or to imprisonment for a term not exceeding three months, or to both such fine and such imprisonment.

26. It shall be the duty of any person registered under these Regulations to answer truthfully in writing, any questions which may be submitted to him in print or in writing by or under the direction of the Chief Registrar for Canada touching the answers upon his registration card, or requiring further information concerning any of the matters therein mentioned or referred to, and to return his answers to any such questions to the Chief Registrar for Canada, or to any

other officer as may be required, either personally or by registered post, within ten days after the day when he shall have received the questionnaire; and every such person who refuses, fails or neglects, without lawful excuse, to return his answers to such questions within the time aforesaid shall be guilty of an offence, and liable to a fine not exceeding fifty dollars.

27. Any person registered under these Regulations who afterwards marries or changes his or her place of residence shall within fourteen days notify the Dominion Statistician at Ottawa of the date of his or her marriage, and of the name and place of residence of the person whom he or she married, or of the place of residence and post office address to which he or she has removed, as the case may be, and any such person who refuses, fails or neglects, without lawful excuse, to comply with the provisions of this section, shall be guilty of an offence and liable to a fine not exceeding fifty dollars.

28. (1) For the purposes of carrying into effect the provisions of these Regulations or supplying any deficiency therein, the Chief Registrar for Canada may issue such directions not inconsistent therewith as may be deemed necessary to give effect to these Regulations according to their true intent and purpose and any such direction shall have the same force and effect as if enacted in these Regulations.

(2) Without restricting the generality of subsection (1) of this section and notwithstanding anything contained in any other of these Regulations, the Chief Registrar for Canada may direct that the registration of any special class or classes of persons shall be taken otherwise than in accordance with these Regulations and shall prescribe such procedure as he deems advisable for such purpose.

29. Every Registrar, Chief Assistant, deputy registrar, postmaster or other person charged with any duty under these Regulations who refuses, fails or neglects, without lawful excuse, to comply with these Regulations or any direction duly given by the Chief Registrar for Canada shall be guilty of an offence and liable to a fine not exceeding two hundred dollars.

30. Every offence against these Regulations or any amendment or addition thereto shall be punishable upon summary conviction, in the manner prescribed by Part XV of the Criminal Code, before any police or stipendiary magistrate, or before two justices of the peace, or any magistrate having the authority of two justices of the peace.

31. The Northwest Territories shall be deemed to be an electoral district for the purposes of these Regulations, and the Commissioner in Council of the Northwest Territories may appoint a Registrar or Registrars and a Chief Assistant or Chief Assistants for such district and, furthermore, may appoint a registration period different from that fixed by the Governor in Council for the registration and may by order or regulation vary the procedure to be adopted in the taking of the registration.

32. All expenditure in connection with the administration of these Regulations shall be paid in the same manner as in the case of ordinary civil Government expenditure.

33. Upon the recommendation of the Chief Registrar for Canada, the Governor in Council may make a tariff of fees, costs, allowances and expenses to be paid and allowed to Registrars and other persons employed at or with respect to registration under these Regulations, and may, from time to time, revise and amend such tariff.

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34. It shall be the duty of the Chief Registrar for Canada to furnish to the various postmasters throughout Canada, and to the other officers who require them for the purposes of these Regulations, a sufficient supply of registration cards for the use of persons required to register from time to time, or who fail to register on the appointed day, or who are authorized to register afterwards, and as well with copies of these Regulations and the pertinent instructions thereunder; it shall be the duty of the postmasters, and of such other officers, to make themselves thus acquainted with the Regulations, instructions and duties of the deputy registrars and to attend to the taking and recording upon the cards of the answers of the persons aforesaid who present themselves for that purpose, and generally, except as herein otherwise provided, to discharge in respect to the execution of the registration cards of such persons the duties of deputy registrars as herein defined.

35. All letters or mailable matter addressed to the Chief Registrar for Canada, at Ottawa, or sent by the said Chief Registrar for Canada, at Ottawa, shall be free of Canadian postage under such regulations as the Postmaster General shall prescribe, provided postage shall be fully prepaid on supplies (stationery, etc.) at the regular third class matter rate.

36. (1) All registration cards, registration certificates and other registration supplies, shall whenever deemed advisable, be transmitted by mail by the Registrar to the deputy registrar of the proper polling division.

(2) All completed registration cards and other registration documents, together with all unused registration supplies, shall whenever deemed advisable, be transmitted by mail by the deputy registrars to the Registrar of the proper electoral district.

(3) All registration material mentioned in subsections (1) and (2) hereof, shall, when enclosed in the special envelope provided by the Chief Registrar for Canada for that purpose, be entitled to pass through the mails free of Canada postage.

37. Notwithstanding anything contained in these Regulations to the contrary, a Registrar in any electoral district may establish a registration place or booth in connection with any organization employing more than one hundred persons and the premises of such organization shall be deemed to be a polling division, and the Registrar may appoint a responsible person connected with such organization to be deputy registrar and such deputy registrar may appoint voluntary assistant deputy registrars from amongst the employees and any employee of such organization may register at such registration place or booth so established in lieu of registering as otherwise provided by these Regulations. Registration of employees in such organizations may be commenced in advance of the days fixed for registration in these Regulations.

38. (1) Every person who employs other persons (hereinafter referred to as "employer") shall on the twenty-first day of August, one thousand nine hundred and forty, or as soon thereafter as is practicable, require each and every person in his employ, who has attained his sixteenth birthday to produce for inspection his registration certificate.

(2) Every employer shall on or after the twenty-first day of August aforesaid before employing any person who has attained his sixteenth birthday require such person to produce for inspection his registration certificate.

(3) Every employer who on or after the twenty-first day of August, one thousand nine hundred and forty, employs or continues in his employment

any person required by these Regulations to register who is unregistered shall be guilty of an offence in respect of each such employee and liable to a fine not exceeding two hundred dollars or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

(4) Every employer shall forthwith after the twenty-first day of August aforesaid report to the Department of National War services and to the nearest police officer the name, address and occupation of all persons at any time employed by such employer required by these Regulations to register who are unregistered, and every employer who refuses, fails or neglects without lawful excuse to report as required by this section of these Regulations shall be guilty of an offence and liable to a fine not exceeding two hundred dollars or to imprisonment for a term not exceeding three months or to both such fine and such imprisonment.

(5) Every employer aforesaid shall, on or before a day to be fixed by the Minister, report to the Department of National War Services, the name, address and occupation of every person employed by such employer required by these regulations to register and to state in such report the name and number of the electoral district and polling division shown on the registration card of every such employee and every employer who refuses, fails or neglects without lawful excuse, to report as required by this subsection, shall be guilty of an offence and liable to a fine not exceeding two hundred dollars ($200) or to imprisonment for a term not exceeding three months, or to both such fine and such imprisonment.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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FORM A

NATIONAL REGISTRATION REGULATIONS, 1940.
NOTICE OF NATIONAL REGISTRATION

ELECTORAL DISTRICT OF.....

PROVINCE OF .....

PUBLIC NOTICE IS HEREBY GIVEN pursuant to the *National Registration Regulations, 1940.*

That a proclamation has been issued by the Governor in Council ordering every resident in Canada who has attained the age of 16 years on or before the last day of the period of registration herein mentioned shall personally register before a deputy registrar appointed for that purpose for each of the polling divisions in the above mentioned electoral district.

That the days fixed for such registration are , and , the , and days of August, 1940.

That the territorial unit adopted for this registration will be the polling division as fixed for the last Dominion General Election.

That premises have been secured as registration places for each of such polling divisions.

That before the days fixed for registration the exact location of each registration place, and other necessary particulars will be advertised in notices posted up in conspicuous places, by the deputy registrars concerned, in the polling divisions for which they have respectively been appointed to act.

That the *National Registration Regulations, 1940,* prescribe severe penalties for failing to register, for failure to answer any question on the registration card, or for answering questions untruthfully.

And that I have established my office as Registrar for the above mentioned electoral district at (*giving the location of the Registrar's office*) of which all persons are hereby required to take notice and to govern themselves accordingly

Given under my hand at.....in the above mentioned electoral district, this.....day of....., 1940.

.....
Registrar.

FORM B

NATIONAL REGISTRATION REGULATIONS, 1940.
NOTICE OF NATIONAL REGISTRATION

ELECTORAL DISTRICT OF.....

POLLING DIVISION No. ....., ...
(insert name of polling division, if any)

bounded as follows:
(insert complete description of boundaries of polling division)

PUBLIC NOTICE IS HEREBY GIVEN,

That the undersigned have been appointed deputy registrars to take the registration of all persons resident in the polling division above described who have attained the age of 16 years on or before the last day of the registration period herein mentioned.

That the days fixed for such registration are....., ...

and.....the.....,.....and.....days of August, 1940.

That the place of registration appointed for the above mentioned polling division will be at.....
(here insert exact description of the place of registration)

That the hours during which registration will be conducted will be from 8 o'clock in the forenoon until 10 o'clock in the evening, both local time, on each of the said days.

That all persons of 16 years and upwards, residing in the above polling division, are required personally to attend at such registration place to complete their registration during the days and hours mentioned.

That the *National Registration Regulations, 1940,* prescribe severe penalties for failing to register, for failure to answer any question on the registration card, or for answering any questions untruthfully.

Given under our hands at.....in the above mentioned electoral district, this.....day of....., 1940.

....
Deputy Registrar *Deputy Registrar*

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C-300-L
1942

C181976

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 6th October, 1942.

PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing Major-General the Honourable Leo R. LaFleche, D.S.O., of the City of Ottawa, in the Province of Ontario, to be Minister of National War Services, vice the Honourable J.T. Thorson, resigned.

The Committee, on the same recommendation, further advise that upon the said Major-General the Honourable Leo R. LaFleche having taken the prescribed oath or oaths he do assume the function of Minister of National War Services.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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XA/O

NAR/ET
18 Jan.,1943

MEMORANDUM FOR THE PRIME MINISTER:

C181977

I was very glad to see a copy of Mr. Macdonald's letter of January 14th to General LaFleche about Colonel Thompson's effort to control the purchase of books and periodicals by Government Departments. We have had some departmental discussion of this question with the office of Government Economies Control, in which I have taken the position that they really should not expect to censor and select our orders of books and periodicals for the use of the Department or of the Legations abroad. Our lists are revised regularly and severely. They err on the side of inadequacy. They are intended to contain the public information which should be available to all Canadian Ministers and High Commissioners.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 265, pages C181656-C182499

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CANADA

FROM THE PRIME MINISTER

TO Mr. Robertson: C181978

You may like to

read this.

16/1/43

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MG 26 J 4, Volume 265, pages C181656-C182499

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C181979

Ottawa, January 14th, 1943.

My dear Colleague,

You will recall that on the 18th of August Order in Council P.C. 4428 was passed, setting up the office of Director of Government Office Economies Control under the Minister of National War Services. By the Order in question the Minister was given certain powers relating, broadly speaking, to the printing and distribution of publications issued by various Departments of Government, and to the purchase, requisition, storage and use of stationery, office supplies, furniture and equipment. I do not think the Order was welcomed by most Ministers, but in its original form no great objection was taken to it.

On the 17th November, a time when I was in Winnipeg, an amendment to the original Order was passed in the form of P.C. 10274. This amendment adds the following to the powers of the Minister of National War Services:

> "Survey the purchase or requisition by any department of government of books, publications, periodicals, magazines or newspapers."

I must confess that I was not aware that such an amendment had been passed until it was brought to my attention in connection with the purchase of books for the Naval Library at Naval Headquarters here, and for the Naval College at Esquimalt. The amendment does not give the Minister of War Services power to decide questions relating to the purchase of books, etc., but merely to "survey". I understand, however, that the Department of National War Services, through the Director of Government Office Economies Control, is, in fact, assuming the right of decision in such matters. I must object to any such assumption, and I do

not .....

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not regard myself as in any way bound to submit lists of books, periodicals and the like to your Department. I am quite prepared to accept the opinion of the Director of Government Office Economies Control in certain matters, such as, the purchase of stationery, office furniture and the like, but in the matter of Departmental books on which special knowledge is required which officials in the Department must be held to possess, I cannot submit the view of this Department to the scrutiny of another Minister or an official of another Department.

Yours very truly,

(sgd) A. L. Macdonald.

The Honourable L. R. LaFleche, M. P.,
Minister of National War Services,
Ottawa, Ontario.

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C181981

Mr. Jackson Dodds

could not consider

Associate Deputy Ministership

(Note from Lapointe
June 24. 43)

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PRIVY COUNCIL

CANADA

C181982

W-307-3
1943
Off. & Compl.
D-140
1943
(Compl.)

PC 131

Ottawa, February 8th, 1943.

W.311
(Compl.)

MEMORANDUM FOR COUNCIL:

Re P.C. 131 attached -

1. The original submission of the Ministers of Finance and Munitions and Supply, upon which the attached draft Minute is based, was, on January the 8th referred by Council to the Minister of National War Services.

2. General LaFleche then suggested the addition of a clause at the end of the agreement as signed by the Ministers of Finance and Munitions and Supply.

3. Mr. Howe now reports that the Minister of National War Services is agreeable to the passing of the Order as originally prepared, that is without including the clause suggested by him, which had reference to the activities of the Salvage Division of his department.

The correspondence is attached.

A. D. P. H.

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6-300
1943

P.C. 3254

C181983

Certified to be a true copy of a Minute of a Meeting of the Committee

PRIVY COUNCIL of the Privy Council, approved by His Excellency the Governor

CANADA General on the 20 APRIL 1943

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that, in view of the absence from Ottawa of the Honourable J.A. MacKinnon, the Honourable Alphonse Fournier, Minister of Public Works, be authorized to act as Minister of National War Services, in the absence of the Minister, until the return to Ottawa of the Honourable J.A. MacKinnon.

A. D. P. Heeney
Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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8/10 P.C. 237 C181984

M-75-2
1944

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 18th day of JANUARY, 1944.
PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, on the recommendation of the Minister of National War Services, and pursuant to the provisions of Section 3 of the National Film Act, 1939, is pleased to appoint and doth hereby appoint Mr. M.M. Maclean, Assistant to the Deputy Minister of Labour and Director of Industrial Relations, to be a member of the National Film Board for a period of three years as from January 12, 1944, to fill the vacancy resulting from the resignation of Mr. L.B. Pearson.

A. D. P. Heeney

Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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P/10 P.C. 7819

C181985 M-75-2
1944

AT THE GOVERNMENT HOUSE AT OTTAWA

FRIDAY, the 6th day of OCTOBER, 1944

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, on the recommendation of the Minister of National War Services, and pursuant to the provisions of Sub-section 5, Section 3, of the National Film Act, is pleased to reappoint and doth hereby reappoint Edmond Turcotte, Esquire, a member of the National Film Board, for a period of three years; the said appointment to be effective September 1, 1944.

A. D. P. Heeney

Clerk of the Privy Council.

The Right Honourable

The Prime Minister

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A

P.C. 2762 C181986

C-100
1941
W-207-1

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PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that the resignation of the Honourable L.R. LaFleche as Minister of National War Services, be accepted.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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C181987 C-300 1945

A 21

P.C. 2774

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PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable James J. McCann, M.D., C.M., of the Town of Renfrew, in the Province of Ontario, to be Minister of National War Services, vice the Honourable L. R. LaFleche, resigned.

The Committee, on the same recommendation, further advise that upon the said the Honourable James J. McCann having taken the prescribed oath or oaths he do assume the functions of Minister of National War Services.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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C181988

Dept. National War Services
Vol 11 Demobilization
Rehabilitation

W.47-f
(M.P.)

Memorandum for the Prime Minister:

Re: Canadian Corps of Fire Fighters

This question was brought up at the last session, and the Government declined at that time to make any further concession. In that sense, the question presumably is settled. It was, however, quite apparent from the debate that some kind of undertaking had been given by General LaFleche when he was Deputy Minister of War Services, and this Corps was being organized, which had not been honoured by the Government. There is no question the matter will be brought up again by someone at the next session. In the circumstances, I thought it might be preferable to leave it to the Department to put the case, rather than to have you involved in a flat statement that no further consideration would be given.

Since the letters to which your note attached refers were sent to you, a letter has come in from Major Mutch, M.P., on the same subject. A reply for your signature is attached. The other letters are also returned for signature, unless you feel they should be changed to indicate that no further consideration will be given.

3 letters for Signature

W.L.M.P.

December 2, 1946

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COLOURED PAPER
PAPIER DE COULEUR

Office of the Prime Minister

Press Release

Ottawa, January 19, 1948.

The Prime Minister, Mr. Mackenzie King, announced that the work of the Department of National War Services having been completed, Mr. Chester H. Payne, I.S.O., had, on January 1, 1948, begun the usual leave prior to retirement from the position of Associate Deputy Minister to which he was appointed on March 23, 1943.

In making the announcement, Mr. King said of Mr. Payne that he had been in the public service for nearly forty years, having begun his career as Private Secretary to Sir Richard Cartwright in 1908. Until his appointment as Associate Deputy Minister of National War Services in 1943, he had been in the Department of Trade and Commerce where, as Director of the Commercial Intelligence Service, he was responsible in large part for the development of the Trade Commissioner service. Mr. Payne's long experience and wide knowledge of the public service, the Prime Minister said, had been of great value in qualifying him to cope with the variety of questions with which the War Services Department had been called upon to deal in the closing years of the war, and in the period of demobilization. Mr. Payne was retiring from the public service with a record of which he might well be proud, and upon which he was much to be congratulated. It was a fine record of long and faithful service to the Government of Canada.

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CANADA

Pensions: Liberal Government Record

Collection Dept of Pensions + Nat'l Health

C181990

Pensions & National Health

Veterans Assistance Commission.
War Veterans Allowance Act.
National Health.

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C181991

PENSIONS AND NATIONAL HEALTH

Pensions: Action of Liberal Government

Veterans Assistance Commission

Act, 1936 (See Record of Govt. vol II, sec 11.A.2)

to implement Hyndman Committee Report.

Commission appointed July 7, 1936, to make a complete survey of unemployed veterans; investigate and report on methods and schemes of re-establishing veterans in useful and profitable employment.

In 1937 estimates, $650,000 provided, of which $250,000 for probational training of veterans of younger ages with view to permanent placement in industry;

problems of care and maintenance of unemployable veteran to receive study;

under certain conditions, hospitalization at departmental expense for former members of Imperial Forces resident or domiciled in Canada on August , 1914.

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Pension Act Amendment, 1936: (See Record of Govt. vol II, 11.A.2)

to simplify procedure and enlarge certain benefits; also re finality of applications for pensions;

War Veterans Allowance Act: (vol II, 11.A.2)

Amendment 1936

Administration by Board of 3, instead of Committee;

Changes in definition of eligibility and lowering assistance age from 60 to 55;

Application to those incapable of self-maintenance because of pre-ageing, disabilities, or general unfitness;

Prior residence in Canada reduced from 12 to 6 months;

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Amendment 1938: (See Record of Govt. vol II, 3.4. II, 11.C.3

extends benefits to certain veterans who saw active service in Great War not otherwise within scope of Act;

also extends to veterans of South African War;

Board enlarged to five members to cope with increasing volume of work;

Present Act makes provision for

benefits to veterans having served in theatre of war at any age if in Board's opinion they are incapable of maintaining themselves because of economic handicaps combined with physical or mental disabilities;

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As at Aug. 1, 1938 - 14,589 veterans receiving allowance;

Of these, over
- 1,000 excluded before 1938 amendment;
- 9,352 were 60 years or over;
- 5,237 regarded as permanently unemployable or incapable of maintaining themselves.

For current fiscal year, Parliament voted $6,000,000 for War Veterans Allowance.

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(For Pensions for the Blind

(See Record of Govt. vol I, 2.15)

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National Health

Wide extensions and administrative speeding-up (as e.g., quarantine services);

Laboratory of Hygiene

Closer supervision over sale of foods advertised as containing vitamins;

More rigid inspection of shellfish;

Examination of plague among ground rodents as dangerous to public health;

Health Section to be reorganized including 4 new divisions:

(1) Child and Maternal Care; assistance and direction to provinces and municipalities;

(2) Industrial Hygiene: Co-operation with provinces in study and control of industrial diseases;

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(3) Epidemiology: co-operation with provinces to reduce mortality of infectious diseases;

(4) Education and Publicity, through newspaper and periodical articles, radio talks, pamphlets, lectures.

(5) Sanitary Engineering: responsibility for supervision of water and food supplies on vessels and common carriers;

implementation of findings (e.g. pollution of boundary waters) of International Joint Commission;

supervision (sanitary aspects) of public buildings and offices.

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C181998

3

October 15, 1940.

WAR WORK

of the

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

GENERAL ADVISORY COMMITTEE ON
DEMOBILIZATION AND REHABILITATION

In connection with the problem of demobilization and rehabilitation of men who have served in the armed forces of Canada during the present war, a Cabinet Committee under the Chairmanship of the Honorable Ian Mackenzie, Minister of Pensions and National Health, has been set up to deal with this matter. A General Advisory Committee on Demobilization and Rehabilitation has been created. . . . .

Sub-Committees dealing with employment services, land settlement, vocational training, continuation of interrupted and secondary education or professional training, post discharge pay or gratuity, administration of special funds, and the re-training of special casualties have been created. A certain amount of historical information as to past policies and their effect has already been assembled, and preliminary reports have been received from some of the Sub-Committees.

In order to co-ordinate the work of the Committees it has been necessary to appoint an Executive Secretary who has already started work. In a general way it is felt that every effort should be made to use existing machinery, and there is no doubt but that many of the agencies of Government created during the past twenty years will enable many phases of the question to be dealt with from an administrative angle with greater convenience and more expert skill.

At the moment, there are upwards of

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11,000 men who have been discharged from the C.A.S.F. for various reasons, roughly half of them on medical grounds. Many of these had been in the army for a short period, and it is hoped that the increased economic activity during the past six months will absorb these men into civil employment.

There are, however, upwards of 800 discharged from the forces after having seen service overseas. The majority of these men were discharged as medically unfit, and have served in the C.A.S.F. for considerable periods; those who are arriving now from overseas having served for upwards of one year. It has been necessary to have special meetings of the Employment and other Committees to deal with this category, and the matter has been the subject of consideration by the Cabinet Committee.

It is expected that special temporary arrangements will be made to deal with men being honourably discharged after service overseas as it may be anticipated that Canadian troops overseas will not be immune from enemy bombing during this winter, and such rehabilitation measures as may be necessary will have to be taken to meet this emergency. Whilst this temporary administrative problem must be dealt with, the wider study of demobilization and rehabilitation at the conclusion of hostilities demands attention. It will involve survey of facilities for training, of employment opportunities; of administrative machinery for specialized handling of veterans; survey of existing facilities, and study of facilities to be created for the re-training of special casualties; questions of post-discharge pay or gratuity; mobilizing of voluntary effort to assist in questions of preferences in employment; badging, etc.; and what assistance if any, may be given in re-establishment on the land or in urban enterprise.

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P/7 P.C. 3247

C-300
1943

C182000

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PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that, in view of the absence from Ottawa of the Honourable W.P. Mulock, the Honourable J.L. Ralston, Minister of National Defence, be authorized to act as Minister of Pensions and National Health, in the absence of the Minister, until the return to Ottawa of the Honourable W.P. Mulock.

A. D. P. Heeney.
Clerk of the Privy Council.

The Right Honourable
The Prime Minister

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D86 P.C. 6380 C182001

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1943.

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PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that, in view of the absence from Ottawa of the Honourable W. P. Mulock, the Honourable L. R. LaFleche, Minister of National War Services be authorized to act as Minister of Pensions and National Health, in the absence of the Minister, until the return to Ottawa of the Honourable W. P. Mulock.

A. D. P. Heeney.
Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C182002

Confidential

Mr. Turnbull:

Re Hospitals - Military and Veteran

From various sources I have gathered that this is one of the most acute sources of irritation against the government in Toronto, Winnipeg and Victoria.

Everything suggests that the Christie Street situation at Toronto is particularly indefensible. I believe it would do great good if Mr. King would intervene personally and dramatically - perhaps by going to see the hospital.

You may have a chance to mention this on the way to or from Quebec.

J W P.

30-8-43

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SPECIAL DELIVERY SERVICE ON SUNDAYS

Office	Is delivery given ?	Hours	Is patron called on phone?	Hours
Brandon	No	-	Yes	2.30 PM.
Brantford	No	Mails not opened on Sunday.		
Brockville	No	-	Yes	Up to 8 am.
Calgary	No	-	Yes	7 AM to 10PM.
Charlottetown	Yes	After 11 P.M. Any hour patron calls.		
Edmonton	No	-	Yes	7 AM. to 11PM.
Fort William	No	-	Yes	8 to 11 AM.
Fredericton	Yes	1 to 2 p.m. summer only. Other period of year no Sunday mail.		
Guelph	No	No mails. No service.		
Halifax	No	-	(Yes-Newspapers 7 to 8 A.M. (and hotels only. 11 to 12 midnight.	
Hamilton	No	No Sunday mail opened until 11 p.m.		
Hull, Que.	No	None. No mail received on Sunday.		
Kingston	No	-	If request received from patron	After 9 PM.
Kitchener	No	No Sunday mails.		
London	No	None.		
Moncton, N.B.	No	None.	When addressed in care of local hotels only.	2 - 6 PM.
Montreal	Yes	8 to 11 A.M.	No - Letters received after 11 A.M. delivered next day.	
Moose Jaw	No	-	Yes	8 AM to 8 PM
New Westminster	No	None	Yes	7 AM - 10 PM
Niagara Falls	Yes	10 AM. to 12 noon	-	-
North Bay	No	-	Yes	7 to 11 AM. 6 to 10 PM.
Oshawa	No	None		
Pembroke	Yes	8 A.M. No train service later.		

Peterboro.....

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Office	Is delivery given?	Hours	Is patron called on phone?	Hours
Peterboro	No	None.		
Port Arthur	No	-	Yes	Up to 11 AM.
Prince Albert	No	-	Yes	Afternoon only
Quebec	No	-	Yes	8 to 10 AM.
Regina	No	-	Yes	Up to 12 noon
St.Catharines	No	-	Yes	9 AM.to 2 PM.
St.Hyacinthe	Yes	8.30 to 10 a.m.	-	-
St.Jean	Yes	10 a.m. to 12 p.m.	Yes	10 AM.to 12 PM
St.John	No	-	Yes	1 to 6 p.m.
St.Thomas	Yes	Up to 12 noon.	No mails received Sunday.	
Saskatoon	No	-	Yes	5 to 9 p.m.
Shawinigan Falls	No	No Sunday mails.		
Sherbrooke	No	-	Yes	8 AM.to 4 PM.
Stratford	No	No Sunday mails.		
Sydney	No	-	Yes	8 to 10 a.m. 1.30 to 2.30 pm. 5 to 6.30 p.m.
Toronto	No	-	Yes	7 AM.to 10 PM.
Trois Rivieres	No	None		
Vancouver	Yes	9 a.m.to 7 p.m.	No	-
Victoria	No	-	Yes	10 AM.to 4 PM.
Waterloo	No	No S unday mails.		
Windsor	Yes	10 a.m.Complete delivery.	No mails received after 7 a.m.	
Winnipeg	Regular service by Messengers who are given time off.			
Woodstock	No	No mails. No service.		

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C182005
IN REPLY PLEASE QUOTE

NO.....

Post Office Department, Canada

ADMINISTRATIVE SERVICES

OTTAWA, 25th July, 1940.

SUMMARY OF THE WAR ACTIVITIES
FOR THE POST OFFICE DEPARTMENT
FOR APRIL, MAY and JUNE, 1940.

Financial Branch

1. Steps have been taken to have all sales of postage stamps made in the currency of the country in which the applicant resides. This has resulted in bringing some United States currency in exchange for postage stamps, whereas formerly applicants were allowed to pay in Canadian funds.

2. The carrying-out of the manufacture and distribution of War Savings Stamps under the authority of the War Savings Committee appointed by the Government. The Financial Branch has looked after the manufacture of these stamps, as well as their distribution and handling throughout the Service. It has also provided the necessary adjustment of credits in non-accounting offices to enable them to handle these stamps in every Post Office in Canada, no matter how small.

3. One of the biggest factors in carrying out the regulations for the Foreign Exchange Control Board in regard to the export of Canadian funds to other countries, is the control exercised by this Department over the issue of Money Orders. Not only have we taken the necessary steps in accordance with the regulations of the Foreign Exchange Control Board, but we arranged with Washington to help us out in preventing manipulation of funds which would be profitable on account of the serious gap which at times exists between the block rate set by the Canadian Control Board and the market rate, which usually is higher than the block rate.

4. Action taken to provide for payment of Money Orders issued in Canada in favour of Canadian soldiers overseas. The proposals made by this Department have been accepted by the British Administration.

Action was taken to ask the British Government to change their regulation which prevented Canadian soldiers overseas from sending Money Orders to Canada in sterling funds, to provide for payment of insurance premiums, etc.

5. In connection with Savings Bank deposits, enquiries are made concerning depositors suspected of being enemy agents.

Railway Mail Service....

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Railway Mail Service

The principal activities of the Railway Mail Service relating to the War are in connection with the movement of mails overseas - both on the Atlantic and Pacific. As sailings are not advertised, and sailing dates are of a confidential nature, this involves close contact with the Naval and Steamship Company officials and the issuance of confidential instructions to all concerned.

In connection with the recent mission to Greenland under Major D. L. McKeand of the Department of Mines and Resources, a member of the staff of this office was assigned to the mission as Post Office Department representative and Secretary of the Government Party.

In keeping with other Branches of the Department the sale of War Savings Stamps and pledges for the monthly purchase of War Savings Certificates has been stressed.

Inspection Service

(1) Several employees have been loaned -
The Supervisor, Postal Service, Grade 2, has been loaned to the Department of Munitions and Supply,
One Head Clerk to the office of the Chief Postal Censor,
One Clerk, Grade 4, to the Base Army Post Office to take charge of enquiry work.

(2) Mail matter dealt with by the Censorship Branch is transferred to the Inspection Service for return to the senders or to be held. This includes some articles containing value matter. The work of the Dead Letter Office is also considerably increased for the reason that mail matter destined to countries to which mail service is suspended is diverted to the Inspection Service for return to senders.

(3) A greatly increased number of prohibited publications are destroyed in the Inspection Service owing to the fact that transmission has been prohibited in the mails.

(4) A considerable number of employees in Postal Districts, under the direction of the District Directors and District Superintendents, perform special duties involving the examination of mail in connection with Foreign Exchange Control Board regulations.

Post Office Service.....

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Post Office
Service

Foreign Exchange Control Board

All Postmasters throughout Canada are acting as agents in connection with the operation of the regulations of the Foreign Exchange Control Board relating to the export by mail of goods or property other than goods, also as regards the issuance of money orders to other countries.

Daily examination at District Offices of selected parcels and letters - both licenced and unlicenced - to verify whether or not the regulations of the Foreign Exchange Control Board are being complied with.

Inspection of incoming mails at all Offices where Customs Ports are established and transfer to Customs officers of letters -both unregistered and registered - suspected of containing securities or currency.

Examination of mail at District Offices extended to outgoing unregistered and registered letters addressed to United States Banks and other depositaries.

Conferring with Foreign Exchange Control Board liaison officer regarding revision and distribution of instructions to Postmasters and issuance of subsequent amendments thereto.

Prisoners of War

Arrangements made in connection with despatch of outgoing mail written by prisoners of war and internees (recently arrived from Great Britain) and distribution to Internment Camps of incoming mails from overseas.

Military Post Offices

The following are the Post Offices opened since the 1st April. These offices are manned by members of the Canadian Postal Corps on the Canadian Active Service Force basis.

Number	Name	Date of Opening
101	St.Thomas School, Ont.	15-6-40
	Camp Borden, Ont.	25-4-40
303	Trenton Air Station,Ont.	25-4-40
	R.C.A.F. Stn. Rockcliffe,Ont.	10-6-40

In addition the following Post Offices were opened. These offices are manned by members of the Canadian Postal Corps on the non-permanent basis.

Number	Name	Date of Opening
601	Aldershot Camp, N.S.	20-4-40
	Dundurn Camp, Sask.	20-5-40
	Petawawa Camp, Ont.	22-5-40
	Shilo Camp, Man.	27-5-40
	Niagara-on-Lake, Ont.	1-6-40

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Dismissal of Postmasters

The Postmasters at the following points relieved of office under the Defence of Canada regulations:

Name of Office	Date Postmaster Relieved of Duties
Tavistock, Ontario	4-6-40
Windsor Sub No. 4, Ontario	11-6-40
Freedom, Alberta	25-6-40

Instructions have also been given for the immediate transfer of the offices at Hylo and Venice, Alberta, on account of anti-British activities.

Equipment and Supply Branch

Work comprising despatching of circulars or extra addressing of envelopes to Postmasters has been undertaken in connection with War Savings Certificates and Income Tax N.D.T.1 and for the Bank of Canada, Foreign Exchange Control Board, Base Army Post Office and Field Post Offices and Censor Branch.

Six employees of the Branch have been loaned for War work and two have enlisted.

Public Relations Branch

News items relating to soldiers' mail and other phases of Postal interest have been prepared and released to the press and radio.

The Branch has co-operated with the War Savings Committee in the distribution of literature in connection with the sale of War Savings Certificates and Stamps. Publicity has been given to the campaign, through the medium of the Post Office Weekly Bulletin and Monthly Supplement.

The Branch also co-operated with the Public Information Committee in producing press releases on duplicating equipment. Sets of envelopes for special mailings have been addressed on our addressograph machine and has continued to look after the dissemination (including addressing envelopes, inserting enclosures, sealing and franking envelopes) of copies of speeches of the Prime Minister, Honourable Mr. Ralston, Honourable Mr. Howe and the Honourable Mr. Rogers, relating to Canada's war effort, to a selected mailing list.

Administrative Services

During the three months ended 30 June, 1940, the names of 70 publications were placed on the prohibited list, bringing the total since commencement of the War to 197.

Arrangements have been made with the British Post Office under which parcels for the personnel of H.M.Ships or H.M.C.Ships abroad may be accepted at the rate of 12 cents per pound.

A concession has been secured under which gift parcels for the Canadian Troops in Newfoundland will be admitted into Newfoundland duty free.

Postal Censorship.....

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Postal Censorship (not to be made public)

(1) Early in April, we started the examination of incoming mails from European countries adjacent to Germany or to German occupied territory.

Recently, this examination has been extended to all European countries with which postal communications are maintained.

(2) Arrangements have been made for the interception of Transit mail between the Orient and neutral countries of America, except the United States. This has included the control of mail matter originating in Germany and remailed in Japan for address to countries of North and South America. In making this examination, special attention is given to the British Statutory List and the Canadian List of Specified Persons from the point of view of the enforcement of the British blockade.

Mail matter from European countries to which the British Censorship would have no access and which is addressed to China and Japan or to Russia and even Germany also is intercepted and examined.

(3) Since the beginning of the war, all mail matter exchanged between internees in Canadian camps and countries abroad has been subjected to examination in the Postal Censorship. This work has recently been considerably increased in view of the arrival in Canada of 7,000 prisoners of war transferred from England. This mail matter is diverted to the Postal Censorship before being despatched to its destination and similar action is taken in regard to mail matter received in Canada addressed to the prisoners of war in question.

(4) Since the capitulation of France, we have undertaken the examination of all mails to and from France and French possessions.

(5) Arrangements were made for the enforcement of section 14 (2) of Defence of Canada Regulations prohibiting the transmission of correspondence or any article recording information from Canada to any destination outside of Canada otherwise than by post or the transmission of similar documents into Canada otherwise than by post.

(6) The examination of mail matter in connection with the enforcement of Foreign Exchange Control Board Regulations has been extended to all mail addressed to Banks or other financial institutions in the United States and emanating from cities in which we have District Offices. This extension has more than tripled our work in connection with the Foreign Exchange Regulations.

Consideration has recently been given to further extensions of censorship work especially in connection with the Imperial Airways flights to and from Canada and to occasional Clipper flights via Shediac, but reference will be made to this in further statements as occasion arrives.

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25th July, 1940.

SUMMARY OF THE WAR ACTIVITIES
FOR THE POST OFFICE DEPARTMENT
FOR APRIL, MAY and JUNE, 1940.

Financial Branch

1. Steps have been taken to have all sales of postage stamps made in the currency of the country in which the applicant resides. This has resulted in bringing some United States currency in exchange for postage stamps, whereas formerly applicants were allowed to pay in Canadian funds.

2. The carrying-out of the manufacture and distribution of War Savings Stamps under the authority of the War Savings Committee appointed by the Government. The Financial Branch has looked after the manufacture of these stamps, as well as their distribution and handling throughout the Service. It has also provided the necessary adjustment of credits in non-accounting offices to enable them to handle these stamps in every Post Office in Canada, no matter how small.

3. One of the biggest factors in carrying out the regulations for the Foreign Exchange Control Board in regard to the export of Canadian funds to other countries, is the control exercised by this Department over the issue of Money Orders. Not only have we taken the necessary steps in accordance with the regulations of the Foreign Exchange Control Board, but we arranged with Washington to help us out in preventing manipulation of funds which would be profitable on account of the serious gap which at times exists between the block rate set by the Canadian Control Board and the market rate, which usually is higher than the block rate.

4. Action taken to provide for payment of Money Orders issued in Canada in favour of Canadian soldiers overseas. The proposals made by this Department have been accepted by the British Administration.

Action was taken to ask the British Government to change their regulation which prevented Canadian soldiers overseas from sending Money Orders to Canada in sterling funds, to provide for payment of insurance premiums, etc.

5. In connection with Savings Bank deposits, enquiries are made concerning depositors suspected of being enemy agents.

Railway Mail Service....

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Railway Mail Service

The principal activities of the Railway Mail Service relating to the War are in connection with the movement of mails overseas - both on the Atlantic and Pacific. As sailings are not advertised, and sailing dates are of a confidential nature, this involves close contact with the Naval and Steamship Company officials and the issuance of confidential instructions to all concerned.

In connection with the recent mission to Greenland under Major D. L. McKeand of the Department of Mines and Resources, a member of the staff of this office was assigned to the mission as Post Office Department representative and Secretary of the Government Party.

In keeping with other Branches of the Department the sale of War Savings Stamps and pledges for the monthly purchase of War Savings Certificates has been stressed.

Inspection Service

(1) Several employees have been loaned -
The Supervisor, Postal Service, Grade 2, has been loaned to the Department of Munitions and Supply,
One Head Clerk to the office of the Chief Postal Censor,
One Clerk, Grade 4, to the Base Army Post Office to take charge of enquiry work.

(2) Mail matter dealt with by the Censorship Branch is transferred to the Inspection Service for return to the senders or to be held. This includes some articles containing value matter. The work of the Dead Letter Office is also considerably increased for the reason that mail matter destined to countries to which mail service is suspended is diverted to the Inspection Service for return to senders.

(3) A greatly increased number of prohibited publications are destroyed in the Inspection Service owing to the fact that transmission has been prohibited in the mails.

(4) A considerable number of employees in Postal Districts, under the direction of the District Directors and District Superintendents, perform special duties involving the examination of mail in connection with Foreign Exchange Control Board regulations.

Post Office Service.....

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Post Office
Service

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All Postmasters throughout Canada are acting as agents in connection with the operation of the regulations of the Foreign Exchange Control Board relating to the export by mail of goods or property other than goods, also as regards the issuance of money orders to other countries.

Daily examination at District Offices of selected parcels and letters - both licenced and unlicenced - to verify whether or not the regulations of the Foreign Exchange Control Board are being complied with.

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Arrangements made in connection with despatch of outgoing mail written by prisoners of war and internees (recently arrived from Great Britain) and distribution to Internment Camps of incoming mails from overseas.

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The following are the Post Offices opened since the 1st April. These offices are manned by members of the Canadian Postal Corps on the Canadian Active Service Force basis.

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Instructions have also been given for the immediate transfer of the offices at Hylo and Venice, Alberta, on account of anti-British activities.

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Work comprising despatching of circulars or extra addressing of envelopes to Postmasters has been undertaken in connection with War Savings Certificates and Income Tax N.D.T.1 and for the Bank of Canada, Foreign Exchange Control Board, Base Army Post Office and Field Post Offices and Censor Branch.

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Postal Censorship.....

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Postal Censorship (not to be made public)

(1) Early in April, we started the examination of incoming mails from European countries adjacent to Germany or to German occupied territory.

Recently, this examination has been extended to all European countries with which postal communications are maintained.

(2) Arrangements have been made for the interception of Transit mail between the Orient and neutral countries of America, except the United States. This has included the control of mail matter originating in Germany and remailed in Japan for address to countries of North and South America. In making this examination, special attention is given to the British Statutory List and the Canadian List of Specified Persons from the point of view of the endorcement of the British blockade.

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(3) Since the beginning of the war, all mail matter exchanged between internees in Canadian camps and countries abroad has been subjected to examination in the Postal Censorship. This work has recently been considerably increased in view of the arrival in Canada of 7,000 prisoners of war transferred from England. This mail matter is diverted to the Postal Censorship before being despatched to its destination and similar action is taken in regard to mail matter received in Canada addressed to the prisoners of war in question.

(4) Since the capitulation of France, we have undertaken the examination of all mails to and from France and French possessions.

(5) Arrangements were made for the enforcement of section 14 (2) of Defence of Canada Regulations prohibiting the transmission of correspondence or any article recording information from Canada to any destination outside of Canada otherwise than by post or the transmission of similar documents into Canada otherwise than by post.

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P.C. 3903 C182015 C-300 1940

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 13th AUGUST 1940

PRIVY COUNCIL CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that in the absence from Ottawa of the Honourable W.P. Mulock, Postmaster General, or in the event of his being unable to perform the functions of his office, the Honourable C. W. G. Gibson, Minister of National Revenue, be authorized to act as Postmaster General, vice the Honourable J. L. Ilsley.

Asst Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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C182016 IN REPLY PLEASE QUOTE NO.....

Post Office Department, Canada

ADMINISTRATIVE SERVICES

OTTAWA, 23rd October, 1940.

SUMMARY OF WAR ACTIVITIES FOR THE POST OFFICE DEPARTMENT FOR JULY, AUGUST AND SEPTEMBER, 1940.

Financial Branch

1. Philatelic customers are required to pay for their postage stamps in the currency of the country in which they reside. This brings some foreign exchange into Canada.

2. Distribution of War Savings Stamps to Post Offices and other authorized selling agencies; also distribution to the Civil Service.

3. Post Office Savings Bank withdrawals have increased due to investment by depositors in War Savings Certificates and Loans.

4. Arrangements have been made with the Department of National Defence whereby Canadian Postal Notes may be remitted to members of the Canadian Active Service Force located in Greenland, Iceland, Newfoundland and the British West Indies.

In accordance with the decision of the Foreign Exchange Control Board, such remittances must not exceed $10 per day to the same payee with the exception of remittances to soldiers located in Newfoundland where no limit is applied. The procedure became operative on the 31st August, 1940.

5. Arrangements have been made with the British Postal Administration whereby British Postal Orders will be issued to the Canadian personnel serving in the Royal Navy in addition to members of the Canadian Active Service Forces overseas.

Such orders will be paid by the postmaster at any accounting post office in Canada provided they bear the date-stamp of an Army Post Office or the Admiralty, or if issued by a civil post office, the payee assures the postmaster that such orders were remitted by a Canadian serving in the Royal Navy.

Railway Mail Service

Continuation of two of the three activities reported for April, May and June--namely, those relating to the movement of mails overseas and purchase by employees of War Savings Stamps and Certificates.

Inspection Service

Nothing further to add to report covering April, May and June.

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Post Office Service

Foreign Exchange Control Board

Instructions have been issued to extend the scope of the examination of mail matter under the Foreign Exchange Control Board regulations by including all registered letters mailed at any Post Office in Canada addressed to any point in the United States, except those posted by chartered banks and certain business institutions listed by the Foreign Exchange Control Board, and also when posted by authorized holders of foreign currency bank accounts addressed to specified banks in the United States.

Heretofore, the mail which has been examined has been practically confined to matter posted locally at the fifteen Post Offices where District Directors and District Superintendents are stationed, other Post Offices simply diverting to the District Office one in every fifty items marked by them "Passed for Export".

Five additional censorship centres have been established, at Hamilton, Niagara Falls, Winnipeg, Regina and Victoria, to take care of the examination of mail posted locally at those points.

Military Post Offices

	Date of Opening	Date of Closing
Farnham Military Camp, P.Q.	25-8-40	14-9-40
St. Bruno (Camp Militaire) P.Q....	5-8-40	30-9-40
Connaught Camp, Ont.	5-7-40	
Thames Valley Camp, Ont.	2-8-40	27-9-40
Sarcee Military Camp, Alta.	1-9-40	
Debert Military P.O., N.S.	23-9-40	
Sussex Camp, N.B.	12-8-40	

Instructions have been issued for the establishment of the following offices:

R.C.A.F. Station Uplands, Ont.
Debert Field Post Office, N.S.

and for the reopening of Sussex Camp Field P.O.

Dismissals of Postmasters authorized and effected under the Defence of Canada Regulations

Name of Office	Date Postmaster Relieved of Duties
Hylo, Alberta	23-7-40
Venice, Alberta	24-7-40

The dismissals of Postmasters at Horndean, Man., and Tashota, Ont., have been authorized.

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Equipment & Supply Branch

Quantities of War multigraph work have been executed in the Multigraph and Duplicating Section. The Branch has also mimeographed forms and printed envelopes as per list attached which covers the whole period from the outbreak of war and may be considered a general summary.

Four experienced employees have been loaned to War Departments and three have enlisted.

Public Relations Branch

As previously reported, news items relating to soldiers' mail and other phases of postal interest have been prepared and released to the press and radio.

Distribution has been made to all Post Offices in Canada for lobby display of a message from the Postmaster General in regard to the correct addressing of soldiers' mail, together with a poster listing examples of correct addressing. One hundred and twenty-five thousand copies of a personalized letter from the Postmaster General calling attention to the proper addressing of soldiers' mail were sent to soldiers' dependents.

Co-operation was given the War Savings Committee in the distribution to all Post Offices in Canada of literature in connection with the sale of War Savings Certificates and Stamps. Publicity has continued to be given to the campaign through the medium of the Post Office Weekly Bulletin and Monthly Supplement.

Assistance was given the Bank of Canada in arranging for the distribution of circulars to all Postmasters relating to the issue of Dominion of Canada non-interest Bearing Certificates.

The Branch has continued to look after the dissemination (including addressing envelopes, inserting enclosures, sealing and franking envelopes) of copies of speeches of the Prime Minister, Honourable Mr. Ralston, and Honourable Mr. Howe relating to Canada's war effort to a selected mailing list. Similar distribution was made for the Public Information Committee of a pamphlet "Why Britain Fights".

Administrative Services

(1) From 1st July to the 30th September the names of 115 publications have been added to the prohibited list, making a total of 312 publications prohibited since the commencement of the War.

(2) Special instructions issued to the Postal Service in August respecting the free transmission in the mails of all matter pertaining to the National Registration of Canadian citizens.

(3) In co-operation with the Department of National War Services special instructions also issued in regard to the treatment to be accorded mail posted by the various Divisional Registrars of the Department of National War Services in connection with the calling up for medical examination and military training of men under the National War Services Regulations.

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Administrative Services

(4) Collaborating with the Department of National Revenue in connection with the drafting of regulations and administration of the War Exchange Tax on newspapers and printed matter originating in the United States.

(5) A postage rate of 10¢ per pound arranged in connection with parcels for the Canadian Troops in Newfoundland.

(6) Consent given to the delivery in Canada without the collection of postage charges on ordinary letters not exceeding two ounces in weight posted by Canadian Troops at Canadian Army Field Post Offices.

(7) Mail service to Greenland resumed.

(8) Mail service to Switzerland resumed except for parcel post.

(9) Mail service to unoccupied France resumed for private and personal correspondence.

Postal Censorship (Confidential)

(1) Extension of Control for Foreign Exchange Control Board

There has been a considerable increase in the examination which is now being conducted in connection with the enforcement of the Foreign Exchange Control Board regulations. During the above-mentioned period the work both in the field and in Ottawa, in connection with these special duties, has more than doubled.

Five new examination centers have been opened and the total number of censorship clerks in the various districts who are assigned exclusively to Foreign Exchange Control is fifty-two. This is in addition to other censors on duty at Vancouver and Halifax, as well as Ottawa, who are engaged in regular censorship work but who at the same time also give attention to the enforcement of the same regulations.

(2) Examination of Central and South American Transit Mail at Vancouver.

All mails to and from Mexico and other Central and South American countries passing through Vancouver or Victoria on transit from or to Asiatic or European countries have been subjected to examination at Vancouver since the end of June. This, at first, entailed considerable work but recently there has been a decrease in the amount of mail treated, as the Japanese administration seems to have endeavoured to route the incoming mails through the United States.

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Postal Censorship (Confidential)

(3) Examination of Newspapers.

At the request of the National Defence Department, arrangements have been made early in September for the examination, from the point of view of information, of prohibited newspapers which are specially obtained from the countries of publication or from some neutral countries and transmitted to the Postal Censorship office for translation. As a result, the newspaper examination division will have to be increased, due to the number of newspapers received and the variety of languages required.

(4) Illegal Organizations.

So far, over thirty organizations in Canada have been declared illegal by Orders in Council and all mail matter of any origin or class addressed to these organizations or their members are diverted to the Postal Censorship for examination. This mail matter which for the past two or three months has assumed considerable proportions is dealt with in accordance with certain requirements of the R.C.M.P. and the Custodian with whom close contact is being maintained.

(5) Special Check-up on Mail Posted in Neutral Countries.

Recently we have observed in the mail a number of items bearing stamps of enemy or enemy-occupied countries which had been re-mailed in neutral countries not ordinarily subject to censorship. We have established a special check-up on this class of mail with a view to preventing any possibility of it reaching the addressee without adequate examination.

(6) Prisoners of War Mail.

The examination of prisoners of war mail, especially the prisoners transferred by the United Kingdom to Canada, has tremendously increased in volume, and as a result, our "Prisoners of War" division has had to be added to.

(7) Increase in personnel.

In view of increased censorship activities, as outlined in paragraphs 1, 3, 4 and 6, an increase in staff at the Ottawa Censorship Office has been necessitated and the number of employees has increased from 84 on the 3rd June, 1940, to 101 on the 30th September, 1940.

Future Expansion

According to requests received from the Foreign Exchange Control Board, our control of mail matter for their purpose will increase by at least 200% in the next two or three months.

In addition, negotiations are under way for a considerable increase in examination of transit mail, covering United States mails, both at Vancouver and at Ottawa which, if carried to its full development, will entail an increase in staff of nearly 100%. This will be commented upon in further memoranda.

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PUBLIC ARCHIVES
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CANADA

September 27th, 1940.

List of circulars etc. produced in Equipment & Supply Branch for the Post Office Department - all of which are due to War work.

750	Copies	- His Excellency the Governor General in Council
175	"	- His Excellency the Governor General in Council (French)
175	"	- Memorandum re Publication New Masses
1,000	"	- For Censorship
250	"	- Name -- Place of Birth -- etc.
500	"	- Attendance Report Postal Censorship Staff
300	"	- A letter mailed by you at --
175	"	- Re Publication - Fight etc.
75	"	- Memo for Examiners
175	"	- Re Publication - War
175	"	- Re Publication - The Communist
75	"	- Memo for Examiners
1,000	"	- A Letter Mailed to You
175	"	- Soviet Russia Today
1,400	"	- The Mail Enclosed
175	"	- The Publication Social Justice
2000	"	- Letter Addressed Red Cross Geneva
50	"	- Field Post Office Opened.
175	"	- Re Prohibited Publications
500	"	- Report of Mail Examined
175	"	- Re Prohibited Publications
200	"	- " " "
250	"	- " " "
200	"	- " " "
3,000	"	- Examination of Articles Passed for Export
9,500	"	- Prohibitory Orders Issued Against
200	"	- Re Prohibited Publications
50	"	- Mail Prohibited
200	"	- Re Prohibited Publications
750	"	- Regulations Governing Preparation of Mails
80	"	- Importation of Valuables by Post (French)
500	"	- Re Registered Mail
200	"	- Re Prohibited Publications
200	"	- " " "
50	"	- Mail Prohibited
500	"	- " "
200	"	- Re Prohibited Mail
1,400	"	- Re Censorship
100	"	- Memo for Examiners
50	"	- Memo for District Censorship Clerk
200	"	-Re Prohibited Publications
150	"	- Re Foreign Control Board Regulations
25	"	- Letter Referring to Canada Gazette, Feb.8th
25	"	- List of firms in Cuba, etc.
200	"	- Re Prohibited Publications
375	"	- Correct Way to Address Mail
105	"	- Correct Way to Address Mail (French)
50	"	- Prohibited Mail
200	"	- Prohibited Publications
100	"	- Re Exchange
40	"	- Memo for Examiners

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200	"	- Re Prohibited Publications
75	"	- Memo for Examiners
145	"	- Re Censorship
175	"	- Re Prohibited Mail
75	"	- Memo for Examiners
300	"	- Memo for Chief Inspector for Postal Censorship
200	"	- Memo for Chief Inspector for Postal Censorship
350	"	- Re British & Foreign Publications
75	"	- Memo for Chief Inspector (Postal Censorship)
75	"	- Memo for Examiners
80	"	- Examination of Letter Mail, etc.
60	"	- Examination of Letter Mail, etc. (French)
75	"	- Re Treatment of Diplomatic & Departmental Mail
500	"	- Kindly Advise if M.O. has been issued (Postal Censor)
200	"	-Memo for Examiners
250	"	- " " "
110	"	- " " "
700	"	- A letter Mailed In --
1,000	"	- The Attached Mail has been Examined
1,500	"	- Weekly Reports of Mail Examined
500	"	- Postal Censorship
2,500	"	- Identification Cards - D.D.P.S. Toronto
250	"	- Promotion of Employees on Active Service
120	"	- Examination of Letter Mail
1,500	"	- Memo Mail Examined
500	"	- Memo for Chief Inspector (Postal Censor)
1,000	"	- Confidential
10,000	Labels	- Examined by - (French)
2,000	Copies	- For Postal Censorship
1,200	"	- " " "
10,000	Forms	- C No. 11
30	Copies	- Compulsory Military Training Plan (French)
1,000	"	- A Letter Posted - A Cheque Drawn
1,000	"	- Name and Address of the Writer
690	"	- Re Military Duty
190	"	- " " "
100	"	- Re Canadian Exchange
775	"	- Re Active Duty
50	"	- " " "
125	"	- Employment of Naturalized Aliens
675	"	- Regulations - Ribbons & Medals
150	"	- Active Duty (French)
40	"	- Active Duty (French)
1,500	"	- L.C. Granted Leave for Active Service
100	"	- " " " " " " " (French)
100	"	- " " " " " " "
50	"	- L.C. Granted Leave for Special Service
150	"	- P. O. Employees
1,000	"	- Applicant Military Status
75	"	- Protection of Employees Called for Military Service
30	"	- Protection of Employees Called for Military Service (French)
500	"	- Recruiting Notice for Canada Air Force
50	"	- Divisional Postal Unit
150	"	- Recruiting Notice for Canada Air Force (French)
175	"	- Re Soldiers' Mail
500	"	- Employees who Enlisted
500	"	- Employees who Enlisted
150	Copies	- Correspondence Soldiers & Seamen
30	"	- First War Loan (French)
125	"	- Circulars First War Loan
50	"	- Envelope for First War Loan Committee
10,000	White Gummed Labels	- Examined by C.166
800	Copies	- Circular letter re War Loan

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50	"	- Parcels Addressed to Soldiers
50	"	- Foreign Exchange Regulations
320	"	- Importation of Currency
500	"	- T. Cook & Son Official Intermediary
50	"	- Imporation of Securities by Mail (French)
140	"	- " " " " " (English)
30	"	- " " " " " (French)
75	"	- Prohibited Export Invisible Ink
300	"	- Mail for Troops in Canada
250	"	- Re Army Postal Corps
500	"	- Base P.O. - The Address Not Sufficient
500	"	- Letters Addressed for Delivery in Germany
1,000	"	- Letters for Poland Occupied by U.S.S.R.
125	"	- Re Soldiers' Mail
500	"	- Intercepted Mail for Germany
100	"	- Re Foreign Exchange Control Board
200	"	- Prohibited Mail
175	"	- " "
45	"	- " "
175	"	- " "
50	"	- Foreign Exchange Control Board
2,000	"	- Confidential
175	"	- Prohibited Publications
100	"	- Memo for Dist. Censorship Clerk
250	"	- Re Canadian Postal Corps
45	"	-Prohibited Mail
100	"	- Foreign Exchange Control Board
50	"	- " " " " "
1,000	"	- Thomas Cook & Son - Official Intermediary
175	"	- Prohibited Publications
1,000	"	- Preparation of Letters to Germany & Occupied Territory
100	"	- Dependants' Allowance & Assigned Pay
25	"	- " " " " " (French)
100	"	- Memo for District Censorship Clerks
40	"	- " " " " " (French)
175	"	- Prohibited Publications
75	"	- Postal Censorship Office is Located
1,000	"	- Parcels have been Examined in this Bag
175	"	- Prohibited Publications
1,000	"	- Confidential
50	"	- Prohibited Mail
175	"	- Prohibited Publications
100	"	- Memo for District Censorship Clerks
100	"	- " " " " "
175	"	-Prohibited Publications
1,000	"	- Confidential
175	"	- Prohibited Publications
100	"	- Memorandum for Examiners
1,000	"	- Confidential
750	"	- Promotion of Employees on Active Service
8,000	"	- Labels Printed - Examine Par
175	"	- Prohibited Publications
45	"	- Prohibited Mail
1,080	"	- Sale of War Savings Certificate
175	"	- Prohibited Mail
100	"	- Memo for Examiners
120	"	- Foreign Exchange Control Board
150	"	- Confidential

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120	Copies	- Foreign Exchange Control Board
500	"	- Preparation of Mail for Enemy Occupied Territory
175	"	- Prohibited Publications
1,500	"	- Confidential
500	"	- Confidential Enforcement Section
200	"	- Prohibited Publications
60	"	- Examination of Mail Addressed to U.S.A. Banks
50	"	- Prohibited Mail
500	"	- Confidential - The Attached Letter
400	"	- Prohibited Publications
1,000	"	- Correspondence with Enemy Territory
150	"	- Confidential
3,000	"	- Confidential
200	"	- Prohibited Publications
200	"	- Prohibited Publications
200	"	- Prohibited Publications
100	"	- List of Departments in Occupied Zone
2,250	"	- Leave for Military Training
100	"	- Re War Military Leave
1,000	"	- Release for Military Training
1,000	"	- Regulations for Letters for Germany
200	"	- Prohibited Publications
150	"	- Compulsory Military Training
200	"	- Memo to P.M. - Prohibited Publications
500	"	- Mail Relating to Business in France
2,000	"	- Correspondence to France - T. Cook
150	"	- Examination of Mail F.E.C.B.
225	"	- " " " " " " " (French)
215	"	- F.E.C.B. Extended Regulations
501	"	- Leave to Attend Military Training
900	"	- Prisoners of War Mail
50	"	- Mail Prohibited
200	"	- Prohibited Mail
500	"	- Information Regarding Enlisted Employees
94	"	- Candidates to Present Registration Cards
100	"	- Memorandum for Examiners
200	"	- Prohibited Publications
2,000	"	- Regulations Covering Letters to Enemy Territory
1,000	"	- Confidential Letter Containing Money
200	"	- Confidential
500	"	- Letters to Enemy Territory (French)
200	"	- Prohibited Publications
20	"	- Military Leave for P.M. at Revenue P.O.

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CANADA

C182025

September 27, 1940.

List of Envelopes Addressed by Equipment & Supply Branch for other Departments, all of which are due to War Work.

Bank of Canada

12,500 Envelopes addressed to all Accounting and Non-Accounting Postmasters
12,500 Envelopes No. 35, addressed to all Accounting and Non-Accounting Postmasters
12,500 Envelopes addressed to all Accounting and Non-Accounting Postmasters
12,500 Envelopes addressed to all Accounting and Non-Accounting Postmasters
12,500 Envelopes addressed to all Accounting and Non-Accounting Postmasters
3,960 Envelopes addressed to all Non-Accounting Offices
12,500 Envelopes No. 34 addressed to all Accounting and Non-Accounting Offices
2,000 Envelopes No. 34 addressed to offices in Saskatchewan and Alberta
12,500 Envelopes No. 34 addressed to all Accounting and Non-Accounting Offices
6,720 Envelopes No. 33 addressed to Accounting Offices in London, Toronto, North Bay, Ottawa, Montreal and Quebec Districts

War Savings Committee

1,512 Envelopes No. 34 addressed to all offices in Saskatchewan, except L. C. Offices

12,500 Envelopes No. 34 addressed to all Accounting and Non-Accounting Offices

National Revenue Department

12,500 Envelopes addressed to all Accounting and Non-Accounting Offices

National Defence Department

14,000 Stickers addressed to all Accounting and Non-Accounting Post Offices re display Poster re recruiting for R.C.A.F.

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C182026

September 27, 1940.

List of circulars etc. produced in the Equipment & Supply Branch for the Base Post Office - all of which are due to War work

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10,000	Copies	- Letter Head - Canadian Postal Corps
2,000	"	- Check Sheet Parcel Post
2,000	"	- Record of Parcels Delivered
5,000	"	- Record of Parcels Delivered to M.P.O.
1,500	"	- Mail Bags Despatched
500	"	- Particulars of Damaged Parcels
2,000	"	- Letter returned not fully Addressed
500	"	- Check Sheet Parcel Post
10,000	"	- Letter Head - Canadian Postal Corps
300	"	- Card - Messing ticket
500	"	- Card - Permanent Pass

12,500 Envelopes addressed to all Accounting and Non-Accounting Postmasters

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POSTMASTER GENERAL

CANADA

C182027

Ottawa, 12th February 1941.

W. J. Turnbull, Esq.,
Acting Principal Secretary,
Office of the Prime Minister,
OTTAWA, Ontario.

Dear Mr. Turnbull:

Enclosed is summary of war activities of this Department for the months of October, November and December, 1940.

Yours sincerely,

Ewd Adamson

Private Secretary.

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C182028

10,000—17-11-30

IN ANY FURTHER CORRESPONDENCE
ON THIS CASE PLEASE QUOTE
NO.

Post Office Department, Canada,

Ottawa, 12th February, 1941.

SUMMARY OF WAR ACTIVITIES FOR THE
POST OFFICE DEPARTMENT FOR OCTOBER,
NOVEMBER AND DECEMBER 1940

Financial Branch

The distribution and sale of War Savings Stamps, which includes the distribution of all War Savings Stamps sold to the public and the accounting for such as are sold by the postal service has been continued by the Branch, as well as providing for supplies of War Savings Stamps to private concerns, clubs, etc., carrying on campaigns for the sale of these stamps.

Provision has also been made for the distribution of National Registration post cards and special stamped envelopes, and National Registration forms relating to lost certificates and changes in marital status. This distribution was effected through the channels used for the regular distribution of postage supplies and meant considerable extra work on the part of employees who look after such items, particularly as it occurred during one of the busiest times of the year.

The Branch has continued to deal with cases which have to be taken up with the Enemy Alien Custodian in connection with money values represented both by money orders and savings bank deposits.

The Branch has also continued to deal with cases in which Postmasters or others paid through commission warrants have donated sums of money out of their commissions towards the cost of the war, by having lump sums deducted at one time, or, as is more frequently the case, by having deductions made from each warrant. Cases that have come to hand in which depositors have authorized payment of balances of savings accounts to the Minister of Finance, presumably as a patriotic contribution towards war expenditure, have been handled, and in one case the depositor foregoes his interest for the duration of the war so that the Government will not have to pay interest on his account.

Railway Mail Service

The transportation of Christmas mail on the high seas was the principal activity. During November 44,006 bags of mail were forwarded to the United Kingdom. This would be equal to 58 carloads of mail, half of which was soldiers' mail.

Inspection Service

Nothing further to add to report covering April, May and June, except that another employee has been loaned for duty in the Base Post Office to assist with enquiry work there which has increased.

Post Office .....

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Post Office Service

Three Military Post Offices were opened as follows:

Debert Field P.O., N.S., 28-10-40.
R.C.A.F. Station Uplands, Ont., 11-11-40.
Sussex Camp Field P.O. was reopened on 21-10-40.

Instructions have been issued for the establishment of Post Offices at Angler and Neys, Ontario, to be known as Internment Camp "X" and Internment Camp "W". (The location of these camps should not be given publicity).

Foreign Exchange Control Board (not to be given publicity).

The scope of the examination of mail matter under the regulations of the Foreign Exchange Control Board has been further extended by including ordinary letter mail posted in Canada, addressed to banks and other depositories in the United States, except that posted by chartered Canadian banks and certain business institutions listed by the Foreign Exchange Control Board.

Up to the first half of September, 1940, the examination of this ordinary letter mail addressed as above was practically limited to letters posted locally at the fifteen points where District Directors and District Superintendents are located. During the latter part of September the examination of ordinary letter mail for banks and other depositories in the United States was introduced at Hamilton, Niagara Falls, Windsor, Regina and Victoria.

This extension of the examination now takes in all ordinary letter mail posted at any Post Office in Canada when addressed to United States banks and other depositories, except that coming within the exemptions.

Equipment and Supply Branch

The Superintendent of the Branch, with the approval of the Postmaster General, has accepted the Chairmanship of a Committee in connection with National Defence for Air and will give part time services if and when required. Other than this, there is nothing to add to previous summaries.

Public Relations Branch

Authority was granted the War Savings Committee for the display of posters advertising War Savings Stamps, on Post Office vehicles. Distribution of the posters arranged by this Department.

Posters urging "Early Mailing" of Christmas parcels for soldiers overseas prepared and distributed to all Post Offices. Copies of the posters were also displayed in tobacco stores, candy stores and other shops specializing in gifts for soldiers.

Continued publicity was given to the War Savings Stamps and Certificates' campaign through the medium of the Weekly Bulletin and Monthly Supplement.

News items were prepared and regularly released to the Press dealing with various phases relating to the handling of military mail.

A special poster was prepared for lobby display in all Post Offices and Naval Centres throughout the country, bearing a reproduction of a letter from the Postmaster General directing attention to the correct method of addressing mail for men on service in the Royal Canadian Navy.

Co-operation .....

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Public Relations Branch (Cont'd)

Co-operation was extended to the War Savings Committee in the distribution of Christmas War Savings Stamps and Certificates' literature, to all Post Offices in Canada.

Continued co-operation with the Public Information Bureau in special mailings of that Bureau.

Administrative Services

The names of 91 publications have been added to the prohibited list, making a total of 403 publications prohibited since the commencement of the War.

Arrangements were completed with the Department of National War Services for the public to register at Post Offices, changes of address and changes in marital status, and to apply for lost or defaced National Registration certificates, as required by law, and special instructions were issued to all Postmasters outlining the procedure to be followed in such cases.

Arrangements made for free entry into United Kingdom of gift parcels including tobacco and cigarettes for Canadians serving with the British Forces.

Postal Censorship

1. Extension of Censorship at Vancouver

(Confidential) Since the middle of November, we are examining at Vancouver mails from and to the United States, to and from Oriental and European points received at Vancouver by trans-pacific transportation.

Twenty new Examiners were taken on in November and it is expected that we will soon be in a position to make a 100% examination of all transit mails passing at Vancouver, to and from Asiatic and European points.

2. Extension of Censorship at Halifax

In the interest of security, it was decided in November to extend the examination of mails addressed to United States points, covering the Sydney area. This took place at the end of November.

3. New Censorship Station at Saint John

On or about the 1st December, a station was opened at Saint John for the examination of mails both in the City of Saint John and immediate vicinity, addressed to United States points.

There are eleven Examiners engaged in that work and a 100% examination is made of this mail matter.

4. Extension of control for Foreign Exchange Control Board

As anticipated, a further extension took place early in December, increasing the number of items examined by over 100%.

The extension covered ordinary mail addressed to banks and other depositories in the United States from all over Canada.

5. Examination of Films

A procedure has been established in the course of the Fall in regard to the examination of films, developed and undeveloped, found in the mails addressed to foreign countries.

It was .....

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Postal Censorship (Cont'd)

It was found during the Summer, especially at Halifax, that films were mailed which the R.C.M.P. and the Naval Control thought should be carefully examined before despatch to American points.

Special arrangements have been made with the co-operation of certain Film Companies and the Dominion Film Commissioner which will ensure the control of this class of mail.

6. It is expected that a Censorship Station will be established in the course of a few days at Moncton, N.B., for the examination of air mail addressed to United States points and also of mail originating in the northern section of the Province of Nova Scotia.

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C182032

IN ANY FURTHER CORRESPONDENCE
ON THIS CASE PLEASE QUOTE
NO.

Post Office Department, Canada,

Ottawa, April 29, 1941.

SUMMARY OF WAR ACTIVITIES FOR THE POST OFFICE DEPARTMENT FOR JANUARY, FEBRUARY AND MARCH 1941

Financial Branch

The Branch has continued to look after the distribution and sale of War Savings Stamps, which includes the distribution of all War Savings Stamps sold to the public and the accounting for such as are sold by the Postal Service.

A campaign to obtain pledges from employees to buy War Savings Certificates was carried on throughout the Branch.

The Revenue Division has made arrangements for deductions on account of War Savings Pledges from commissions due Postmasters.

A spot check is being made of money orders issued in large cities for amounts of $25 for payment in the United States in order to ascertain whether or not the remitters are attempting to circumvent the regulations of the Foreign Exchange Control Board by purchasing money orders at different offices in the same month for the aggregate amount that may be issued to any one remitter in any month.

Continuous action is taken regarding the operation of the Foreign Exchange Control Board which is a daily problem in connection with the issue of money orders going out of Canada, including those sent to soldiers on active service.

Cases which have to be taken up with the Enemy Alien Custodian in connection with money values represented by money orders and by savings bank deposits are still dealt with by the Financial Branch.

Railway Mail Service

As stated in previous reports, the principal activity is the transportation of mail on the High Seas. During this quarter there were 55,885 bags of mail despatched to the United Kingdom as compared with 26,213 bags during the same period last year - an increase of 113%. Although slower steamers were used, the schedule was reasonably well spaced when war conditions are considered.

Inspection Service

Nothing further to add to previous reports.

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Post Office Service

Foreign Exchange Control Board

A further extension of the examination of mail matter under the regulations of the Foreign Exchange Control Board has been placed in operation by including all incoming registered letters - with certain exemptions - originating in the United States.

This comprehends all registered letters posted at any point in the United States addressed to any Post Office in Canada.

Such extension involved the making of arrangements for the picking out of the exempted mail at all Exchange Post Offices and diversion of the balance of the registered letters to the various examination centres for treatment by the censorship clerks.

Special arrangements also were made at all Post Offices, in places where Customs Ports or Outports are established, for the transfer of registered letters (found by the censorship clerks to require Import Licences) to Customs Officers for final disposition.

Military Post Offices

Post Offices were opened in the Internment Camps at Angler and Neys, Ontario, on the following dates:

Angler	16-1-41
Neys	16-1-41

Instructions have been issued for the establishment of an office at the R.C.A.F. Headquarters to be known as Ottawa M.P.O. 304.

Equipment & Supply Branch

The multigraph section has been taxed to capacity with circulars, addressing of envelopes and despatch of enclosures to the service.

As previously reported, several employees are on loan for war work.

The continued shortage of mail bags for despatch of soldiers' overseas mail is being given daily attention. Notwithstanding arrangements made with British Postal Authorities to have the United States Postal Administration send to the Canadian Postal Administration all surplus British bags and resultant action by United States Postal Authorities, it is still necessary to continue to convert and utilize red and white stripe domestic bags (formerly registered mail bag) for soldiers' mail after stripping fittings therefrom. To date 40,000 domestic bags have been converted for such use, and 8 ounce duck has been purchased for an additional 10,062 bags, specially designed with leather washers to hang on rack, making a total of 50,062. Notwithstanding this, the shortage continued and during the last week of March 1941 a further purchase was made of 12,000 yards of 8 ounce duck which will be immediately converted into bags and placed in service.

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A report has been received from the Canadian Postal Corps Headquarters, London, that this 8 ounce duck has made very satisfactory bags. In addition 950 brown striped fragile bags, large size, which were in stock at Toronto but not in use, were stripped of locks, plates and cords, and issued to the Base Post Office for Overseas mail.

Public Relations Branch

Press and radio messages released respecting soldiers' mail, i.e., correct addressing, proper packing, omitting articles of inflammable nature, etc.

Set of Rural Directories for all electoral districts in Canada given to the War Savings Committee for use in their National Campaigns.

Assisted War Savings Committee in arrangements for householder distribution new Pledge Forms.

Continued co-operation with War Savings Committee by Publicity efforts to encourage Postmasters to increase sale of War Savings Certificates and Stamps.

Special posters designed, produced and distributed to all Post Offices in Canada for lobby display--re sale of War Savings Certificates.

A poster "Change in Addressing Mail for Troops Overseas and in Canada" was prepared for distribution to some 150,000 soldiers' dependents in Canada and for Post Office lobby display.

Administrative Services

The names of 79 publications were added to the prohibited list, making a total of 482 publications prohibited since the commencement of the war.

A pamphlet was issued outlining conditions of communication with Prisoners of War interned abroad.

Postal service was suspended to Roumania, Bulgaria and Hungary.

Special envelopes were issued for redirection of mail for members of the crews of merchant vessels.

Postal Censorship (Confidential)

1. Opening of a Censorship Station at Moncton

On the 9th January 1941, a new Censorship Office was opened at Moncton to conduct the examination of air mail from the vicinity and also from P.E.I. addressed to United States points.

The examination of mail under the Foreign Exchange Control Board Regulations is also conducted at that point.

2. Extension of examination for F.E.C.B.

On the 1st March 1941, the examination of mail matter under the Foreign Exchange Control Board Regulations was extended to incoming registered mail from the United States.

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Postal Censorship (cont'd)

This is done at 21 Examination Centres and the amount of mail examined weekly has increased from 17,600 to 26,000.

The examination of this incoming mail is proving extremely helpful from the point of view of the Foreign Exchange Control Board, especially at this time of the year when thousands and thousands of notices are in the mail regarding proxies and dividends addressed to residents in Canada holding securities, bonds, etc.

3. Increase of Censorship activities at Vancouver.

Following the arrival of twenty-four trained Examiners from the United Kingdom, about the middle of January, it has been found possible to examine transit letter mails at Vancouver on a 100% basis and also to examine a substantial proportion of the parcel post transit mail.

All mails received at American Ports on the Pacific Coast addressed to Canadian destination are being diverted to Vancouver and are examined at that point before being forwarded to the Exchange Offices.

There have been negotiations for the diversion to Vancouver of a larger amount of mail by the United States Administration and this matter is being followed up.

4. Developments re examination of Prisoners of War mail

Until the end of February, all combatants' outgoing mail, except mail addressed to Canadian points, was forwarded to the British Censorship authorities for examination.

At the request of the United Kingdom authorities, arrangements were recently made for the full examination of this mail matter at Ottawa, and the United Kingdom authorities have sent Intelligence Officers to assist the Canadian Postal Censorship in the treatment of this mail matter.

On the 24th February, Lieutenant Wilfrid S. Samuel, R.N.V.R. reported for duty and has been placed in charge of a staff looking after the examination of mail of prisoners who formerly belonged to the German Navy.

On the 3rd March, Flight Lieutenant C.M.D. Eales reported and immediately started on his new duties on the mail of prisoners who were formerly in the German Air Force.

Captain F.E. Mason reported on the 4th April and will undertake the supervision of Examiners entrusted with the mail of prisoners who were formerly in the German land forces.

These Officers, who are under the control of the Canadian Postal Censorship authorities, have been provided with a group of competent examiners as well as the necessary equipment to extract intelligence from mail examined under the new procedure.

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Postal Censorship (cont'd)

It has been found impossible, however, to obtain a sufficient number of competent Examiners and the United Kingdom authorities have been requested to send about twenty of their trained censors to supplement the help already provided by the Canadian Postal Censorship.

5. Personal Message Scheme

Consideration was given to the inauguration in Canada of a scheme of personal messages to enemy or enemy occupied territories through the International Red Cross.

This has been adopted and it is expected that this scheme will be inaugurated early in April.

This will permit residents in Canada to convey to relatives and friends in the above mentioned countries short personal messages of twenty words and to obtain a reply through the International Red Cross.

The total cost to the Canadian residents will be 25¢ per message.

6. Overseas Prisoners of War - Mail Regulations

Consideration has been given to regulations covering letters and parcels addressed to Canadian and British prisoners of war abroad.

These regulations have now been adopted and will be circulated to the public in the course of the next two weeks.

As a result, four tobacco companies have been granted the privilege of accepting orders for tobacco and cigarettes under certain conditions and under the control of the Postal Censorship.

A number of booksellers and newsdealers from the principal cities of Canada have been granted a permit and will accept orders from residents of Canada for books, games, etc., to be sent to Canadian or British prisoners of war abroad, in accordance with regulations established by the Canadian Censorship.

7. Information re personnel and mail handled

On the 31st March 1941, the personnel of the Canadian Censorship in Ottawa and the subsidiary stations was as follows:

Ottawa		155
Vancouver	(Canadian Examiners 35) (U.K. Examiners 24)	59
Halifax		17
Saint John		12
Moncton		2
	TOTAL:	245

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Postal Censorship (cont'd)

On the same date, in connection with the examination of mail under the Foreign Exchange Control Board Regulations, there were at 21 Examination Centres, 66 Censorship Clerks engaged in that work.

The average number of items examined under the regular censorship regulations is about 90,000 a week and the average number of letters examined under the Foreign Exchange Control Board Regulations is now 26,000 a week.

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POSTMASTER GENERAL

CANADA

C182038

Ottawa, July 15, 1941.

W. J. Turnbull, Esq.,
Acting Principal Secretary,
Office of the Prime Minister,
O t t a w a, Ontario.

Dear Mr. Turnbull:

Enclosed is summary of war activities of this Department for the months of April, May and June, 1941.

Yours sincerely,

David Johnson

Private Secretary.

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C182039 IN REPLY PLEASE QUOTE

NO.....

Post Office Department, Canada

ADMINISTRATIVE SERVICES

OTTAWA, July 15, 1941.

SUMMARY OF WAR ACTIVITIES FOR THE POST OFFICE DEPARTMENT FOR APRIL, MAY, AND JUNE, 1941.

Financial Branch

The Branch has continued to look after the distribution and sale of War Savings Stamps. This includes the distribution of all War Savings Stamps sold to the public and the accounting for those sold by the Postal Service.

Action continues regarding the operation of the Foreign Exchange Control Board which is a daily problem in connection with the issue of money orders going out of Canada.

A campaign to sell Victory Bonds was conducted throughout the Branch.

Employees of the Central Records Section of the Branch helped the Allied War Supplies Corporation in the organization of their Central Registry System, two officials being loaned for the work. This was arranged without cost to the Department and without employment of replacements.

Two additional permanent clerks were loaned to the Censorship Office. This makes eighteen permanent employees of the Branch on loan for war work, and twenty-one permanent employees are on Active Service.

Railway Mail Service

The principal activity continues to be the transportation of mail on the High Seas. During this quarter, space occupied by mails despatched to the United Kingdom was 250,557 cubic feet as compared with 117,356 in the same quarter last year - an increase of 114%. Considering war time conditions, the service was very satisfactory.

In connection with Foreign Exchange Control Board regulations, the checking of all ordinary letter mail from United States points for diversion to examination centres of certain classes of this mail is now being performed in postal cars as well as in Post Offices. This new work commenced 1st June, 1941.

Inspection Service

Nothing new to report except the loan for part of June, of an employee experienced in the operation of loud speaker equipment in connection with the Victory Loan and Recruiting Campaigns.

Post Office Service

The following Post Offices were placed in operation for the benefit of military camps and industries operating for war purposes:

Halifax M.P.O.....

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Halifax M.P.O. 606, N.S. was established on the 12th May, 1941 and is located in the Naval Barracks known as Stadacona II.

Ottawa M.P.O. 304, Ont. was opened on the 25th April, 1941, and is used by the R.C.A.F. as a distribution centre for headquarters' mail. It is located in No. 3 Temporary Building, Wellington Street.

Mossbank M.P.O. 1203, Sask. was established on the 5th May, 1941, and serves the Bombing and Gunnery Air Training School located at that point.

Instructions were recently issued for the establishment of a new Post Office under the name of Nitro to serve the Defence Industries Ltd., operating on Salaberry Island. It is expected that this office will be put in operation at an early date.

Equipment and Supply Branch.

As previously reported several employees are on loan for war work, and the multigraph section continues to be taxed to capacity with circulars, addressing of envelopes and despatch of enclosures to the Service.

Public Relations Branch.

Co-operated with the Dominion Headquarters of the Victory Loan Campaign 1941, in the distribution of Victory Loan illustrated booklets and prospectuses to all householders in Canada.

Press items, relating to soldiers' mail, released to all newspapers in Canada.

Co-operated with War Savings Committee in connection with publicity efforts to encourage Postmasters to promote sale of War Savings Stamps and Certificates.

Rural Directories for all Electoral Districts in Canada were supplied the Dominion Headquarters, Victory Loan 1941 campaign.

Special posters in regard to the sale of War Savings Certificates designed, produced and distributed to all Post Offices in Canada for lobby display.

Administrative Services.

The names of 60 publications were added to the prohibited list, making a total of 542 publications prohibited since the commencement of the war.

Mail service to Jugo-Slavia and Greece suspended.

Arrangements completed to use route via New York and Lisbon for mails to Switzerland, France (Unoccupied), Spain, Portugal, Azores, Canary Islands, Cape Verde Islands and Gibraltar.

Direct parcel.....

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Direct parcel post service suspended to British Honduras.

Regulations concerning export prohibitions consolidated and issued to Postal Service.

Arrangements made for the despatch of parcels from Curacao to Canada via United States to replace service via England.

Parcel post service from the Netherlands East Indies to Canada arranged via San Francisco.

A parcel post service, via United States, inaugurated to Portugal; the first parcel post service through the United States to any European country.

Information regarding revised regulations, effective June 28, governing gift shipments to the United Kingdom, issued to Postal Service.

An inventory taken of empty mail bags on hand belonging to enemy and enemy-occupied countries.

Mail services to Syria and Lebanon temporarily suspended.

Postal Censorship (Confidential) 1.- Control of Information at Saint John:-

Early in April, arrangements were made through which mail posted by crews of ships docking at Saint John is intercepted and handed to the Censorship Office for examination.

Arrangements were also made for the examination at Saint John of certain categories of American mail posted in the Sydney area as well as mail matter originating in the Digby area and either reaching Saint John by ferry or by boats touching Saint John en route.

2.- Control of Shipping Information at Quebec:-

At the request of the Naval Intelligence, arrangements were made early in May for the examination at Quebec of mail matter posted at Gaspé and immediate vicinity, this examination being conducted along the same lines as the examination performed at Saint John, Halifax and Moncton.

Mail left with the pilots in charge of ships down the Saint-Lawrence River is specially transferred to the Examination Centre at Quebec for the necessary treatment.

3.- Prisoners of War mail Censorship:-

A party of sixteen trained Examiners, under the charge of Miss J. Drake, reported for duty early in June and these Examiners are now engaged in the examination of Prisoners of War mail.

They have been delegated by the United Kingdom Censorship and their assistance has permitted a very quick treatment of the Prisoners of War mail.

4.- Personal.....

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4.- Personal Postage Messages:-

The Personal Postage Message Scheme was inaugurated on the 1st May and during the first two months, to the 30th June, a total of 4,591 messages were received for despatch to enemy or enemy occupied territories.

These messages, arranged by province, were as follows:-

	Prince Edward Island	2
	Nova Scotia	45
	New Brunswick	23
	Quebec	1,275
	Ontario	1,569
	Manitoba	372
	Saskatchewan	400
	Alberta	392
	British Columbia	510
x	United States	2
x	England	1
	Total:	4,591

x Messages originating in Canada but return address shown as in above countries.

The messages despatched are arranged hereunder according to countries of destination, the statement covering only countries to which more than 100 messages were sent:-

France (Occ.)	1,110
Italy	451
Germany	450
Belgium	438
Channel Islands	419
Poland	257
Hungary	173
Greece (Mainland)	169
Norway	149
Holland	148
Denmark	131
Total:	3,895

5.- Permits for cigarettes and tobacco parcels:-

Under the new Prisoners of War Regulations, permits have been granted to four tobacco companies by which they can accept orders for tobacco and cigarettes to be sent to Prisoners of war in Germany, under certain regulations and under the control of the Postal Censorship.

These four companies are as follows:-

Imperial Tobacco Company,
3810 St. Antoine Street,
Montreal, P.Q.

W. C. Macdonald Inc.
Guardian Building,
240 St. James Street W.,
Montreal, P.Q.

Tuckett Tobacco Co. Ltd.,
Hamilton, Ontario.

Rock City Tobacco Co.,
Quebec, P.Q.

6. Permits.....

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6.- Permits for Parcels of books, games, etc.

Under the same Prisoners of War Regulations, twenty-four companies were granted permits by which they can accept orders for books, games, etc. to be sent to Canadian or British Prisoners of War abroad, under conditions outlined by the Postal Censorship.

The companies which have agreed to accept these orders are as follows:-

James Hope & Sons, Ltd.
61-63 Sparks Street,
Ottawa, Ontario.

McFarlane Son & Hodgson,
Ltd.,
P.O. Box 1837,
Place d'Armes,
Montreal, P.Q.

A.H. Esch & Company, Ltd.,
Jasper Avenue at 104th St.,
Edmonton, Alberta.

Hay Stationery Limited,
London,
Ontario.

David Spencer Limited,
515 West Hastings Street,
Vancouver, B.C.

Retail Book Department,
The Hudson Bay Co. Ltd.,
Winnipeg, Manitoba.

F.A. Nye & Miller, Ltd.,
10321 Jasper Avenue,
Edmonton, Alberta.

Willson Stationery Co. Ltd.,
Regina,
Saskatchewan.

The Rutledge Battersby
Elliott Co.,
512 Victoria Avenue,
Fort William, Ontario.

Granger Frères,
54 Notre Dame West,
Montreal, P.Q.

Librairie Garneau Ltée.,
47 Buade Street,
Québec, P.Q.

Librairie Beauchemin Ltée.,
430 St. Gabriel Street,
Montreal, P.Q.

Albert Britnell Book Shop,
765 Yonge Street,
Toronto, Ontario.

Woodward Stores Limited,
Mail Order Service Department,
Vancouver, B.C.

McAinsh & Company,
388 Yonge Street,
Toronto, Ontario.

Burton's Limited,
1004 St. Catherine St. W.,
Montreal, P.Q.

Librairie Vachon Limitée,
69 Buade Street,
Quebec, P.Q.

Retail Book Department,
T. Eaton Company, Limited,
(All Stores in Canada).

F. E. Osborne, Esq.,
112-8th Avenue West,
Calgary, Alberta.

Connollys Limited,
487 Barrington Street,
Halifax, N. S.

Robert Simpson Co. Ltd.
(All Stores in Canada).

Keith Stationers, Ltd.,
605 - 1st Street West,
Calgary, Alberta.

Marentette's Bookstore,
129 Ouellette Avenue,
Windsor, Ontario.

J. G. Smart, Esq.,
10th Street,
Brandon, Manitoba.

7.- Extension.....

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7.- Extension of Foreign Exchange Control Board Examination:-

On the 1st June, the fourth extension of the examination of mail on behalf of the Foreign Exchange Control Board took place.

This covered incoming mail posted in the United States by banks, financial institutions and other depositaries.

This has considerably increased the work performed at our various Examination Centres and the weekly average which, on the 1st April, was about 25,000, has increased to 48,000.

8.- Information re Personnel and mail handled:-

On the 30th June, 1941, the personnel of the Canadian Postal Censorship in Ottawa and the subsidiary stations was as follows:-

OTTAWA	Administration including clerical help and stenographers		95
	Language Examiners	Canadian	94
		United Kingdom	16
	Intelligence Advisors from United Kingdom		3
VANCOUVER	Canadian Examiners		34
	United Kingdom Examiners		24
HALIFAX			19
SAINT JOHN			27
MONCTON			2
QUEBEC			2
VICTORIA (Part-Time)			2
Foreign Exchange Examiners at 21 Examination Centres			86
		TOTAL:	404

The average number of items examined under the general Censorship Regulations is 95,000 a week and, in addition, the number of letters examined under the Foreign Exchange Control Board Regulations now exceeds 47,000 a week. Total 142,000 weekly.

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C182045

D-380-8
1941 (Confd)

OFFICE OF THE PRIME MINISTER

WJT/MDS

N-305-P
1941

MEMORANDUM for the Prime Minister:

Mr. Mulock states that he has been receiving numerous suggestions from philatelists and others, as to the desirability of issuing a "war series" of stamps.

He would like to have one of these showing Their Majesties in bombed areas; another one to represent the three armed Services, plus the nursing service; and would also like to revive the suggestion he has already made to you in regard to British, Canadian, United States relations - this to take the form of heads of Churchill, Roosevelt and yourself. There is also required an airmail special delivery stamp which has no direct relation to the war.

Rough suggestions for these -- stamps, other than the Britain-Canada-United States one, are herewith.

Mr. Mulock would be glad to have your opinion on the whole scheme, as well as the suggested designs which are, admittedly, in very rough form.

X I am returned to this K

August 1st, 1941.

W. J. T.
(W. J. TURNBULL)

Telephoned to Mr. Mulock's secretary.

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POSTMASTER GENERAL
CANADA

C182046

Ottawa October 24, 1941.

W.J. Turnbull, Esq.,
Principal Secretary,
Office of the Prime Minister,
O t t a w a, Ontario.

Dear Mr. Turnbull:

Enclosed is summary of war activities of this Department for the months of July, August and September, 1941.

Yours sincerely,

David Adamson

Private Secretary.

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October 24, 1941.

SUMMARY OF WAR ACTIVITIES FOR THE POST OFFICE DEPARTMENT FOR JULY, AUGUST AND SEPTEMBER 1941.

Financial Branch

The Branch has continued to look after the distribution and sale of War Savings Stamps which includes the distribution of all War Savings Stamps sold to the public and the accounting for such as are sold by the Postal Service. Initial supplies of War Savings Stamps of the new design were forwarded to all depots.

The Branch also has continuous action regarding the operation of the Foreign Exchange Control Board which is a daily problem in connection with the issue of money orders going out of Canada. Arrangements were made with the British Postal Department for the payment of money orders of Canadian issue drawn in favour of members of the Polish, Norwegian and Dutch Air Forces for which a specified address is given, such as P.O. Box —, London, E.C.1, England.

Since the last report two permanent and three temporary employees enlisted for Active Service, and one Clerk, Grade 4, was loaned to the Department of External Affairs.

Railway Mail Service (Confidential)

The transportation of mail on the High Seas continues to be the principal activity of this Division. During this quarter the space occupied by mail despatched to the United Kingdom was 282,402 cubic feet as compared with 122,153 in the same period last year, an increase of 131%.

The service was very satisfactory except at the end of September when two steamers loaded with mail were delayed. One steamer, the S.S. "Fort Richepanse" which sailed August 25th was lost with 1,559 bags of mail.

Inspection Service

Nothing to add to previous reports.

Post Office Service

The establishment of three Post Offices, listed below, was authorized for the benefit of military camps:

Halifax	M.P.O. 608	established	13 August, 1941.
Toronto	M.P.O. 204	"	12 July, 1941.
Regina,	M.P.O. 1202	"	4 July, 1941.

Equipment and Supply Branch

Arrangements were made for the purchase of 55,000 new bags for the despatch of soldiers' mail Overseas. This is in addition to approximately 75,000 domestic bags converted for use of Overseas mails for soldiers since the commencement of the war.

Public Relations Branch

Co-operated with the Department of National War Services in the distribution to all Post Offices in Canada of Proclamations in regard to military service under the National War Services Regulations.

News items relating to mail for Overseas Forces and Troops in Canada released to all newspapers and Radio Stations in Canada.

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Co-operated with War Savings Committee in connection with publicity efforts to encourage Postmasters to promote sale of War Savings Stamps and Certificates.

Air Mail publicity folders linking up value of the service in speeding War Effort distributed to a selected list of businessmen.

Special posters in regard to the sale of War Savings Certificates designed, produced and distributed to all Post Offices in Canada for lobby display.

Since September 16th, publicity has been given to the question of the donation of books to Post Offices for delivery to Forces in Training Camps in Newfoundland and Canada. Advance information has been released in regard to the proposed Airgraph System for letters to Troops Overseas.

Administrative Services.

The names of 40 publications were added to the list of publications the transmission of which is prohibited by post, making a total of 582 publications prohibited since commencement of the war.

Arrangements were made for mail from Australia and New Zealand for R.A.A.F. and R.N.Z.A.F., in Canada to be forwarded in bags labelled "Base Post Office, Ottawa, Canada".

Direct parcel post service was suspended temporarily to the Union of South Africa.

Further information concerning the restrictions on importation of Gift parcels of foodstuffs, clothing, etc., into Great Britain was received and appropriate notification was issued to the service.

Arrangements were made for the despatch of mails for Japan and the U.S.S.R. via the United States and Shanghai to and via Japan and via the United States direct to Vladivostok.

Arrangements were made to use route via New York and Lisbon for letter mail to Canadian troops in Gibraltar.

Postal Censorship (Confidential) 1.- Examination of Terminal Mails:-

At the request of the Censorship Co-ordination Committee and on the recommendation of the United Kindgom Port Security Mission which surveyed conditions at Atlantic Ports during the past summer, the examination of air mail posted in the Maritimes addressed to the Provinces of Ontario and Quebec was undertaken.

This has involved the appointment of several Examiners at Saint John, Moncton and Halifax, and the weekly average of mail matter examined at these three centres has increased by about 10,000.

2.- Request.....

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2.- Request for extention of Examination of Terminal Mails:-

A definite request was received from the three Intelligence Branches of the National Defence Department for an extension of the examination of terminal mails originating on the Western Coast (Esquimalt, Victoria and Vancouver) and also in the vicinity of the various training camps, Military and Royal Canadian Air Force.

These requests, if agreed to, would have meant the addition of over 2,000 Examiners to present Censorship strength and the matter is, therefore, being referred to the Co-ordination Committee.

3.- Minister of War Services placed in charge of Censorship:-

The Censorship Co-ordination Committee was re-organized in August last and placed under the chairmanship of the Honourable Mr. Thorson, Minister of War Services.

By decision of Council, the Honourable Mr. Thorson is regarded as the Minister responsible for Censorship Co-ordination with jurisdiction over the various censorship activities.

The administrative control over the various branches of censorship will continue to be in the hands of the Government Departments of which they form part at present but questions of policy and co-ordination will be handled by the Co-ordination Committee under the personal direction and jurisdiction of the Honourable Mr. Thorson.

4.- Personal Messages:-

During the three-month period ending the 30th September, 2,245 messages were received for despatch to enemy or enemy occupied territories as follows (arranged by Province):-

Prince Edward Island	1
Nova Scotia	45
New Brunswick	13
Quebec	572
Ontario	682
Manitoba	135
Saskatchewan	196
Alberta	280
British Columbia	293
x England	4
x United States	24
Total:	2,245

x Messages on which return address is shown as in above countries.

5.- Letter Mail sent to Enemy or Enemy Occupied Territories through authorized intermediary:-

During the three months ended the 30th September, 2,473 letters were despatched to enemy occupied

territories.....

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territories through the Thomas Cook Agency and 3,175 were received from these countries through the same Agency, as follows:-

	Outgoing	Incoming
July	781	790
August	794	1,688
September	898	697
	2,473	3,175

6.- Examination of Films:-

During the September Quarter, examination was made of 6,730 films posted in Canada, addressed mostly to United States Points.

Under the existing procedure, these films are intercepted, processed and examined before despatch to destination.

This has occasionally delayed the films but the examination, which is taking place in Ottawa, has been carried out with as little inconvenience as possible to the public.

As a matter of fact, a number of communications have been received from American citizens expressing their appreciation of the necessity for censorship in Canada at the present time and offering their full co-operation.

These communications have been passed on to the Canadian Tourist Bureau.

7.- Installation of Photostat Machine and Fluorescent Lamp:-

During the summer months the furnishing of a dark room was completed in which was installed a photostat machine which is used almost constantly in the production of facsimiles of documents.

This has speeded up the work considerably and has enabled the Postal Censorship Office to give a still better service to other Censorship Stations and Departments interested in original documents.

A fluorescent lamp for the detection of invisible ink and secret messages has been installed also.

The examination of films is carried out in the same room.

8.- Appointment of Security Control Officer at Halifax:-

By Order-in-Council of the 20th August last, special arrangements were made for the security control of the Port of Halifax covering the appointment of a Security Control Officer and his staff to co-operate with the Navy, the Air Force, the Royal Canadian Mounted Police, the Radio Branch of

the Department.....

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the Department of Transport and several organizations including various Censorship Offices, with a view to co-ordinating security control measures and ensuring their enforcement.

Superintendent Eames of the Royal Canadian Mounted Police, Halifax, has been appointed Control Security Officer and the local Censorship Office is co-operating with him in every possible way.

9.- Remuneration of Censorship Staff versus successful operating:-

For some time past, considerable difficulty has been experienced in connection with the remuneration of Censorship Staff.

As a matter of fact, it is practically impossible to keep key-men in view of what is considered as insufficient pay and the numerous opportunities in other War Offices. These seem to have proved very attractive to Postal Examiners and the services of a number of them owing to higher remuneration offered have been lost.

In view of the constant increase in duties and responsibilities which is specially noticeable in connection with examination of Prisoners of War parcels and letters, and also the examination of terminal mails, strong representations for a re-adjustment of salaries have been made.

Up to the present, Council has approved of an increased scale in so far as Examiners are concerned and the Civil Service Commission are now dealing with these salaries, making at the same time a full survey of the staff.

It is hoped that the final result will be satisfactory and will enable the Department to keep the best men and ensure the efficiency of the work.

10.- Information regarding Personnel and Mail handled:-

On the 30th September, 1941, the personnel of the Canadian Postal Censorship at Ottawa and the subsidiary stations was as follows:-

OTTAWA	(Administration including (clerical help and steno-(graphers		109
	(Language Examiners	(Canadian	101
		(United Kingdom	16
	(Intelligence Advisers (from United Kingdom		3
VANCOUVER	(Canadian Examiners		33
	(United Kingdom Examiners		24

HALIFAX.....

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HALIFAX	22
SAINT JOHN	25
MONCTON	7
QUEBEC (Part-time)	3
VICTORIA (Part-Time)	2
Foreign Exchange Examiners at 21 Examination Centres	95
TOTAL:	440

The average number of items examined under the General Censorship Regulations exceeds 105,000 a week and in addition, the number of letters examined under the Foreign Exchange Control Board Regulations is now over 52,000 weekly.

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POSTMASTER GENERAL

CANADA

C182053

Ottawa, 27th January, 1942.

W. J. Turnbull, Esq.,
Principal Secretary,
Office of the Prime Minister,
Ottawa, Ontario.

Dear Mr. Turnbull:

Enclosed is summary of war activities of this Department for the months of October, November and December, 1941.

Yours sincerely,

David Hamilton

Private Secretary.

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January 26, 1942.

SUMMARY OF WAR ACTIVITIES FOR THE POST OFFICE DEPARTMENT FOR OCTOBER, NOVEMBER AND DECEMBER 1941.

Financial Branch

The Branch has continued to look after distribution and sale of War Savings Stamps, which includes the distribution of all War Savings Stamps sold to the public and the accounting for such as are sold by the Postal Service.

The Branch also has continuous action regarding the operation of the Foreign Exchange Control Board, which is a daily problem in connection with the issue of money orders going out of Canada.

Arrangements were made that descriptive advice lists of money orders issued in Canada in favour of members of the Canadian Army Overseas will be despatched by bomber service.

Arrangements were made with the Postal Department of Hong Kong for the payment of money orders issued in favour of members of the Canadian Army in Hong Kong.

Three permanent employees enlisted for Active Service.

Railway Mail Service.
(Confidential)

The transportation of mail on the High Seas continues to be the principal activity. During this quarter 190,792 bags of mail were forwarded to the United Kingdom as compared with 75,021 bags for the same period last year, an increase of 154%.

The Christmas 1941 mail was very heavy. From 22nd October to 7th December 1941, 138,947 bags of mail weighing 8,750,000 pounds were forwarded to the United Kingdom. For the conveyance of these mails 42 steamers were used, and all reached British Ports safely. To illustrate, it would take a train almost two miles in length to carry the 1941 Christmas mail. The service was very satisfactory except for one steamer which was delayed two weeks but reached the other side safely.

Inspection Service

There is nothing to add to previous reports.

Post Office Service

The establishment of the following Post Offices was authorized from dates mentioned:

Toronto - Little Norway, Ont., 9th October 1941, for benefit of the Royal Norwegian Air Force.

Halifax- M.P.O. 609 - 14th October, 1941.
Edmonton- M.P.O.1302 - 23rd October, 1941.
St. Hyacinthe - N.P.O. 403, Que. - 26th November, 1941.

Equipment and Supply Branch

(1) An endeavour was made, through proper military channels, to expedite return of all empty mail bags despatched with mails to Overseas Forces. Some progress has been made but at this date it is not possible to state quantities which may be available for return. The London Postal Administration advises that every endeavour has been made to return all empties but suggests that any unaccounted bags may be held by

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our own Canadian Units. Our Postal Representative at Canadian Military Headquarters London is fully alive to the situation and is endeavouring to have every available empty returned.

(2) Arrangements were completed between this Department and the National Defence (Army) whereby we will take over from that Department as and from January 1st, 1942, all surplus produce bags made of white cotton at a minimum charge of 1¢ per bag. These bags will be converted into mail bags and it is thought that they will be sufficiently durable to despatch newspaper mails to Forces Overseas. This measure was taken in view of a decided shortage in production of cotton which is only available for War purposes for the present.

(3) The Duplicating Section printed numerous circulars pertaining to War, and addressed envelopes for Departments of Finance, Bank of Canada and Wartime Prices and Trade Board.

Public Relations Branch

To enlist the co-operation of the public in mailing overseas parcels sufficiently in advance to permit of delivery to the Troops by Christmas "Early Mailing for Christmas Overseas" posters were displayed on Post Office vehicles.

Over 280,000 copies of a slip stressing the necessity of early mailing for Overseas, under wartime conditions, were distributed with soldiers' dependents allowance cheques.

Posters urging "Early Mailing" of Christmas parcels for soldiers Overseas were prepared and distributed for display in all Post Offices. Additional copies were furnished city offices for display in tobacco stores, candy stores and other shops specializing in gifts for the Armed Forces.

To encourage the writing of letters to the Armed Forces, a poster "Wanted - Letters From Home" was displayed in all Post Offices in Canada.

Special posters advertising the Airgraph Service were distributed to all Post Offices in Canada for display.

Over 280,000 copies of a slip in regard to the Airgraph Service were sent to dependents in Canada of Armed Forces.

Kodaslide illustrated lectures depicting various phases of handling military mail, were supplied certain District Offices for lectures by Postal officials, teachers, etc., at church gatherings, service club meetings, schools, etc.

Press and radio items relating to soldiers' mail and Airgraph Service were released to newspapers and radio stations throughout the country.

Co-operated with War Savings Committee in connection with publicity efforts to encourage Postmasters to promote sale of War Savings Stamps and Certificates.

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Administrative Services — International Mails

Arrangements were made for the despatch of Parcel Post via the United States to Fiji.

Parcel Post service to Turkey resumed.

Admission free of duty, under certain conditions, of gifts of tobacco and cigarettes to Canadian troops stationed in Gibraltar.

Gift parcels for Newfoundland, Australian and New Zealand airmen trained in Canada now serving in United Kingdom admitted duty free.

Fresh fruit prohibited transmission by mail to Great Britain and other countries (except United States). Service duly notified.

The service for Personal Postal Messages to enemy and enemy-occupied countries has now been extended to Crete and Finland.

Arrangements made for clearance by S.S. "Hikawa Maru" sailing from Vancouver November 1, 1941, of all parcel post on hand at Vancouver addressed to Japan and Japanese-controlled China.

Arrangements made for parcel post for Belgian Congo to be forwarded via New York as well as by way of England.

The direct parcel post service to South Africa which was temporarily discontinued owing to lack of sailings, is resumed.

Service notified that gifts sent to members of H.M. Forces stationed in Malta will be admitted free of duty. Exemption from duty in the case of tobacco is limited to 2 ounces at one time. Cigarettes must not exceed 100 at one time.

Service is notified not to accept for insurance parcels of food for Great Britain.

Information obtained from Hong Kong that no duty is charged on gifts for the Troops stationed there.

Arrangements have been made for the despatch of air mail to Africa via Miami, Florida, and Brazil to Leopoldville, Belgian Congo.

Instructions issued that all mail for trans-Pacific destinations is to be held until further notice.

All mail service with Japan, Japanese Empire and Mandated Islands suspended.

Notification to service that trans-Pacific 'Clipper' services interrupted.

Communication with Washington by correspondence and telephone regarding trans-Pacific and trans-Atlantic mail services by ship and airplane.

All mail service suspended to Japan, the Japanese Empire and Japanese-occupied or controlled territories. Service notified.

Mail service to Hawaii by ship and 'Clipper' resumed.

Instructions given to hold Prisoners of War mail hitherto routed for surface conveyance via New York,(Air Mail still forwarded). Enquiries under way in regard to alternative routing.

Arrangements made for disposal of mail matter on hand for Japan.

Mail service to Hong Kong suspended.

Arrangements made for disposal of mail matter on hand for Hong Kong.

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Domestic Mails

1. Collaborated with the Wartime Prices and Trade Board in their task of effecting distribution of licensing forms and regulations to all food, clothing, and boot and shoe trades of this country.

2. Co-operated with the Civil Service Commission and the Wartime Prices and Trade Board, who are at present engaged in recruiting a large personnel to deal with the new activities of the Wartime Prices and Trade Board. In this connection, arrangements were completed for the use of Post Office Boxes at different centres throughout the Dominion for the receipt of applications and correspondence dealing with the new activities of the Wartime Prices and Trade Board, and special instructions issued for the treatment of mail received at these boxes.

3. Instructions issued to the service for special treatment of registered letters mailed by the Department of National War Services containing notices to men requesting them to report for medical examination, and later, if fit, for military training.

4. The names of 33 publications were added to the list of publications, the transmission of which by post is prohibited. Also 17 publications previously placed on the list were removed therefrom making a net total of 598 publications prohibited since the commencement of the war.

Postal Censorship (Confidential)

1.- Examination of Terminal Mails and Transit Mails

During this quarter there was very little change in examination of terminal mails.

The examination of air mail posted in the Maritimes, addressed to the Provinces of Ontario and Quebec has been maintained with an occasional total censorship of mail posted in the Halifax area, at the request of the Security Officer.

The transit mail, to a large extent, has been limited to the St. Pierre and Miquelon mail from New York and the West Indies and to a certain amount of American mail from Newfoundland and Greenland.

2.- Special Examination at the Request of the United Kingdom Authorities.

Towards the end of December, following the declaration of a state of war in the United States, a request was received for the examination of a quantity of mail to and from the Orient, which was at first reported as aggregating 31,000 bags.

This mail, which is now under examination at Vancouver will, it is understood, amount to between 5,000 and 6,000 bags of letter mail only, the parcels and the prints having been kept by the United States Authorities.

This examination which comprises a certain amount of transit mail from European countries to the Orient and vice-versa, is being followed up very closely and is

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expected to uncover very interesting information.

3.- Censorship in the United States

Since the 7th December last, the United States Authorities have been proceeding with the organization of a censorship scheme covering the same ground as the Canadian Censorship Offices, that is Postal, Telegraph, Radio, Press, etc.

During the Fall, Major Corderman visited the Postal Censorship Office and spent a few days studying the organization. It is understood he is being placed in charge of the Postal Censorship in the United States and that he is organizing his Unit along the lines of the Canadian Censorship.

In connection with the organization of censorship in the United States, the Censorship Co-ordination Committee in Canada delegated representatives who attended joint meetings of the United States, United Kingdom and Canadian Censorship officials, with a view to co-ordinating the censorship effort in the Western Hemisphere.

These meetings have just taken place and it is expected that an understanding will be reached which will enable the various Censorships to co-operate fully in future.

The Chief Postal Censor represented the Canadian Postal Censorship at these various meetings.

4.- Censorship and Economic Warfare

The Postal Censorship Office has had representatives at all meetings of the Black List Committee and recently, a special effort has been made to co-ordinate action taken by the United Kingdom and the United States Governments in this country in the matter of enemy trading.

Action is being taken with a view to co-ordinating the British Statutory List, the American Proclaimed List and the Canadian List of Specified Persons in order to take uniform action in the three countries insofar as listed firms are concerned.

5.- Prisoners of War Parcels Regulations

There was a number of special Committee Meetings late in the fall concerning requests received from various quarters in Canada in regard to parcels addressed to Polish, French and Belgian Prisoners of War and a special effort has been made to establish a policy which will be in harmony with the requirements of the Ministry of Economic Warfare.

A few points of the Regulations concerning British and Canadian Prisoners of War have also been elucidated and information will be circularized to the public by the War Services Department.

In this connection, it is thought well to mention that under the guidance of the Canadian Red Cross, a special Enquiry and Information Bureau has been established at 18 Rideau Street, under the name of "Red Cross Enquiry Bureau", under the direction of Mrs. H.P. Plumptre.

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This was agreed to by the above mentioned Committee in view of the insistent requests from a number of Organizations such as the "Relatives of Prisoners of War", the "I.O.D.E.", and others which were interested in the welfare of the Canadian Prisoners and were anxious to contribute in some way towards the maintenance of an Enquiry Bureau.

6.- Underweight Prisoners of War Parcels and the Canadian Red Cross

All personal parcels despatched from Canada to Canadian or British Prisoners of War are examined in the Postal Censorship.

A large number of these parcels were considerably underweight and as they are sent only every three months, the Canadian Red Cross offered to contribute towards the completion of the parcels to the weight limit.

As a result of conversations with officials of the Canadian Red Cross, on or about the 1st December, a special room was opened in the Postal Censorship where the underweight parcels are made available to Red Cross workers in order to complete them with comforts.

This arrangement seems to be working exceedingly well; the Red Cross workers call regularly at the Censorship three times a week and have been given storage facilities for their goods and generally speaking, this new arrangement is working out to the advantage of all concerned.

Whenever there is occasion to communicate with the next-of-kin, he is advised of the additions made by the Red Cross to the personal parcel despatched by him.

7.- Churchill's Visit

On the occasion of Mr. Churchill's visit, special arrangements were made with a view to handling in the Press Room of the Chateau Laurier films and photographs of all kinds despatched by the news correspondents and newspapers representatives to Canada and American points.

This service was maintained over a period of 2½ days and according to information received from the Director of Information, it was quite appreciated by all concerned.

8.- Censorship of Japanese Mails

In connection with the declaration of war to Japan, the examination of civilian mail has been proceeding along the usual line.

In view of the fact, however, that the officials of both the Legation in Ottawa and the Consulate in Vancouver have had to remain in this country, special censorship services both at Ottawa and Vancouver have had to be maintained in connection with this special diplomatic mail.

This has been done in co-operation with the Department of External Affairs.

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9.- Personal Messages

During the three-month period ending the 31st December, a total of 3,027 messages were received for despatch to enemy or enemy occupied territories as follows (arranged by Provinces):-

Prince Edward Island	8	
Nova Scotia	94	
New Brunswick	46	
Quebec	925	
Ontario	960	
Manitoba	201	
Saskatchewan	231	
Alberta	251	
British Columbia	288	
United States	14	
England	5	
Newfoundland	3	
St.Pierre, Miquelon	1	3,027

During the same period, 1,517 messages were received, addressed to the following provinces:-

Prince Edward Island	1	
Nova Scotia	14	
New Brunswick	4	
Quebec	455	
Ontario	451	
Manitoba	161	
Saskatchewan	136	
Alberta	127	
British Columbia	165	
United States	1	
England	2	1,517

There has been considerable correspondence with the Canadian Red Cross, the International Red Cross Committee and the External Affairs in regard to certain objections raised against the forms used at the present time for Postal Personal Messages.

This matter is now being discussed with the Delegate of the International Committee in Canada and the Censorship Office has tentatively agreed to using the symbol of the Red Cross on the present forms.

Of course, before this symbol can be used the definite permission of the International Red Cross will have to be obtained, which it is expected will be given in the near future.

There is a possibility of the International Committee insisting on the letters "C.I.C.R." which stand for "Comité international de la Croix Rouge" appearing underneath the Red Cross symbol.

10.- Letter Mail sent to Enemy or Enemy Occupied Territories through authorized intermediary

During the three months ending the 31st December, 1941, 2,551 letters were despatched through the Thos. Cook Agency and 1,941 were received through the same Agency as follows:-

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	Outgoing	Incoming
October	879	768
November	1,115	501
December	557	672
	2,551	1,941

11.- Remuneration of Censorship Staff

During the Fall months, the Civil Service Organizers and Examiners thoroughly investigated the Postal Censorship Organization and the duties performed by the various members of the staff.

On the 31st December, two reports had been submitted to Council - one covering the organization of a new class of Supervisors amongst the Language Examiners, and the second providing a special classification for Language Examiners.

At the time of the preparation of this Summary, these two recommendations had been approved by Council and a third one had been submitted covering an upward reclassification of certain temporary positions in the Postal Censorship.

These re-adjustments of salaries are expected to have a beneficial effect on the morale of the Postal Censorship Staff, at least amongst the temporary employees.

12.- Considerable increase in Indexing and Filing Work

The past three months have proved to be the busiest since the beginning of censorship from the point of view of general indexing and filing, owing to the publication of the United States Proclaimed List and the number of intercepts received from the Imperial Censorship Stations such as the Bermuda, Jamaica, Trinidad, Hong Kong and Singapore Stations.

The Indexing Staff has been kept exceedingly busy and overtime has been the rule in that Section.

There are now over 120,000 cards in the Index and this number is increasing rapidly.

13.- Information regarding Personnel and Mail Handled

On the 31st December, 1941, the personnel of the Canadian Postal Censorship at Ottawa and the subsidiary stations was as follows:-

OTTAWA	Administration including clerical help and stenographers		114
	Language Examiners	Canadian	116
		United Kingdom	16
	Intelligence Advisors from United Kingdom		3

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VANCOUVER	Canadian Examiners	33
	United Kingdom Examiners	24
HALIFAX		25
SAINT JOHN		25
MONCTON		7
QUEBEC		3
VICTORIA (Part-Time)		2
Foreign Exchange Examiners at 21 Examination Centres		95
	TOTAL:	463

The increase in the Canadian Examiners' Staff is due to the normal increase in the clerical work (mentioned in Paragraph 12) and to the arrival of a large number of Prisoners of War in Canada.

There will be further increases during the present quarter due to additional Prisoners expected shortly.

The average number of items examined under the General Censorship Regulations exceeds 115,000 a week and in addition, the number of letters examined under the Foreign Exchange Control Board Regulations is now over 55,000 weekly.

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C182063

Mr Ferns

POSTMASTER GENERAL

CANADA

Ottawa, 27th April, 1942.

W. J. Turnbull, Esq.,
Principal Secretary,
Office of the Prime Minister,
Ottawa, Ontario.

Dear Mr. Turnbull:

Enclosed is summary of war activities of this Department for the months of January, February and March, 1942.

Yours sincerely,

David Adamson

Private Secretary.

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SUMMARY OF WAR ACTIVITIES FOR THE POST OFFICE DEPARTMENT FOR JANUARY, FEBRUARY and MARCH, 1942.

Financial Branch

Work continues regarding the distribution and sale of War Savings Stamps. This includes the distribution of all War Savings Stamps sold to the public and the accounting for such as are sold by the Postal Service.

The Branch also has continuous action regarding the operation of the Foreign Exchange Control Board which is a daily problem in connection with the issue of money orders going out of Canada.

Since the 2 February, 1942, the exchange of money orders between Great Britain and Canada has been conducted by means of descriptive advice lists despatched by air mail, and payment is arranged in either Country by means of Inland Orders issued by the country of destination from particulars obtained from the Advice Lists.

Arrangements were made with the Office of the High Commissioner for Great Britain and Northern Ireland whereby 1532 booklets, 12 vouchers to the booklet, each for 26 shillings were released for transmission by the Children's Overseas Reception Board.

Four permanent employees enlisted for Active Service.

Railway Mail Service (Confidential)

The transportation of mail on the High Seas is still the principal activity. During this quarter 123,278 bags of mail were forwarded to the United Kingdom, as compared with 55,885 bags in the same quarter last year, an increase of 120%. To carry the 123,278 bags would take 160 railway cars 60 feet in length with a carrying capacity of 25 tons - in other words a train 1¾ miles long with a total weight of 8,000,000 pounds of mail. This is not far behind the Christmas 1941 quarter which was very heavy.

Inspection Service

Nothing new to report except that the services of a temporary employee, experienced in the operation of loud speaker equipment, were made available when required to the Victory Loan Organization during their campaign in February 1942.

Post Office Service

The establishment of the following Post Offices was authorized from dates mentioned:

Ajax, Ontario, 2-3-42 to service the Pickering Plant of the Defence Industries Limited.

Camp Borden	M.P.O.	208, Ont.	6-1-42
Camp Borden	"	210, Ont.	13-1-42
Mountain View	"	309, Ont.	23-3-42
Trenton	"	310, Ont.	16-1-42
Dauphin	"	1002, Man.	19-3-42
Brandon	"	1003, Man.	2-3-42
MacDonald	"	1004, Man.	13-3-42
Paulson	"	1005, Man.	19-3-42
Rivers	"	1006, Man.	23-3-42
Macleod	"	1303, Alta.	16-3-42
Calgary	"	1305, Alta.	23-2-42
Claresholm	"	1306, Alta.	25-3-42

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Equipment and Supply.

(1) Returned empty bags from Britain continue to be received in small quantities, dependent no doubt on available space in ships. An endeavour is being made through our Overseas representative to expedite return of additional quantities as the cotton situation while somewhat relieved does not permit the purchase of sufficient quantities to meet demands for bags, in addition to which war activity in the Pacific has cut off the importation of jute material from British India.

(2) Arrangements made between this Department and National Defence (Army) whereby we take over from that Department all empty cotton produce bags, has proven satisfactory and there will shortly be a sufficient quantity to convert into suitable air mail bags and mail bags to be used in the despatch of newspapers overseas.

(3) The Duplicating Section has multigraphed, mimeographed and addressed envelopes and labels to the extent of 1,009,598 pieces and it is estimated that 30% of this quantity is directly attributable to War. In addition this Branch has despatched to Postmasters in connection with the Weekly Bulletin several circulars, notices, pamphlets and publications for other Departments relating to War.

(4) In January 1942, upon request, the services of a Principal Clerk were loaned to the Wartime Prices and Trade Board to assist the Printing and Stationery Division in organizing and reclassifying stock on hand. This assistance was greatly appreciated and verbally acknowledged.

(5) The Superintendent of the Equipment and Supply Branch was delegated by the Postmaster General to represent the Department on Committee convened at request of Honourable Minister of National War Services to deal with all phases of economy throughout the Government Departments. This Committee has had several meetings with the result that a sub-committee of the whole has been appointed and future meetings will be held in connection with this important activity.

Public Relations Branch

A poster "Don't Mail Matches" was prepared and distributed to all Post Offices in Canada as well as to Naval, Military and Air Force centers for display.

A series of folders designed to prevent "Waste in Wartime" and to enlist co-operation in better mailing methods were distributed to business firms and for Post Office lobby display.

With a view to encouraging "Early Mailing" of Easter parcels for Troops Overseas, a poster "For Easter Overseas - Mail Now" was prepared for lobby display in all Post Offices.

Assisted National War Finance Committee in the Publicity work carried on by mail to advertise the Second Victory Loan Campaign.

Press and Radio items relating to Soldiers' mail and Airgraph System were released to newspapers and Radio Stations throughout Canada.

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Public Relations Branch (Con't)

A poster advertising the Airgraph System and stressing the need for conservation of shipping space was prepared and distributed to all Post Offices for lobby display. An illustrated letter advertising the Airgraph System was sent to a selected group of offices for distribution to householders.

Co-operated with the National War Finance Committee in connection with Publicity efforts to encourage Postmasters to promote sale of War Savings Stamps and Certificates.

Illustrated lectures in regard to the "Handling of Military Mails" given by Postmasters at various points throughout the country.

Air Mail folders stressing the vital part Air Mail plays in speeding up the war effort, sent to selected mailing lists.

Administrative Services.

International Mails.

Mail service to Thailand suspended.

Parcel Post service to all parts of China suspended.

Arrangements made for disposal of all mail for trans-Pacific destinations to which mail service has been suspended, and for re-routing of mail which could not be given trans-Pacific despatch due to war with Japan.

Arrangements made for mail (except parcel post) for unoccupied China to be forwarded via New York instead of via Vancouver and the Pacific.

Arrangements made for the extension of the air mail service via Miami, Brazil and West Africa to certain places beyond Africa.

Arrangements made for change in distribution of mails for Newfoundland due to reduction in overland services in Newfoundland and additional sea service from St. John's to Halifax.

Service notified that gift parcels from Canada for members of the United States forces serving in the United Kingdom will be admitted duty free and may be accepted at the rate of 12¢ per pound or fraction thereof up to a limit of weight of 11 pounds.

Service notified that gift parcels for Americans serving with British units may also be accepted at the special 12 cent rate, but are limited to 5 pounds gross weight and must not contain more than 2 pounds of any one foodstuff.

Service notified that gift parcels from Canada for members of the Belgian forces serving in the United Kingdom and Belgians with the British Navy and Army will be admitted free of duty and may be accepted at the rate of 12¢ per pound or fraction thereof, up to a limit of 11 pounds.

All mail service is suspended to Malaya which includes the Federated and Unfederated Malaya States and Straits Settlements, including Singapore.

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Administrative Services (Con't)

The service for personal postal messages to enemy-occupied countries has now been extended to Manchuria, Korea and Formosa.

Service notified that gift parcels from Canada for members of the Netherland Forces serving in the United Kingdom and Netherland Nationals serving with the Britisn Navy and Army will be admitted free of duty and may be accepted at the rate of 12¢ per pound or fraction thereof, up to a limit of 11 pounds.

Service notified that the Air Mail Service via Miami, Brazil and West Africa has now been extended to unoccupied China.

Service notified that the parcel post service to Netherlands East Indies has been suspended and Montreal advised to hold any such letter and paper mail until further instructed.

Service notified in regard to status of present mail service to China.

Service notified that gift parcels from Canada for members of the Civilian Technical Corps serving in the United Kingdom are now admitted duty free and may be accepted at the special rate of 12¢ for each pound or fraction thereof, up to a limit of 11 pounds.

Domestic Mails

1. Collaborated with the Oil Controller for Canada in the task of effecting distribution of gasoline rationing application forms throughout the Dominion.

2. Co-operated with the Wartime Prices and Trade Board in connection with a large mailing campaign conducted by them.

3. Special arrangements made for the mailing of a personalized message sent out by the Department of Munitions and Supply, Ottawa, to workers in aircraft factories.

4. The names of 9 publications were added to the list of publications, the transmission of which by post is prohibited. Also 15 publications previously placed on the list were removed therefrom, making a net total of 592 publications prohibited since the commencement of the war.

Postal Censorship (Confidential)

1. Personal Parcels to non-British Prisoners:-

Following committee meetings held in the External Affairs at which the Postal Censorship was represented, arrangements have been made for the forwarding of personal parcels to non-British prisoners in Germany such as Polish, Belgian, French, etc.

The German Administration regularly issues to Prisoners of War pink or blue labels which must accompany parcels addressed to them - blue for food parcels and pink for clothing or personal parcels.

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Postal Censorship(Con't) C182068
(Confidential)

It is not permissible, of course, to send individual food parcels to Prisoners of War at the present time and blue labels cannot, therefore, be used in Canada but under the above mentioned arrangements, parcels may be sent by Canadians who are considered as next-of-kin to non-British Prisoners provided they are accompanied by the pink labels.

The administration of these Regulations is in the hands of the Department of National War Services which deals with each case separately and advises the Postal Censorship whenever permission is granted to forward a personal parcel to this class of Prisoners.

2.- Prisoners of War Mail Regulations:-

a) Parcels:-

These Regulations have been under review by the Department of External Affairs and the Department of National War Services and the Postal Censorship Office contributed considerable information resulting from the examination of mail passing through Censorship.

It has been decided that insofar as British and Canadian Prisoners of War are concerned the next-of-kin will be furnished by the Department of National War Services with four labels a year, which will cover the sending of the regular four personal parcels.

This will simplify the work of the Censorship to a considerable extent as any parcel received on which is affixed the label in question, with the initials of the official in charge, will be taken by the Censorship Office as sent by the next-of-kin.

b) Reprinting of Regulations:-

Since the printing of the existing Regulations, there has been a number of changes and a review is now being made with a view to printing another issue containing all the amendments and changes approved in the past year.

It is expected that the amended Regulations will be ready for printing in the near future.

3.- Black List Committee Meetings:-

There have been regular meetings of this Committee which has been dealing, in the past few months, with the question of co-ordinating action in the Imperial Censorship, the United States Censorship and the Canadian Censorship.

The Canadian Censorship has been represented at all these meetings and has endeavoured to provide any information desired with a view to helping the committee in dealing with the various questions under discussion, and it is felt that considerable assistance has thus been given to the Custodian's Office and the Department of External Affairs in their efforts to meet the requirements of the Ministry of Economic Warfare.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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Postal Censorship (Con't)
(Confidential)

4.- Contacts with the United States Censorship:-

Canadian Postal Censorship officials have been in constant touch with the high officials of the United States Censorship and have endeavoured to extend to them fullest co-operation in the enforcement of various United States Regulations.

The same assistance has been obtained from the United States Censorship and on the whole, the efforts of the Mission which visited Washington on behalf of the Canadian Censorship, early in January, 1942, seemed to have given satisfactory results.

The question of assigning one or two suitable representatives to the Information and Report Bureau which has recently been opened in Washington, is now under consideration and it is expected that a suitable choice will be made in the near future.

5.- Compilation of Info rmation on Conditions in Germany:-

Up to the beginning of December, 1941, confidential reports were compiled in Bermuda on conditions in Germany as indicated by information obtained from mail passing between Germany and the United States which was then available for censorship.

Since the entry of the United States into the War, this mail disappeared and as a result, the Canadian Postal Censorship was requested by the United Kingdom Authorities to compile this report at Ottawa, from information contained in the Prisoners of War mail, personal messages and other personal correspondence from Germany which is still available in fairly good quantity.

This report has been compiled since the beginning of February and has been regularly circulated.

6.- Suspension of Thos. Cook Service:-

Since the entry of the United States into the war, the Thos. Cook letter service to enemy and enemy occupied territories has been suspended.

New York was the mailing point and it became necessary to select another mailing office in a neutral country.

It is understood that Lisbon is considered as the most favourable point but there are a number of phases to which attention has to be given following a change in the mailing centre and so far, no advice has been received that the service can be resumed.

There is also the question of increasing the fee from 50¢ per letter to 65¢ which is receiving attention.

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7.- Letter Mail from Enemy or Enemy Occupied Territories through authorized intermediary:-

During the three months ending the 31st March, 1942, 641 letters were received through the Thos. Cook Agency as follows:-

January	-	436	
February	-	68	
March	-	137	641

No outgoing mail.

8.- Increase in Personal Messages:-

Owing to the suspension of the Thos. Cook service, a considerable increase has been noted in the number of personal messages forwarded to enemy or enemy occupied territories.

The figures for the past three months are as follows:-

Ontario	1,989
Quebec	1,525
British Columbia	719
Refugee Camps	518
Alberta	446
Manitoba	284
Saskatchewan	234
Nova Scotia	89
New Brunswick	34
Prince Edward Island	7
England	7
United States	6
Labrador	2
	5,860

or an increase of 2,833 over the preceding quarter.

During the corresponding period, the number of messages received from overseas was 1,156, arranged as follows:-

Ontario	362
Quebec	273
British Columbia	173
Alberta	144
Saskatchewan	106
Manitoba	78
Nova Scotia	13
New Brunswick	4
United States	3
	1,156

With the agreement of the International Red Cross and the External Affairs, the Red Cross symbol, with the letters "C.I.C.R." now appear on outgoing Personal Message forms. (These letters stand for Comité international de la Croix Rouge).

This change in the make-up of the form was approved of towards the end of January, 1942.

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9.- Examination of Japanese Mails of Domestic Origin or Destination:-

By Order in Council, the western coast of British Columbia and all adjacent islands were declared protected area and this has necessitated special censorship arrangements of mails originating in the neighbourhood of Naval and Air Bases, specially of mails posted by Japanese living within these areas.

The removal of a large number of Japanese to working camps in the eastern part of British Columbia, in Alberta and even Northern Ontario has presented a problem that is now being given special attention.

As a result, it is expected that special Censorship Stations will have to be opened at Edmonton, Calgary and North Bay, with a view to promptly examining that mail and preventing complaints of delay on the part of the Japanese population.

In this matter, Canadian Postal Censorship Officials are endeavouring to extend the fullest co-operation to the British Columbia Security Commission, the Department of Labour and the Department of External Affairs.

10.- Question of Accommodation and Personnel:-

There has been a constant increase in personnel at the Headquarters of the Canadian Postal Censorship at Ottawa and the staff which was 208 on the 1st July, 1941, immediately before the removal of the employees to the present location, has increased to 271 on the 31st March, 1942.

This is largely due to the increase in number of Prisoners of War and the resultant increase in the importance of a careful examination of that mail, both from the point of view of censorship and from the point of view of intelligence for the United Kingdom Authorities.

As a result of this increase, the present quarters are no longer sufficient and in view of information submitted which promises a further considerable increase, representations were made as early as January last for other quarters. It is understood that these are still receiving the attention of the Department of Public Works and an early decision has been urged.

As a matter of fact, additional space will have to be found for about twenty-five Examiners within the next two weeks and it is expected that one of the Units of the Prisoners of War Mail Division will be moved to space which might be located on the third floor of the Monument National Building where the Censorship already have offices.

11.- Remuneration of Censorship Personnel:-

Since the last quarterly report, Orders in Council have been passed and action has been taken for an upward classification of a number of temporary positions in the Postal Censorship.

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This action has contributed to the maintenance of a certain stability amongst the temporary employees and to an increase of interest in the work and a resultant efficiency.

Similar action on the part of Council has just been taken on behalf of certain permanent employees who have been on loan from the Department and who have assumed in the Postal Censorship much more responsible positions and successfully carried censorship work under varied, even adverse conditions.

12.- Information regarding Personnel and Mail Handled:-

On the 31st March, 1942, the personnel of the Canadian Postal Censorship at Ottawa and the subsidiary stations was as follows:-

OTTAWA	Administration including clerical help and stenographers		118
	Language Examiners	Canadian	135
		United Kingdom	15
	Intelligence Advisors from United Kingdom		3
VANCOUVER	Canadian Examiners		29
	United Kingdom Examiners		14
HALIFAX			31
SAINT JOHN			28
MONCTON			9
VICTORIA (Part-Time)			1
QUEBEC			1
Foreign Exchange Examiners at 21 Examination Centres			83
			467

The average number of items examined under the General Censorship Regulations exceeds 119,000 a week and in addition, the number of letters examined under the Foreign Exchange Control Board Regulations is now over 56,000 weekly.

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C5 P.C. 8181 C182073

6-300
194-

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 11 SEPTEMBER 1942

PRIVY COUNCIL
CANADA

The Committee of the Privy Council,

on the recommendation of the Right Honourable

W. L. Mackenzie King, the Prime Minister,

advise that, in view of the absence from

Ottawa of the Honourable Colin Gibson, the

Honourable N. A. McLarty, Secretary of State,

be authorized to act as Postmaster General,

in the absence of the Postmaster General,

until the return to Ottawa of the Honourable

Colin Gibson.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
The Prime Minister

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A7 P.C. 3250 C182074

C-300
1943

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 20 APRIL 1943

PRIVY COUNCIL

CANADA

The Committee of the Privy Council,

on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that, in view of the absence from Ottawa of the Honourable Colin Gibson, the Honourable A. L. Macdonald, Minister of National Defence for Naval Services, be authorized to act as Postmaster General, in the absence of the Postmaster General until the return to Ottawa of the Honourable Colin Gibson.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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CANADA

Mr Turnbull

OFFICE OF THE PRIME MINISTER

C182075

MEMORANDUM

For the Prime Minister.

You asked when the extension of time to Mr. John Sullivan as Deputy Postmaster General was put through that you be given a copy of the Treasury Board minute so you could send it to Sullivan.

We have been making inquiries from time to time and I was informed today by Mr. Ronson that Treasury Board had considered the extension but had not passed it; instead they were holding it for further consideration at a later meeting. Mr. Ronson said there was some suggestion that the extension should be for a year or not at all.

I pointed out that while the recommendation came from Mr. Mulock you had yourself approved of the extension during pleasure. Perhaps you would like this confirmed to Mr. Ilsley.

As the appointment of Deputies is a prerogative of the Prime Minister, I would presume that the question of extension would be equally so.

W.J.T.

(W. J. TURNBULL)

September 8, 1944.

9-9-44

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C182076

OFFICE OF THE PRIME MINISTER

MEMORANDUM

Mr Turnbull

Mr Pickersgill D-360-D/944

Would you have word with Foley and say P.M. can see no reason for action other than suggested - namely during pleasure. This to want done.

WLM

Done JWP 11.IX.44

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C182077 File

MEMORANDUM

Office of the Prime Minister

Ottawa, October 3, 1944.

PRIME MINISTER TO SEE.

Seen by PM

Copy made for the Secretariat to see + file 1 Jan.

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C182078

Treasury Board is meeting tomorrow (Sept.21) and Mr. Sullivan's case is to be considered.

CEB.

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Extract from the minutes of a meeting of the Honourable the Treasury Board, held at Ottawa, on the TWENTY-FIRST day of SEPTEMBER, 19 44.

D-380-D / 1944

C-303 / 1944

D.L. C182079

T. 268733 B.

POST OFFICE

The Board, in accordance with the provisions of Order in Council of July 31, 1933, P.C. 1/1561, as amended, direct that J.A. Sullivan, Deputy Postmaster General, Ottawa, be exempt from the provisions of the above noted Order in Council during the pleasure of His Excellency the Governor General in Council, but for a period not exceeding one year.

For Secretary.

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C182080

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MAIL DESPATCHES BY TRAINS

C182081

DESTINATIONS	Time of Mail Closing at Ottawa G.P.O., Bessorer St.				
Belleville	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Brockville	8.30 AM	2.30 PM	6.00 PM		
Buckingham	7.30 AM	4.50 PM			
Calgary	12.10 AM	9.00 PM			
Carleton Place	12.10 AM	7.30 AM	3.30 PM		
Charlottetown	3.25 AM	7.00 AM	3.40 PM		
Chicago	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Cornwall	3.25 AM 7.00 AM	8.30 AM	2.50 PM	6.00 PM	
Edmonton	12.10 AM	9.00 PM			
Detroit	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Halifax	3.25 AM	7.00 AM	3.40 PM		
Hamilton	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Hawkesbury	7.30 AM	3.40 PM			
Kingston	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
London	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Maniwaki	3.45 PM				
Montreal	3.25 AM	7.00 AM	3.30 PM	5.00 PM	6.00 PM
Moose Jaw	12.10 AM	9.00 PM			
New York	3.25 AM	3.30 PM	5.00 PM		
North Bay	12.10 AM	9.00 PM			
Oshawa	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Pembroke	12.10 AM	7.30 AM	3.30 PM	9.00 PM	
Peterborough	8.30 AM	10.00 PM			
Perth	8.30 AM	10.00 PM			
Prescott	7.00 AM	8.30 AM	6.00 PM		
Quebec	3.25 AM	7.00 AM	3.30 PM	5.00 PM	
Regina	12.10 AM	9.00 PM			
Renfrew	12.10 AM	7.30 AM	3.30 PM		
Saint John	3.25 AM	7.00 AM	3.30 PM		
San Francisco	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Shawville	3.00 PM				
Toronto	8.30 AM	2.30 PM	6.00 PM	10.00 PM	
Washington, D.C.	3.25 AM	3.30 PM	5.00 PM		
Winnipeg	12.10 AM	9.00 PM			
Vancouver	12.10 AM	9.00 PM			
Victoria	12.10 AM	9.00 PM			

For further information
Phone 9-2922

September 26, 1948.

E. Duguay,
Postmaster.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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C182082

OFFICE OF THE PRIME MINISTER

MEMORANDUM Mr. Henry

For the Prime Minister:

Mr. Henry telephoned to say that Mayor Lewis 'phoned to explain that the Mayor and the Chamber of Commerce representatives from Atlantic City are going to be in Ottawa at the beginning of next week. These visitors have offered to lay a wreath at the foot of the National War Memorial. However, the approaches to the base of the Memorial are by now completely blocked by an accumulation of snow. Apparently the Federal District Commission, and the Public Works Department have no appropriations which would cover the removal of snow from this spot and Mayor Lewis feels that, in view of the visitors' offer, something should be done towards cleaning the snow from the Memorial base, particularly from the Sparks Street approach, to accommodate the rather large crowd expected to take part in the ceremony.

The time is becoming short, and Mr. Lewis felt the Prime Minister might like to assist in overcoming the difficulty in this matter.

D.R.

January 24, 1940

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P.C. 3904 C182083 C-300 1940

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 13th AUGUST 1940

PRIVY COUNCIL CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that in the absence from Ottawa of the Honourable P. J. A. Cardin, Minister of Public Works, or in the event of his being unable to perform the functions of his office, the Honourable C.D. Howe, Minister of Munitions and Supply, be authorized to act as Minister of Public Works.

W.L.M. Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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Copy for the information of;
Mr. Walter Turnbull,
Prime Minister's Office,
Ottawa.

C182084

M. J.M.Somerville, January 24, 1941.
Secretary,
Dept. Public Works.

SECRET.

Dear Mr. Lash:

In respect to the War activities of this Department for the period November 16th, 1940, to January 15th, 1941, I wish to report that contracts were awarded for works connected with the War at the following places:

GASPE, P.Q.- Contract was awarded to Andre Chretien, of Gaspe, and Arthur Dunn, of Cap des Rosiers, P.Q.,at approximately $34,000., for the construction of a breakwater.

COMOX, B.C.(R.C.M.Camp) - Contract was awarded to W.Greenlees, of Vancouver,B.C., at approximately $20,100., for the construction of a wharf.

LONDON, Ont.- Contract was awarded to E. Leonard & Sons, Ltd., of London, Ont., at $31,600., for the supply and installation of a Water Tube Boiler and Mechanical Sprinkler Stoker for the Central Heating Plant of the Westminster Hospital.

SLEEPY COVE, N.S. - Contract was awarded to Howard A. Keddy, of Liverpool, N.S., at $34,600., for the construction of Naval Defence Station Buildings, in Halifax Harbour.

ESQUIMALT, B.C. - Contract was awarded to Williams, Trerise & Williams, Ltd., of Victoria, B.C., at approximately $60,000., for the construction of Two-Storey Hutments and Galley at the R.C.N.Barracks.

OTTAWA, Ont. - Contract was awarded to Ross-Meagher Limited, of Ottawa, at approximately $150,600.,for the construction of an addition to Temporary Office Bldg. No.1 on Wellington Street. This extension will provide an additional 30,000 square feet of office space.

(over)

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C182085

QUEBEC, P.Q. - Contract was awarded to Delphe Maranda, of Quebec, P.Q., at approximately $22,000., for the construction of a Naval Office Building at the Princess Louise Docks, at Pointe a Carey.

GASPE, P.Q. - Contract awarded to Andre Chretien and Arthur Dunn, of Gaspe and Cap des Rosiers, P.Q., respectively, at approximately $44,000., for the construction of a wharf at Sandy Beach.

ESQUIMALT, B.C. -Contract was awarded to the Marwell Constn. Co., Ltd., of Vancouver, B.C., at $14,300., for the construction of an Open Drill Shed at the R. C. N. Barracks.

GASPE, P.Q. - Contract was awarded to Albert Bedard, of Quebec, P.Q., at approximately $3,900., for the construction of an A.S. and A.T. Naval Stores Building at Howard Smith Point.

ESQUIMALT, B.C.- Contract was awarded to Luney Brothers Limited, of Victoria, B.C., at approximately $65,500., for the construction of a Sick Bay Unit at the R.C.N. Barracks.

GLACE BAY, N.S. - Contract was awarded to the Eastern Construction & Waterproofing Co., of Sydney, N.S., at approximately $14,000., for the construction of a chain link protection fence at the Marconi Station.

GLACE BAY, N.S. - Contract was awarded to the Eastern Construction & Waterproofing Co., of Sydney, N.S., at approximately $8,000., for the supply and installation of protection lighting at the Marconi Station.

During the same period a building on Nicholas Street, Ottawa, to serve as an Army Base Post Office, was purchased for the sum of $100,000.

The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

(over)

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PAGE BLURRED /
PAGE BARBOUILLEE

Our Engineers are engaged in the preparation of plans for a proposed first-class graving dock on the Dartmouth shore at Halifax, N.S.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
New Supreme Court Building,
Ottawa, Ont.

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C182087

DEPARTMENT OF PUBLIC WORKS

STATEMENT

RE

CANADA'S WAR EFFORT DURING PAST SIX MONTHS

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STATEMENT SHOWING WORKS CARRIED OUT AND EXPENDITURES INVOLVED BY THE DEPARTMENT OF PUBLIC WORKS FOR WAR PURPOSES SINCE APRIL 1, 1941

Architectural Branch

The following contracts for construction of buildings and works for war purposes have been let since April 1, 1941:-

	Amount of Contract
For Naval Service:	
Engineer's residence, Colwood, B.C.	$ 5,037.00
Signal School Building, Esquimalt, B.C.	67,093.00
Heavy Stores Building No. 40, Halifax, N.S.	270,453.00
Boat House No. 5, Halifax, N.S.	104,131.00
Parade Ground, etc., Esquimalt, B.C.	19,717.00
For Dept. Pensions and National Health:	
Disinfecting Facilities, Lancaster Hospital, St.John, N.B.	9,164.00
Pavilion Annex, Lancaster Hospital, St.John, N.B.	70,969.00
Extension to main building, Lancaster Hospital, St.John, N.B.	121,680.00
Improvements to heating, Ste.Anne de Bellevue Hospital	15,972.00
Extension to Nurses Home, Westminster Hospital, London, Ont.	33,490.00
For National Research Council:	
Gasoline and Oil Laboratory, Ottawa, Ont.	55,942.00
Driveway and fence lighting, Ottawa, Ont.	11,887.00
General:	
Alterations for Base Army Post Office, Ottawa, Ont.	33,243.00
Lighting improvements Jackson Building, Ottawa, Ont., (R.C.A.F.)	25,000.00
Addition to Jackson Building, Ottawa, Ont.	327,472.00
Alterations to Temporary Buildings Nos.1 and 2, Ottawa, Ont.	3,073.00
Temporary Building No. 4, Ottawa, Ont.	292,000.00
Temporary Building No. 5, Ottawa, Ont.	439,300.00
Temporary Building, Post Office, Toronto, Ont.	53,610.00

An expenditure of $264,257.80 has been made during the past six months for repairs and improvements to buildings required for war purposes.

During the past six months premises, having a total area of 114,804 square feet, have been leased by this department for war purposes involving a total annual rental of $108,160.54.

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ENGINEERING BRANCH

THE FOLLOWING WORKS HAVE BEEN AND ARE BEING UNDERTAKEN BY THE DEPARTMENT OF PUBLIC WORKS UNDER THE WAR APPROPRIATION SINCE APRIL 1, 1941.

PLACE AND NATURE OF WORK	AMOUNTS AUTHORIZED	FOR WHAT DEPARTMENT
Camperdown, N.S., cost of cables Port War Signal Bldg.	$ 4,100.00	Dept. National Defence
Dartmouth, N.S., wharf impts.	220,000.00	Dept.Public Works
Glace Bay, N.S., chain link fence for wireless telegraph station.	3,555.92	Dept.National Defence
Glace Bay, N.S., Marconi Station, completion of lighting	5,061.40	Dept.National Defence
Halifax N.S., H.M.C. Dockyard, extension to Wharf No. 3	6,326.00	Dept.National Defence
Halifax, N.S. Hammerhead crane for Wharf No. 3	37,949.67	Dept.National Defence
Halifax, N.S., submerged breakwater between Lawlor's and McNab's Islands	21,000.00	Dept.National Defence
Halifax, N.S., Harbour,thickening of existing pile maze	11,179.70	Dept.National Defence
Halifax, N.S., floating dry dock, inspection	3,500.00	Dept.Munitions & Supply
Halifax, N.S., fence and catwalk between Lawlor's and McNab's Islands	3,000.00	Dept.National Defence
Shelburne, N.S., Naval Dockyard, levelling land	2,485.51	Dept.National Defence
Shelburne, N.S., Naval Base, dredging	43,000.00	Dept.National Defence
Shelburne, N.S., wharf repairs	76,000.00	Dept.Public Works
Sidney, N.S., submerged breakwater	1,708.00	Dept.National Defence
Sydney, N.S., Naval Base, dredging	52,250.00	Dept. National Defence
Sydney, N.S., Point Edward construction of wharf	480,000.00	Dept.National Defence
Turple Head, N.S., construction of Roadway	4,594.73	Dept.National Defence
Missaguash River Bridge, N.S.	24,000.00	Dept. Public Works
Saint John, N.B., dredging in Courtenay Bay	559,970.00	Dept. Public Works
Saint John, N.B., Partridge Island, construction of new pier	15,000.00	Dept.National Defence

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ENGINEERING BRANCH (CONT'D)

PLACE AND NATURE OF WORK	AMOUNTS AUTHORIZED	FOR WHAT DEPARTMENT
Champlain, P.Q., dredging	$ 17,000.00	Dept. Public Works
Champlain Dry Dock, P.Q., repairs to entrance gate	23,000.00	Dept. Public Works
Gaspe, P.Q., Naval Base, fencing at Sandy Beach	4,492.11	Dept.National Defence
Gaspe, P.Q., Naval Base, clearing, grading, etc.	1,317.96	Dept.National Defence
Gaspe, P.Q., Naval Base, breakwater	18,024.00	Dept. National Defence
Gaspe, P.Q., construction of wharf at Howard Smith Point	46,000.00	Dept. National Defence
Gaspe, P.Q., Sandy Beach	1,730.00	Dept. National Defence
Gaspe, P.Q., Naval Base, removal of old buildings	1,000.00	Dept. National Defence
Gaspe, P.Q., Sandy Beach, clearing building site for R.C.A.F.	5,250.00	Dept. National Defence
Gaspe, P.Q., Naval Base, properties required	8,000.00	Dept. National Defence
Gaspe, P.Q., Naval Base, removal of old wharf	2,000.00	Dept. National Defence
Lorne Dry Dock, P.Q., repairs to pier	19,700.00	Dept. Public Works
Lorne Dry Dock, P.Q., operation	9,500.00	Dept. Public Works
Kingston, Ont. Royal Military College, reclamation of Navy Bay	6,300.00	Dept.National Defence
Midland, Ont., dredging	10,300.00	Dept. Public Works
Ottawa, Ont., Testing Laboratory, services of assistants	1,632.09	Dept.Munitions & Supply
Wellington, Ont., dredging	2,735.27	Dept.National Defence
Comox, B.C., construction of wharf placing dolphins	1,288.79	Dept. National Defence
Esquimalt, B.C., Dry Dock, operation	27,600.00	Dept. Public Works
Esquimalt, B.C., Dockyard, construction of slipway	23,350.00	Dept. National Defence
Esquimalt, B.C., Dry Dock completion of crane	2,000.00	Dept. National Defence
Esquimalt, B.C., Dry Dock, repairs to Ordnance Wharf	7,290.00	Dept. National Defence

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ENGINEERING BRANCH (CON'D) C182091

PLACE AND NATURE OF WORK	AMOUNTS AUTHORIZED	FOR WHAT DEPARTMENT
Esquimalt, B.C., construction of haulout slipway for boom defence	$ 4,072.70	Dept.National Defence
Esquimalt, B.C., purchase of keel blocks for dock	38,411.81	Dept.National Defence
Esquimalt, B.C., South Landing Wharf, completion of construction	14,619.62	Dept.National Defence
Esquimalt, B.C., dredging at Pilgrim Cove	1,834.00	Dept. National Defence
Port Hardy, B.C., wharf extension etc.	8,294.45	Dept. Public Works
Sidney, B.C., wharf improvements	12,800.00	Dept.Public Works
St.John's Nfld.	7,000.00	Dept.National Defence
Total amounts under $1,000.00	2,379.41	
Various contingencies	8,000.00	

The following vessels of the Department of Public Works have been placed at the disposal of the Naval Service:-

Tugs "Bersimis", "Pugwash", and "Lisgar", Launch "Hattie 111" and Snagboat "Essington".

The following Departmental Dredging Units are operating on works requested by the Naval Service:-

Dredge P.W.D. No.5 at Sydney, Point Edward, and Dredge P.W.D. No.115 at Shelburne, N.S.

The following vessels have also been placed at the disposal of the National Harbour Board in Halifax for this winter:-

Tugs "Canso", "Sogenada", "Fredericton" and "Peel", Scows "P.W.D. No. 118", "P.W.D. No.168" and "P.W.D. No. 163",

and the following in Montreal:-

Scows "P.W.D. No. 64" and "P.W.D. No. 580".

Twenty-eight Engineers from the Department of Public Works have been loaned to other departments in connection with the war effort.

Since April 1, 1941, the Purchasing Branch of the Department of Public Works has issued orders on 1,171 requisitions for office furniture and equipment required in connection with the war effort, and involving an approximate expenditure of $265,820.00.

The expenditure made since April 1, 1941, for photographic work, etc., in connection with the war effort, amounted to $28,641.08.

The total expenditure made by this department for war purposes since April 1, 1941, amounts to $1,890,384.52.

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Copy for: Walter Turnbull, Esq.,
Prime Minister's office,
Ottawa.

C182092

J.M.Somerville,
Secretary.
Public Works Dept.

/M. 7-4-41.

April 7, 1941.

SECRET.

Dear Mr. Lash:

In respect to the War activities of this Department for the period January 16th, 1941, to March 31st, 1941, I wish to report that contracts were awarded for works connected with the War at the following places:

ST. JOHN, N.B. - Contract was awarded to the Mooney Construction Co., of St. John, N.B., at approximately $40,900., for the construction of an Infectious Unit at the Quarantine Station.

OTTAWA, Ont.- Contract was awarded to the Doran Construction Co., of Ottawa, at approximately $5,300., for alterations to the Records Storage Building, for use by Department of National Defence.

OTTAWA, Ont.- Contract was awarded to M. Mantha, of Ottawa, at approximately $7,600., for alterations to plumbing at the Records Storage Building.

ROCK ISLAND, P.Q. - Contract was awarded to A. Blondeau, of Stanstead, P.Q., at approximately $8,600., for the construction of an addition to the Armoury.

HALIFAX, N.S. - Contract was awarded to the Diamond Constn. Co., Ltd., of Fredericton, N.B., at approximately $19,000., for the construction of a submerged breakwater in the Halifax harbour.

ESQUIMALT, B.C.- Contracts were awarded to the Victoria Pile Driving Co., Ltd., of Victoria (at approximately $27,000.) and to the Allard Machine Works, Ltd., of New Westminster, B.C. (at approximately $5,300.), for the construction of marine ways at the H.M.C. Dockyard.

(over)

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Additional accommodation was required by the Department of Munitions and Supply and to meet this situation the Dependents' Allowance Board of the Department of National Defence was moved from the No.2 Temporary Building, on Wellington Street, to the Records Storage Building at the Experimental Farm, Ottawa, and this necessitated certain changes to the latter building and contracts were accordingly awarded as mentioned heretofore. Due to this move, it has become necessary for the contents of the Records Storage Building to be moved to quarters elsewhere in Ottawa.

During the period under review, Temporary Building No.3 on Wellington Street, was completed and is now occupied by the following Departments:

National Revenue (Income Tax).
National Defence (Air Service).
Unemployment Insurance Commission.
Munitions and Supply (Inspection Board).

The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
New Supreme Court Building,
Ottawa, Ont.

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Walter Turnbull, Esq.,
Prime Minister's office,
Ottawa.

C182094

Copy for your information.

M.

J. M. Somerville,
Secretary,
Dept. Public Works.

June 12, 1941.

SECRET. 12-6-41.

Dear Mr. Lash:

In respect to the War activities of this Department for the period April 1st, 1941, to May 31st, 1941, I wish to report that contracts were awarded for works connected with the War at the following places:

COLWOOD, B.C.- Contract was awarded to L. G. Scott, of Victoria, B.C., for the construction of an Engineer's residence, at approximately $5,000.

MISSAGUASH RIVER - Construction of Superstructure and Substructure of new Interprovincial Bridge, near Amherst, N.S. - Contract for Superstructure was awarded to Dominion Bridge Co., Ltd., of Montreal, at approximately $31,800, and contract for Substructure was awarded to Greenlaw & Estey, of Millville, N.B., at approximately $27,000.

OTTAWA, Ont. - Contract was awarded to Fred A. Wilson, of Ottawa, at approximately $11,900., for the construction of Roadway and Fence Lighting at the New Annex Laboratories National Research Council.

OTTAWA, Ont. - Contract was awarded to Alex. I. Garvock, of Ottawa, at approximately $33,300., for alterations to the Dominion Warehouse Building on Nicholas Street, to be used for the Army Base Post Office.

OTTAWA, Ont. - Contract was awarded to Doran Construction Co., Ltd., of Ottawa, at approximately $56,000., for the construction of a Gas and Oil Laboratory and Inflammable Storage Buildings at the New Annex Laboratories, National Research Council.

SHELBURNE,N.S.- Contract was awarded to the Fundy Construction Co.,Ltd. of Halifax, N.S., at approximately $42,000., for the execution of certain dredging work.

ST. JOHN, N.B.- Contract was awarded to the Maritime Construction Co., Ltd., of Fairville, N.B., at approximately $9,000., for the construction of Bathing and Disinfecting Facilities at the new Pavilion, Lancaster Hospital.

(over)

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Plans and specifications for certain harbour works required by the Naval Services, Department of National Defence, both on the Atlantic Seaboard and in Newfoundland, are under preparation by the Engineering Branch, and our Architects are also engaged in the preparation of plans for certain buildings required by the same Department in the Gaspe Peninsula and Nova Scotia.

During the period under review, necessary steps have been taken to acquire suitable office accommodation throughout the Dominion for the Unemployment Insurance Commission which will commence operations on the 1st proximo. It has also been necessary to order the necessary furniture required for such offices.

In addition to the foregoing, the ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
New Supreme Court Building,
Ottawa, Ont.

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CANADA

C182096

Walter Turnbull, Esq.,
Prime Minister's Office,
Ottawa.

Copy, for your information.

M. J.M. Somerville,
Secretary, D.P.W. August 16, 1941.

SECRET. 12-8-41.

Dear Mr. Lash:

In respect to the War activities of this Department for the period June 1st to August 15, 1941, I wish to report that contracts were awarded for works connected with the War at the following places:

ESQUIMALT, B.C. - Contract was awarded to the Horie-Latimer Constn. Co. Ltd., of Vancouver, B.C., at approximately $6,500., for repairs to the H.M.C. Ordnance Wharf.

ESQUIMALT, B.C. - Contract was awarded to E. H. Shockley, of Vancouver, at approximately $56,500., for the construction of a New Signal School Building at the R.C.N.Barracks.

COURTENAY BAY, ST. JOHN, N.B. - Contract was awarded to the Canadian Dredge & Dock Co., Ltd., of Toronto, Ont., at approximately $553,000. for the execution of dredging required in order to enable a capital ship to use the Dry Dock owned and operated by the St.John Dry Dock & Shipbuilding Co., Ltd.

HALIFAX, N.S. - Contract was awarded to The Fundy Construction Co., Ltd. of Halifax, N.S., at approximately $270,500., for the construction of a Heavy Stores Building (No. 40), at the H. M. C. Dockyard.

ST. JOHN, N.B. - Contract was awarded to John Flood & Sons, Ltd., of St. John, N.B., at approximately $71,000., for the construction of a Pavilion Annex at the Lancaster Hospital.

STE. ANNE DE BELLEVUE, P.Q. - Contract was awarded to Lytle Engineering Specialties, Limited, of Montreal, P.Q., at approximately $16,000., for improvements to the heating apparatus, including medium pressure steam services to kitchen, etc., at the Military Hospital.

HALIFAX HARBOUR, N.S. - Contract was awarded to the Hall Construction Co., Ltd., of Halifax, N.S., at approximately $11,000. for the construction of an extension to a Pile Maze between Lawlor's Island and the Mainland, Dartmouth Shore.

(over)

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COLWOOD, B.C. - Contract was awarded to Carter-Halls-Aldinger Co.,Ltd., of Vancouver, B.C., at approximately $20,000., for the construction of a Parade Ground and Recreational Fields at the H.M.C.S., Royal Roads.

DARTMOUTH, N.S. - Contract was awarded to J. P. Porter & Sons, Ltd., of Montreal, P.Q., at approximately $214,400., for wharf improvements and dredging.

The Department proposes to award a contract to Alex. I. Garvock, of Ottawa, at approximately $292,000., for the construction of Temporary Wooden Building No.4. This building is to be erected behind the Nos. 2 and 3 Buildings on North Wellington Street and will be four storeys in height. The building will be 513' long and 46' wide and will contain 80,000 square feet of space. It is to be completed in seven weeks and will house offices of the Department of Munitions and Supply.

Tenders are now being called for the construction of a Temporary Wooden Building No.5, at the corner of Preston Street and Carling Avenue, Ottawa. It is to be 382' long and 260' wide, will be two storeys high and contain 119,000 square feet of space. The building will be occupied by War Departments.

The authority of Council was obtained for the purchase of furniture and office equipment amounting to approximately $28,500. This furniture was purchased for distribution among the various War Departments at Ottawa and is being delivered daily to such Departments as requested in order to accommodate their continually increasing personnel.

Our Engineers are presently undertaking the preparation of plans and specification for the repair of the Government wharf at Shelburne, N.S., in order that it may be made safe for railway equipment. This wharf is adjacent to a proposed installation for boom defence operations and it will have to be used in connection with the loading and unloading of boom defence equipment by the Department of National Defence for Naval Service. The cost that will be involved in this work is expected to be approximately $76,000.

Tenders are being called for the construction of a Boom Defence Depot at Prince Rupert, B.C., required by the Department of National Defence.

(over)

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The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

C. H. Lash, Esq.,
Director of Public Information,
New Supreme Court Building,
O t t a w a, Ont.

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CANADA

Walter Turnbull, Esq.,
Prime Minister's Office,
East Block, Ottawa.

C182099

Copy for your information.

M. J. M. Somerville, October 2nd, 1941.
Secretary, Public Works Dept.

ECRET. 2-10-41.

Dear Mr. Lash:

In respect to the War activities of this Department for the period August 16 to September 30, 1941, I wish to report that contracts were awarded for works connected with the War at the following places:

OTTAWA, Ont. - Contract was awarded to Alex. I. Garvock, of Ottawa, at $292,000., for the construction of Temporary Office Building No.4, Lyon Street.

SYDNEY, N.S. - Contract was awarded to R. A. Douglas, of New Glasgow, N.S., at approximately $467,600., for the construction of a wharf at Point Edward.

OTTAWA, Ont. - Contract was awarded to the Pigott Construction Co., Ltd., of Hamilton, Ont., at $439,300., for the construction of Temporary Office Building No. 5 (Preston and Carling Streets).

ST. JOHN HARBOUR, N.B. - Contract was awarded to J. S. Parker, of St. John, N.B., at approximately $13,700., for the construction of a new East Pier at Partridge Island.

HALIFAX, N.S. - Contract was awarded to the Standard Construction Company, of Halifax, N.S., at $104,100., for the construction of a Boathouse (Building No.5) at the H. M. C. Dockyard.

PORT HARDY, B.C. - Contract was awarded to the Victoria Pile Driving Co., Ltd., of Victoria, B.C., at approximately $9,500., for the construction of extensions to the wharf and shed.

ESQUIMALT, B.C. - Contract was awarded to the Victoria Brass & Iron Works, Ltd., of Victoria, B.C., for the supply and delivery of 200 cast iron keel block units at the Dry Dock, at an approximate cost of $29,700.

(over)

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TORONTO, Ont. - Contract was awarded to the H. A. Wickett Co., Ltd., of Toronto, Ont., at approximately $53,600., for the construction of a temporary building at the corner of York and Fleet Streets.

OTTAWA, Ont. - Contract was awarded to Ross-Meagher Limited, of Ottawa, Ont., at about $327,500., for the construction of an addition to the Jackson Building, Slater Street.

PRINCE RUPERT, B.C. - Contract was awarded to the E. J. Ryan Construction Co., Ltd., of Vancouver, B.C., at approximately $47,600.,for the construction of a Boom Defence Depot.

Tenders have been received for the reconstruction of the public wharf at Shelburne, N.S., and it is proposed to ask Council for authority to accept the lower tender received for such work, viz.: that of Barney Mosher and Merrill D. Rawding, of Liverpool, N.S., at approximately $62,300.

Tenders have also been received for the following works, and they are at present receiving the consideration of the Department:

SYDNEY, N.S. - Construction of a Quay Wall at Point Edward.

STE. ANNE DE BELLEVUE, P.Q. - Construction of Three Staff Residences at the Military Hospital.

SYDNEY, N.S. - Construction of heating facilities at the Naval Dock, at Point Edward.

Public tenders are now being called for the undermentioned works and bids therefor are due shortly:

ESQUIMALT, B.C. - Construction of Floats, Moorings, etc., at the H.M.C.Dockyard at Pilgrim's Cove.

ST. JOHN, N. B. - Construction of an extension to the Lancaster Hospital,

LONDON, Ont. - Construction of an Extension to the Nurses' Home at the Westminster Hospital.

(over)

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SHELBURNE, N.S. - Construction of a Naval Base.

HALIFAX, N.S. - The re-installation of Power and Lighting Cables in Wharf No. 3 Extension at the H. M. C. Dockyard.

LUNENBURG, N.S. - Fabrication, delivery and erection of a 35-ton crane, for the Railway Wharf.

The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
New Supreme Court Building,
O t t a w a, Ont.

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C182102

DEPARTMENT OF PUBLIC WORKS

MEMORANDUM

RE

CANADA'S WAR EFFORT DURING PAST SIX MONTHS

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C182103

DEPARTMENT OF PUBLIC WORKS

Office of the Deputy Minister

Ottawa

October 28, 1941.

MEMORANDUM FOR THE MINISTER:

With reference to the request of the Right Honourable the Prime Minister to have prepared a statement of the work carried out by the Department of Public Works during the last six months, in connection with Canada's War Effort, I beg to advise you that during this period works have been authorized totalling approximately $6,500,000.00. Attached is a statement giving the detail of the larger items making up this total.

Architectural Branch: This Branch has charge of the erection and alteration of buildings for various Departments, and also leasing of accommodation where Government owned space is not available. Some of the more important contracts awarded by this Branch are:

1. Heavy Stores Building, Halifax.
2. Boathouse No. 5, Halifax.
3. Extension to Lancaster Hospital, Saint John.
4. Addition to Jackson Building, Ottawa.
5. Temporary Building No. 4, Ottawa.
6. Temporary Building No. 5, Ottawa.

Engineering Branch: This Branch, which has charge of harbour and river works, has been rendering all possible assistance to the Naval and Air Services. Some of the more important contracts awarded by this Branch are:

1. Dartmouth, wharf improvements.
2. Saint John Harbour, dredging.
3. Sydney, wharf construction.
4. Gaspe, naval base.
5. Sydney, Naval base, dredging.
6. Esquimault, improvements to dry dock, and Naval dockyard.

Telegraph Branch: This Branch of the Department, in addition to the maintenance of telegraph lines in the remote parts of the Country, has charge of telephone service in the City of Ottawa, and has rendered every possible assistance to provide telephone service to offices which have been opened up for war purposes.

The Architectural Branch of the Department has been providing, by the erection of new buildings, the alteration of existing buildings, or by lease, offices and storage space for various Departments connected with the War effort. That Branch has also been engaged in providing hospital and dormitory accommoda-

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tion at various military hospitals for the Department of Pensions and National Health. In addition to the amount expended as indicated above, the Department has, during the past six months, rented 115,000 square feet of office space.

Besides providing office accommodation for various Departments, the Department of Public Works is also charged with supplying furniture. Requisitions are made daily and it might be mentioned that during the past year the Department has arranged with furniture manufacturers to produce furniture made of Canadian birch, rather than oak, which was formerly imported.

In addition to the work mentioned as having been authorized through the Engineering Branch of the Department, I may state that that Division has, during the past six months, carried out surveys and made test borings, as well as prepared plans and specifications, of a Dry Dock at Tuft's Cove, Halifax. These plans and specifications were turned over to the Department of Munitions and Supply.

The Engineering Branch has also prepared plans and specifications for a Naval Base at Shelburne for the Department of Naval Service. These plans and specifications are at present before that Department.

Arrangements have also been made to have placed at the disposal of the Naval Service and the National Harbours Board the following units of its marine plant:

Naval Service, 5 tugs.
National Harbours Board, 4 tugs and 5 scows.

The Department is also operating, on works for the Naval Service in the Maritime Provinces, Dredge P.W.D. No. 5 at Sydney, and Dredge P.W.D. No. 115 at Shelburne, in connection with the establishment of naval bases at these two points.

During the past six months the Photographic Branch of the Department has also assisted the Department of National Defence for Air, and the Department of Munitions and Supply, in connection with carrying out blue print and photostat work.

(sgd) W. P. Harrell,
Acting Deputy Minister.

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CANADA

Walter Turnbull, Esq.,
Prime Minister's office,
Ottawa.

C182105

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Copy for your information.

M.

J.M. Somerville,
Secretary,
Dept. of Public Works.

December 1st, 1941.

SECRET.

1-12-41.

Dear Mr. Lash:

In respect to the War activities of this Department for the period October 1st to November 30th, 1941, I wish to report that contracts were awarded for works connected with the War at the following places:

SHELBURNE, N.S. - Contract was awarded to Barney Mosher and Merrill D. Rawding, of Liverpool, N.S., at approximately $62,300., for the reconstruction of the public wharf.

SYDNEY, N.S. - Contract was awarded to M. H. McManus Ltd., of Halifax, N.S., at approximately $246,500., for the construction of a Quay Wall at Point Edward.

ESQUIMALT, B.C. - Contract was awarded to the Victoria Pile Driving Co. Ltd., of Victoria, B.C., at approximately $24,400., for the construction of Floats and Moorings and moving Boathouse to new foundation at the H. M. C. Dockyard, at Pilgrim Cove.

LONDON, Ont. - Contract was awarded to the Frontenac Construction Co., Ltd., of Toronto, Ont., at $33,500., for the construction of an extension to the Nurses' Home at the Westminster Hospital.

OTTAWA, Ont. - Contracts, totalling approximately $44,000., were awarded to several furniture manufacturers for the supply of Canadian Birch furniture, such as desks, chairs, tables, telephone stands, etc., etc., for use by many War offices throughout the City.

SYDNEY, N.S. - Contract was awarded to Hagen, Farquhar Co., of Sydney, N.S., at approximately $20,000., for a heating installation at the Naval Dock, at Point Edward.

ST. JOHN, N. B. - Contract was awarded to the R.A. Corbett Co., Ltd., of St. John, N.B., at approximately $121,700. for the construction of an extension to the Lancaster Hospital.

(over)

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HALIFAX, N.S. - Contract was awarded to the Canadian Comstock Co., Ltd.,of Montreal, P.Q., at approximately $10,700., for the re-installation of Power and Lighting Cables in Wharf No. 3 Extension at the H. M. C. Dockyard.

SYDNEY, N. S. - Contract was awarded to the Hall Construction Co. Ltd., of Halifax, N.S., at approximately $25,000., for the construction of an Oil Wharf.

SHELBURNE, N. S. - Contract was awarded to M. A. Condon & Son, of Kentville, N.S., at approximately $261,000., for the construction of a Naval Base.

HALIFAX, N.S. - Contract was awarded to the Fundy Construction Co., Ltd., of Halifax, N.S., at approximately $233,400., for the construction of Pavilions "B" and "C" at the Camp Hill Hospital.

In answer to public advertisement, one tender only has been received for the construction and erection of a 35-ton stationary gantry crane for the Railway Wharf at Lunenburg, N.S., and such tender is at present receiving the consideration of the Department.

Public tenders are now being invited for the construction of a Recreation Building and Three Staff Residences at the Military Hospital, Ste. Anne de Bellevue, P.Q.

Owing to continued increasing demands by Government Departments, particularly the Department of Munitions and Supply, British Technical Missions and Air Service of the Department of Transport, for photostat services by this Department, it became necessary to replace the obsolete photostate machine which had been in use by a new machine with a larger output, and a new machine has been installed at an approximate cost of $3,000., and is now in operation.

The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

G. H. Lash, Esq.,
Director of Public Information,
Ottawa, Ont.

J. M. Somerville,
Secretary.

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CANADA

Walter Turnbull, Esq.,
Prime Minister's Office,
Ottawa, Ont.

C182107

Copy for your information.

J.M. Somerville,
Secretary,
Public Works Dept.

M.
31-1-42.

January 31st, 1942.

SECRET.

Dear Mr. Lash:

In respect to the War activities of this Department for the period December 1st, 1941, to January 31st, 1942, I wish to report that contracts were awarded for works connected with the War at the following places:

QUEBEC, P.Q. - Contract was awarded to Frs. Jobin Inc., of Quebec, P.Q., at approximately $131,000., for the construction of a new extension to the Immigration Hospital at Savard Park.

OTTAWA, Ont. - Contract was awarded to the Pigott Construction Co., Ltd., of Hamilton, Ont., at $328,000., for the construction of Temporary Office Building (No. 6) on Sussex Street, and it is proposed to accommodate War Departments therein when completed.

STE. ANNE DE BELLEVUE, P.Q. - Contract was awarded to the Concrete Construction Limited, of Montreal, P.Q., at approximately $128,500., for the construction of a Recreation Building and three Staff Residences at the Military Hospital.

VANCOUVER, B. C. - Contract was awarded to J. C. Dill, of Vancouver, B.C., at $20,000., for the conversion of the present Administration Building into an Infectious Disease Building at the Shaughnessy Hospital.

OTTAWA, Ont. - Contract was awarded to Wm. D'Aoust, of Eastview, Ont., at approximately $4,400., for alterations to a shed for new Film Vaults, etc., for the Motion Picture Bureau, National Research Annex.

(over)

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HALIFAX, N.S. - Contract was awarded to J. P. Porter & Sons, Ltd., of Montreal, P.Q., at approximately $116,000., for the execution of dredging at the H. M. C. Dockyard, for the Department of National Defence for Naval Service.

SIDNEY, B. C. - Contract was awarded to The Vancouver Pile Driving and Contracting Co., Ltd., of Vancouver, B.C., at approximately $13,000., for the construction of wharf improvements and repairs.

OTTAWA, Ont. - Contract was awarded to A. I. Garvock, of Ottawa, at $70,900., for the construction of an Annex to the Daly Building, to provide additional accommodation for the Department of Pensions and National Health.

EDMONTON, Alta.- Contract was awarded to Bennett & White, of Edmonton, Alta., at approximately $87,000., for the construction of an addition to the Veterans' Pavilion at the University Hospital Grounds.

The authority of Council has been obtained in several instances for the purchase of large quantities of furniture, office equipment, etc., required by the Wartime Prices and Trade Board, the United Kingdom Technical Mission and for the many other War Departments both in and outside of Ottawa, and this Department undertakes daily the delivery of such equipment to the various Departments as and when they requisition for it.

Tenders are being invited for the removal of Ripple Rocks, the construction of a dam and the execution of dredging, required in order to improve navigation at Seymour Narrows, B.C., this work to be undertaken for Department of National Defence for Naval Service.

Public tenders are being invited for the construction of a Military Hospital at Calgary, Alta., for the Department of Pensions and National Health.

The demands made on our Photographic Branch by War Departments, particularly the Department of Munitions and Supply, for blue printing work, have increased to such an extent that it has become necessary to arrange for an additional blue printing machine to be placed in service, and steps have been taken for the purchase of such equipment at an approximate cost of $2,800.

(over)

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The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
Ottawa, Ont.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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CANADA

Mr. W. Turnbull,
Prime Minister's Office.

C182110

Copy for your information.

M.

J.M.Somerville,
Secretary, Public Works Dept.

March 31st, 1942.

SECRET.

Dear Mr. Lash:

In respect to the War activities of this Department for the period February 2 to March 31, 1942, I wish to report that contracts were awarded for works connected with the War at the following places:

CALGARY, Alta. - Contract was awarded to P. W. Graham & Sons, Ltd., of Moose Jaw, Sask., at approximately $525,700., for the construction of a Hospital Building, for the Department of Pensions and National Health.

HALIFAX, N. S. - Contract was awarded to A. E. Farley, of Ottawa, Ont., at approximately $24,500., for the construction of an addition and alterations to Rockhead Hospital, for the Department of Pensions and National Health.

OTTAWA, Ont. - Contract was awarded to Erskine, Smith & Co., Ltd., of Ottawa, Ont., at approximately $17,300., for the supply and installation of inside and outside fire mains to Temporary Office Buildings Nos. 1, 2, 3 and 4, Wellington Street, occupied by War Departments.

OTTAWA, Ont. - Contract was awarded to H. A. Wickett Co.,Ltd., of Toronto, Ont., at approximately $139,000., for the construction of Temporary Office Building No. 7, Sussex Street, to be occupied by Wartime Prices and Trade Board.

OTTAWA, Ont. - Contract was awarded to the Automatic Sprinkler Co. of Canada Ltd., at approximately $96,000., for the supply and installation of Automatic Sprinklers and Fire Alarm Systems in Temporary Office Buildings Nos. 1, 2, 3 and 4, Wellington Street.

(over)

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At the request of the Department of National Defence for Naval Service, tenders were invited for the removal of Ripple Rocks, the construction of a dam, and the execution of dredging, at Seymour Narrows, B.C., in order to improve navigation at that place. Tenders for this work have been received and are being given the consideration of the Department.

Tenders were received for the construction of a reinforced concrete reservoir and the supplying and installation of cast iron water mains and valves at the Westminster Hospital, London, Ont., for the Department of Pensions and National Health. These tenders are also receiving the consideration of the Department.

Public tenders have now been invited for the construction of a reinforced concrete sub-station, boiler house, slab, curb and stack foundation; the supplying and erection of boiler plant equipment; the supplying and installing of a complete heating system; the supplying and erection of a complete electrical layout for the boiler house and the supplying and erection of a complete electrical layout for the wharf at the Naval Base, Shelburne, N.S. This work is to be undertaken for the Department of National Defence for Naval Service.

An expenditure of about $71,000.00 was authorized by Council for the purchase of office furniture, such as desks, chairs, tables, etc., for War Departments in the Government Service.

Treasury Board authorized an expenditure of $11,500. for the construction of protection to buildings in the Dry Dock area at Esquimalt, B.C., as well as for the camouflaging of Government property generally at that place. This work has been under way for some time and is making progress.

Tests are being undertaken, at the request of the Department of National Defence (Naval Service), to ascertain the feasibility of providing additional wharfage facilities at the south end of the H.M.C.Dockyard in the harbour of Halifax, N. S.

(over)

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The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
Ottawa, Ont.

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CANADA

Copy for information of:
Mr. Walter Turnbull,
Prime Minister's Office,
Ottawa.

C182113

J.D. Somerville,
Secretary,
Public Works Dept.

M. May 30, 1942.

SECRET.

Dear Mr. Lash:

In respect to the War activities of this Department for the period April 1st to May 30th, 1942, I wish to report that contracts were awarded for works connected with the War at the following places:

ESQUIMALT, B.C. - Contracts were awarded to the following firms for additional facilities and improvements required at the Dry Dock:
KEEL AND BILGE BLOCKS: J. Fyfe Smith Co., Ltd., of Vancouver, at about $9,000.
SALT WATER SUPPLY: Pumps & Power Ltd., of Vancouver, at about $ 9,500.
FIRE PUMPS: Bickle-Seagrave Ltd., of Woodstock, Ont., at about $2,900.

LONDON, Ont. - Contract was awarded to the Putherbough Constn.Co., Ltd., of London, Ont., at approximately $18,500., for the construction of a reinforced concrete reservoir, and the supply and installation of cast iron water mains and valves at the Westminster Hospital.

SYDNEY, N.S. - Contract was awarded to R. A. Douglas, of New Glasgow, N.S., at approximately $32,300., for the construction of a crane foundation at the Point Edward Naval base.

SEYMOUR NARROWS, B.C. - Contract was awarded to the British Columbia Bridge & Dredging Co., Ltd., of Vancouver, B.C., at approximately $300,000., for the execution of navigation improvements, which involves the removal of Ripple Rocks, the construction of a dam, and the execution of dredging.

ESQUIMALT, B.C. - Contract was awarded to the Coast Foundry Co., Ltd., of Vancouver, B.C., at approximately $20,200. for the supply and delivery of 791 cast iron filler blocks and 2 cast iron bollards for the Dry Dock.

(over)

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ESQUIMALT, B.C. - Contract was awarded to the Hafer Machine Co., Ltd., of Victoria, B.C., at approximately $7,900., for the machining of 799 old top castings from keel and bilge blocks, and for the planing of 791 new top filler blocks for the keel and bilge blocks of the Dry Dock.

HALIFAX, N. S. - Contract was awarded to the Diamond Construction Co., Ltd., of Fredericton, N.B., at approximately $68,500., for the construction of a Wharf at the Old Ordnance Property.

SHELBURNE, N. S. - Contract was awarded to James N. Kenney, of Halifax, N.S., at approximately $97,000., for the construction of a Sub-Station, Boiler House, etc., for the Naval Base.

DARTMOUTH, N.S. - Contract was awarded to the Diamond Construction Co., Ltd., of Fredericton, N.B., at approximately $34,000., for the construction of an extension to the French Cable Wharf.

ESQUIMALT, B.C. - Contract was awarded to the McKenzie Barge & Derrick Co., Ltd., of Vancouver, B.C., at about $32,200., for the execution of dredging at the South Landing Wharf.

OTTAWA, Ont. - Contract was awarded to A. I. Garvock, of Ottawa, at approximately $8,400., for the installation of a sprinkler system to provide fire protection in the newly constructed Annex to the Daly Building.

SYDNEY (Point Edward), N.S. - Contract was awarded to M. H. McManus Ltd. of Halifax, N.S., at approximately $33,900., for the construction of a reinforced concrete tunnel to be provided in connection with the quay wall at that place.

HALIFAX, N.S. --
SYDNEY, N.S. - -
SHELBURNE, N.S.-
ESQUIMALT, B.C.-

Contract was awarded to the Dominion Hoist and Shovel Co., Ltd., of Lachine, P.Q., at approximately $256,000., for the fabrication, delivery and erection, etc., of four Gantry Cranes (one at each of the four places mentioned).

(over)

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OTTAWA, Ont. - Contract was awarded to the Pigott Construction Co., Ltd., of Hamilton, Ont., at approximately $16,000. for the installation of a sprinkler system, etc., to provide fire protection for the No. 6 Temporary Office Building (Sussex Street).

OTTAWA, Ont. - Contract was awarded to the Patterson Construction Co., of Ottawa, Ont., at approximately $11,200., for the construction of a Temporary Building in Court "B" of the National Research Building.

STE. ANNE DE BELLEVUE, P.Q. - Contract was awarded to Hector Groulx, Enrg., of Montreal, P.Q., at $19,400., for the installation of new cold water mains, also changes to heating return mains at the Military Hospital.

METEGHAN, N.S. - Contract was awarded to J.C. & J.J.L.Gaudet, of Little Brook, N.S., at approximately $15,500., for the construction of an extension to the public wharf.

In order to enable the docking of one of the largest vessels afloat then approaching Esquimalt, B.C., and also to facilitate similar dockings which are expected from time to time, arrangements were made with the McKenzie Barge & Derrick Co., Ltd., of Vancouver, B.C., to carry out certain dredging operations at the Dry Dock entrance and Repair Wharf at that place, which involved an expenditure of about $29,000.

Further expenditure, totalling approximately $73,000., were authorized by Council for the purchase of office furniture and equipment, such as tables, chairs, desks, filing cabinets, etc., required to equip the various War Departments.

Tenders have been received, and are now under consideration, for the construction of No. 8 Temporary Wooden Building, on Carling Avenue, Ottawa. When constructed, it is proposed to house therein several War Departments.

Tenders for the following works have also been received and are now being considered:

TORONTO, Ont.- Construction of a Recreation and Chapel Building at the Christie Street Hospital, for Department of Pensions and National Health.

(over)

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HALIFAX, N.S. - Construction of a Wharf (No.1 Wharf) at the H.M.C.Dockyard, for Department of National Defence, Naval Service.

ESQUIMALT,B.C.- Construction of a Launching Ramp, a Wharf, a Float and Dolphins in front of the Boom Defence Works on the west side of Esquimalt Harbour, for Department of National Defence, Naval Service.

The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J. M. Somerville,
Secretary.

G. H. Lash, Esq.,
Director of Public Information,
Ottawa, Ont.

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1942

C182117

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 6th October, 1942.

PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Alphonse Fournier, K.C., M.P., of the City of Hull, in the Province of Quebec, to be Minister of Public Works, vice the Honourable P.J.A. Cardin, resigned.

The Committee, on the same recommendation, further advise that upon the said the Honourable Alphonse Fournier having taken the prescribed oath or oaths he do assume the functions of Minister of Public Works.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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CANADA

Copy, for information of:
Walter Turnbull, Esq.,
Prime Minister's Office.

C182118

J.M.Somerville,
Secretary,Public Works Dept.

9-11-42.

M.

November 9, 1942.

SECRET.

Dear Sir:

In respect to the War activities of this Department for the period June 1st to October 31st, 1942, I wish to report that contracts were awarded for works connected with the War at the following places:

ESQUIMALT, B.C. - Contract was awarded to the James McDonald Constn. Co.,Ltd., of Victoria, B.C., at approximately $14,000., for the construction of a Launching Ramp, Wharf, Float and Dolphins in front of the Boom Defence Works on West side of Esquimalt Harbour.

HALIFAX, N.S. - - Contract was awarded to M.A.Condon & Son, of Kentville,N.S., for construction of Wharf No. 1, at H.M.C.Dockyard, at approximately $169,000.

TORONTO, Ont. - - Contract was awarded to Redfern Constn.Co.,Ltd., of Toronto, at $23,970., for construction of a Recreation and Chapel Bldg. at Christie St.Hospital.

OTTAWA, Ont. - - Contract was awarded to H.A.Wickett Co., Ltd., of Toronto, at approximately $542,000., for the construction of Building No.8, Carling Ave.

OTTAWA, Ont. - - Contract was awarded to G.A.Crain & Sons,Ottawa, at approximately $6,000., for the construction of new areas and basement windows in Temporary Office Buildings, Nos.2 and 3, Wellington St.

ESQUIMALT, B.C. - Contract was awarded to Victoria Pile Driving Co., Ltd., of Victoria,B.C., at approximately $29,500., for the widening of the easterly portion of the South Landing Wharf at the Dry Dock.

OTTAWA, Ont. - - Contract was awarded to G.A.Crain & Sons, of Ottawa, at approximately $34,800., for the construction of an addition to the North East Wing of Temporary Office Bldg. No.1, Wellington St.

(over)

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WEST ST.JOHN, N.B. - Contract was awarded to Maritime Constn.Co.,Ltd., of Fairville,N.B., at approximately $8,500., for the construction of a Detention Unit at the Lancaster Hospital.

ST. JOHN, N.B. - Contract was awarded to Maritime Constn.Co.,Ltd., of Fairville,N.B., at approximately $7,800., for the surfacing and extension of roads and parking space at the Quarantine Station.

ESQUIMALT HARBOUR, B.C. - Contract was awarded to James McDonald Constn. Co.,Ltd., of Victoria, at approximately $7,500., for the construction of Mooring Dolphins and Floats at Inskip Island.

OTTAWA, Ont. - Contract was awarded to Ross-Meagher Ltd., of Ottawa, at approximately $294,931., for the construction of an Annex to the Civic Hospital (for use by Dept. of Pensions and National Health Dept.).

OTTAWA, Ont. - Contract was awarded to Patterson Constn.Co.,Ltd., of Ottawa, at approximately $13,500., for the construction of a temporary building in Court "A" for the National Research Council.

STE. ANNE DE BELLEVUE, P.Q. - Contract was awarded to Charles Duranceau, of Montreal, at approximately $30,800., for the construction of a sewer at the Military Hospital.

OTTAWA, Ont. - Contract was awarded to Alex. I. Garvock, Ltd., of Ottawa, at approximately $77,000., for the construction of a temporary office building for the R.C.M.Police on the Mall, north of the Justice Building.

ESQUIMALT, B.C. - Contract was awarded to the McKenzie Barge & Derrick Co., Ltd., of Vancouver, at approximately $45,700., for the execution of dredging in the harbour.

OTTAWA, Ont. - Authority was granted to accept the offer of the H.A. Wickett Co.,Ltd., at approximately $106,000., for additional construction work in connection with their contract for No. 8 Temporary Office Building.

ROCKCLIFFE, Ont. - Contract was awarded to Wm. D'Aoust, of Eastview,Ont., at approximately $15,600., for the construction of an addition to the Scientific Laboratory, for the R.C.M.P.

ESQUIMALT, B.C. - Contract was awarded to Messrs. Knott & Jones, of Victoria, at approximately $99,000., for the construction of buildings, etc., for the temporary accommodation of Ships' Companies at the new Dry Dock.

(see next page)

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WINNIPEG, Man. - Contract was awarded to G.A.Baert, of St.Boniface,Man., at approximately $13,400., for the construction of Service Extensions, etc., at the Deer Lodge Military Hospital.

WINNIPEG, Man. - Contract was awarded to Bowyer-Boag Limited, of Winnipeg, Man., at approximately $9,700., for the construction and equipment of a new Pumping Plant at the Deer Lodge Military Hospital.

HALIFAX, N.S. - Contract was awarded to Roelofson Elev.Co.,Ltd., of Toronto, at approximately $4,300., for the supply and installation of an Elevator in the Rockhead Military Hospital.

OTTAWA, Ont. - Contract was awarded to A. E. Farley, of Ottawa, Ont., at approximately $41,000., for the construction of a tunnel and temporary buildings at the National Research Laboratories.

OTTAWA, Ont. - Contract was awarded to Hill-Clark-Francis Ltd., of New Liskeard,Ont., at approximately $310,000., for the construction of a Hostel for Civil Service Junior Women Employees.

ESQUIMALT, B.C. - Contract awarded to Victoria Pile Driving Co., Ltd., of Victoria,B.C., at approximately $16,600., for the construction of Floating Fenders for Merchant Ships in the Harbour.

ESQUIMALT, B.C. - Contract was awarded to the James McDonald Co.,Ltd., of Victoria, B.C., at approximately $4,000., for the construction of Dolphins at the Joint Services Magazine Landing Pier.

Due to Wartime restrictions placed on the use of fuel oil, contracts were awarded to make a change over from oil burning to coal burning equipment at the following places:

OTTAWA, Ont. - Contract awarded to Dragon Heating Co.,Ltd., of Montreal, at $5,400., for supply and installation of Mechanical Underfeed Stokers in the Daly Bldg.

OTTAWA, Ont. - Contract awarded to Dragon Heating Co.,Ltd., of Montreal, at $5,950., for supply and installation of Mechanical Underfeed Stokers in the Hunter Bldg.

VANCOUVER, B.C.- Contract awarded to Canadian Summer Iron Works Ltd., of Vancouver, at $6,500., for Mechanical Underfeed Stokers in the Shaughnessy Hospital (Military).

OTTAWA, Ont.- Contract awarded to Campbell Steel & Iron Works,Ltd., of Ottawa, at $14,000., for Coal Pulverizing and Burning Equipment for Central Heating Plant of National Research Laboratories.

(see next page)

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During the period under review, the authority of Council was obtained on several occasions for the purchase of office furniture and equipment, etc., detailed as follows:

$ 5,400. - Filing cabinets for Hollerith Cards for Adjutant General's Branch (Army Records).
10,000. - Steel Filing cabinets for distribution to various War Departments.
44,000.-- Desks, Tables, Chairs, for distribution to Government Buildings.
18,900. - Wooden Filing Cabinets for distribution among War Departments.
8,400. - Wooden Filing Cabinets for distribution to War Departments.
5,550. - Wooden Filing Cabinets for distribution to various War Departments.
7,600. - Tables, desks, chairs, etc., for Naval Service, Dept. of National Defence.
15,400. - Steel Filing cabinets for use by Army Records.

To satisfactorily meet the requirements for office space for the Military Headquarters District No.13, at CALGARY, Alta., the Traders Building at that place was purchased for the sum of $107,330.

Tenders have been received and are being considered for the following works:

LUNENBURG, N.S. - Supply and installation of a derrick on the public railway wharf to handle engines in all smaller types of vessels, such as mine sweepers, whaling boats,etc., used on convoy work.

ESQUIMALT, B.C. - Construction of a Fender Wharf west of the Esquimalt Dry Dock Derrick Landing Wharf.

HALIFAX, N.S. -Addition to Administration Building, Camp Hill Military Hospital.

OTTAWA, Ont. - Physical Metallurgy Research Laboratory, - Construction for Dept. of Mines and Resources.

ROCKCLIFFE, Ont. - Construction of Residences for the R. C. M. Police.

(see next page).

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Public tenders are now being called for the undermentioned works:

ESQUIMALT, B.C. - Construction of an addition to the Ordnance Wharf.

HALIFAX, N.S. - Supply and installation of a 15-ton Crane.

The ordinary services of the Department in connection with the leasing and renovation of quarters, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, have been continued during the period under review.

Yours very truly,

J.M.Somerville,
Secretary.

Charles Vining, Esq.,
Chairman,
Wartime Information Board,
New Supreme Court Building,
Ottawa, Ont.

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CANADA

Copy for information of: Mr. Walter Turnbull,
Prime Minister's Office, Ottawa.

31-12-42.

J.M. Somerville,
Secretary,
Public Works Dept.

C182123

M. December 31, 1942.

SECRET

Charles Vining, Esq., Chairman, Wartime Information Board,
New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the month of December, 1942, I wish to report that contracts were awarded for works connected with the War at the following places:

OTTAWA, Ont. - Contract was awarded to Alex. I. Garvock, of Ottawa, at $52,200., for the construction of Building "C" at the Physical Metallurgy Research Laboratories, for Dept. of Mines and Resources.

ESQUIMALT,B.C.- Authority of Council was granted to place orders, totalling $54,600., approx., with the Canada Creosoting Co.,Ltd., and Timber Preservers Ltd., of North Vancouver and Burnaby,B.C., respectively, for the supply of creosoted piling which will be required in the construction of an Oiling Wharf proposed to be built at the Esquimalt Harbour for the Naval Service.

OTTAWA, Ont. - Authority of Council was granted to place an order, for $14,150., with the Canadian Public Booth Co., Ltd., of Arnprior, Ont., for the supply of filing cabinets required for distribution to various Government Departments. (500 cabinets).

The authority of Council is being asked for the acceptance of the tender of the F.W.McDougall Constn.Co., of Calgary, Alta., at approximately $64,000., for alterations to the Traders Building at that place, which building was recently purchased to provide office accommodation for the Military Headquarters District No.13.

Further consideration is being given to tenders received for the supply and fabrication, etc., of a 15-ton crane at Halifax for the Naval Service, and the public call for tenders for a 10-50 ton for the Naval Service at Dartmouth has been extended until early in January next.

(over)

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The construction of the No. 8 Temporary Building at the Experimental Farm, Ottawa, was practically completed and made available for occupancy, and the re-location thereto of several Government offices from congested centre town areas was begun. Among the many offices that will be so transferred are the Director of Censorship, National Defence Records Branch, Inspection Board of United Kingdom and Canada, etc., etc.

The ordinary services of the Department, all of which were required in connection with the War effort, were continued during the period under review.

J. M. Somerville,
Secretary.

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2556-213

Copy for Mr.Walter Turnbull, Prime Minister's Office.

CM

August 20, 1943.

C182125

FROM: DEPARTMENT OF PUBLIC WORKS.

SECRET

The Chairman, Wartime Information Board, New Supreme Court Bldg., Ottawa.

In respect to the War activities of this Department for the months of April, May, June and July, 1943, I wish to report that contracts were awarded for works connected with the war effort at the following places:

OTTAWA,ONT.- A contract was awarded to Ross-Meagher Limited of Ottawa, at $41,697, for the construction of a Processing Laboratory Addition to the Horticulture Building, Central Experimental Farm.

ST.JOHN HARBOUR,N.B.- Contract was awarded the St.John Dredging Co.Ltd., of East St.John, N.B., at approximately $102,340, for dredging in Courtenay Bay (dredging site of new fitting out wharf at St.John Dry Dock).

ESQUIMALT,B.C.- Contract was awarded the Northern Construction Company & J.W. Stewart Ltd., of Vancouver, at $277,421, for the construction of an addition and repairs to the Ordnance Wharf, H.M.C. Dockyard.

OTTAWA, ONT.- Contract was awarded Hill-Clark-Francis, Ltd. of New Liskeard, Ont., at $272,000, for the construction of Temp. Office Building for Wartime Prices and Trade Board.

TORONTO, ONT.- Contract was awarded Redfern Construction Co.Ltd., of Toronto, at $13,270, for extension to the Orthopaedic and Surgical Appliance Factory at Christie St.Hospital, for Dept. Pensions & National Health.

TORONTO, ONT.-Contract was awarded Bennett & Wright Ltd.of Toronto, at $28,712, for alterations to Heating System in Christie St.Military Hospital, for Dept.Pensions & National Health.

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STE-ANNE DE BELLEVUE,P.Q.- Contract was awarded Edouard Leger of Montreal, at $46,000, for construction of a new extension to the Nurses' Home at the Military Hospital, for Dept.Pensions & National Health.

MONTREAL, P.Q.- Contract was awarded J.J. Shea & Co.Ltd., at $8,050, for alterations on the 8th floor of the Customs Building, Montreal.

GASPE, P.Q.- Contract was awarded J. Ulysse Ste-Marie, of Beauport P.Q., at $99,941.45, for the construction of a Spur Wharf at Gaspe (Sandy Beahh).

LONDON, ONT.- Contract was awarded Redfern Construction Co.Ltd., of Toronto, at $283,700, for the construction of Occupational Colony Units Nos. 1 and 2, at the Westminster Hospital, for Dept.Pensions & National Health.

ST.JOHN, N.B.-Contract was awarded H. Davis of St.John, N.B., at $13,044, for alterations to building at 144 Union Street, St.John.

VANCOUVER,B.C.- Contract was awarded the Allan & Viner Construction Co.Ltd. of Vancouver, at $30,376, for construction of a Temporary Hospital Annex at the Shaughnessy Hospital.

LONDON,ONT.- Contract was awarded Panet Electric of Toronto, at $6,677, for supply and installation of Electric Wiring in Westminster Hospital.

ROCKCLIFFE,ONT.-Contract was awarded Patterson Construction Co.of Ottawa, at $40,517, for construction of Residences etc., for the R.C.M.P.

WINNIPEG,MAN.- Contract was awarded James Beaton & Sons, of Winnipeg, at $20,358, for interior alterations on the first and third floors of Dominion Public Bldg.

ST.JOHN, N.B.- Contract was awarded the Maritime Construction Co. Ltd., of Fairville, N.B., at $212,000, for construction of New Pavilion at Lancaster Hospital.

WINNIPEG, MAN.-Contract was awarded G.A. Baert, at $41,240, for construction of extension and alterations to New Clinical Wing, Deer Lodge Hospital.

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PORT HARDY, B.C.- Contract was awarded Todd Construction Co.Ltd. of Vancouver, at $29,740, for approach widening and construction of a shed and foundation, for Dept.of National Defence for Air.

MONTREAL, P.Q.- Contract was awarded J.J. Shea & Co.Ltd., of Montreal, at $17,200, for alterations to the Customs and Examining Warehouse, to provide accommodation for Income Tax Division.

MONTREAL, P.Q.- Contract was awarded Deakin & Stewart Ltd., of Montreal, at $11,672, for Alterations and Equipment for the X-Ray Clinic in the Old Examining Warehouse, for Dept.Pensions & National Health.

Satisfactory progress has been made on all these works. The ordinary services of the Department, such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, etc., all of which were required in connection with the War effort, were continued during the above mentioned period.

J.M. Somerville,
Secretary.

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Copy for Mr. Walter Turnbull, Prime Minister's Office.

2556-213

DEPARTMENT OF PUBLIC WORKS

C182128

CM

October 30, 1943.

SECRET

The Chairman, Wartime Information Board, New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the months of August, September and October, 1943, I wish to report that contracts were awarded for works connected with the War effort at the following places:

OTTAWA, ONT.- A contract was awarded R.Taylor & Son, at $7,945, for alterations to Laboratories of the National Film Board, Ottawa.

OTTAWA, ONT.- A contract was awarded Simard & Frere Cie, Ltee, at approximately $21,895, for construction of a Garage, Carpenters' Shop, etc., for the Printing Bureau at Ottawa.

METAGHAN, N.S.- A contract was awarded Clare Shipbuilding Co.Ltd., at approximately $20,111, for the widening of the Government Wharf.

STE.ANNE DE BELLEVUE,P.Q.- A contract was awarded Edouard Leger, of Montreal, at $6,183, for the construction of a Stores Building at the Ste.Anne De Bellevue Military Hospital.

TORONTO, ONT.-A contract was awarded the Dickie Construction Co. Ltd., of Toronto, at $11.685, for the construction of a Stores Building at the Christie St.Military Hospital, for Dept.of Pensions & National Health.

LONDON, ONT.- A contract was awarded the Frontenac Construction Co. Ltd., of Toronto, at $101,618, for the construction of an Infectious Unit at the Westminster Hospital, for Dept.of Pensions & National Health.

EDMONTON, ALTA.-A contract was awarded the F.W. McDougall Construction Co., of Calgary, at $16,250, for alterations to the Massey-Harris Building, for the Selective Service and Mobilization Board.

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NORTH SYDNEY, N.S.- A contract was awarded T.C.Gorman (Nova Scotia) Limited, of Halifax, at approximately $356,760, for improvements to the Railway Wharf.

LUNENBURG, N.S.- A contract was awarded Beacon Dredging Co.Ltd.of Halifax, at approximately $16,416, for dredging in front of the Lunenburg Foundry Wharf.

STE.ANNE DE BELLEVUE, P.Q.- A contract was awarded The Moulton Co. Ltd., of Montreal, at $12,000, for the installation of a boiler at the Military Hospital, for Dept.of Pensions & National Health.

HALIFAX, N.S.- A contract was awarded Standard Paving Maritime Ltd., at $9,729, for paving, etc., at the Camp Hill Hospital for Dept.of Pensions & National Health.

LONDON, ONT.- A contract was awarded the Redfern Construction Co. Ltd., of Toronto, at $78,700, for the Sewers, Fire Mains and Water Services and Steam Mains at the Westminster Hospital, for Dept. of Pensions & National Health.

OTTAWA, ONT.- A contract was awarded H.A. Wickett Co.Ltd., of Toronto, at $332,557, for construction of Addition No.2 and Alterations to Temporary Office Building No.8, Carling Avenue.

OTTAWA, ONT.- A contract was awarded Alex. I. Garvock Ltd., of Ottawa, at $63,500, for construction of a Temporary Extension to the Postal Terminal Building.

ST.JOHN HARBOUR,N.B.- A contract was awarded Marine Industries Ltd., of Montreal, for dredging channel and basin in Courtenay Bay.

GRANDE PRAIRIE, ALTA.- A contract was awarded Turner Donald Construction Ltd., of Grande Prairie, for the construction of an extension to the Public Building at Grande Prairie.

OTTAWA, ONT.- A contract was awarded the Dominion Sprinkler Co.Ltd., of Montreal, at $3,900, for the supply and installation of automatic sprinklers and fire alarm systems in quarters occupied by the National Film Board, corner of John and Sussex Streets.

SYDNEY, N.S.- A contract was awarded J.W. Stephens Limited, at $14,692, for the construction of a Security Control Examination Station for the R.C.M.P.

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Satisfactory progress has been made on all these works. The ordinary services of the Department, such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, and the testing of certain materials, all of which were required in connection with the War effort, were continued during the above mentioned period.

J.M. Somerville,
Secretary.

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Copy for Mr.Walter Turnbull, Prime Minister's Office.

2556-213

DEPARTMENT OF PUBLIC WORKS. C182131

January 14, 1944.

CM

SECRET

The Chairman, Wartime Information Board, New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the months of November and December, 1943, I wish to report that contracts were awarded for works connected with the War effort at the following places:

VANCOUVER, B.C.- A contract was awarded the Allan and Viner Construction Co.Ltd., of Vancouver, at $53,872, for work designed to augment fire protection for all buildings comprising Shaughnessy Hospital.

CANSO, N.S. - A contract was awarded C.R. MacDonald of Antigonish, and S.W. Hagerty of Monastery, at approximately $16,951, for repairs to wharf.

BALCARRES, SASK.- A contract was awarded the Harvey Lunam Construction Co. of Regina, at approximately $14,600 for the construction of a Detachment Building and Garage for the R.C.M.P.

HODGSON, MAN. - A contract was awarded R.Sigurdson of Winnipeg, at $12,178, for the construction of a Detachment Building and Garage for the R.C.M.P.

STE-ANNE DE BELLEVUE, P.Q.- A contract was awarded Concrete Construction Ltd., of Montreal, at approximately $669,000 for the construction of a Mental Infirmary Building at the Military Hospital.

NANAIMO, B.C. - A contract was awarded James McDonald Construction Co.Ltd., of Victoria, at $10,119, for the construction of repairs to the Assembly Wharf.

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WINNIPEG, MAN.- A contract was awarded G.A. Baert, of St.Boniface, at $407,241, for the construction of two Active Treatment Pavilions at Deer Lodge Hospital.

RIVIERE AU RENARD,P.Q.- A contract was awarded J.Ulysse Ste.Marie, of Beauport, P.Q., at approximately $198,868, for the reconstruction of the shore portion of the wharf.

OTTAWA, ONT. - A contract was awarded H.Dagenais of Ottawa, at $9,012, for alterations and additions to the existing building of the National Film Board.

HALIFAX, N.S. - A contract was awarded the Stewart Construction Co.Ltd., of Sherbrooke, P.Q., at $23,350, for the construction of a Stores Building at Camp Hill Hospital.

WINNIPEG, MAN.- A contract was awarded Fraser MacDonald & Co. Ltd., of Winnipeg, at $8,815, for the construction of a new extension to provide Nurses' Quarters at the Deer Lodge Hospital.

EDMONTON, ALTA.- A contract was awarded H.G. MacDonald & Co.Ltd., of Edmonton, at $444,444, for the construction of an annex to University Hospital.

Satisfactory progress has been made on all these works. The ordinary services of the Department, such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, and the testing of certain materials, all of which were required in connection with the War effort, were continued during the above mentioned period.

J.M. Somerville,
Secretary.

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Copy for Mr.Walter Turnbull, Prime Minister's Office.

2556-213

DEPARTMENT OF PUBLIC WORKS

C182133

CM

April 20, 1944.

SECRET

The Chairman, Wartime Information Board, New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the months of January, February and March, 1944, I wish to report that contracts were awarded for works connected with the War effort at the following places:

OTTAWA,ONT.- A contract was awarded W.G.Edge Limited, of Ottawa, at $11,994, for the supply and installation of Air Conditioning Equipment for the National Film Board in the Old Free Press Building, 225 Sparks Street.

LONDON,ONT.- A contract was awarded the Frontenac Construction Co.Ltd., of Toronto, at $123,475, for the construction of an extension to the Active Treatment Pavilion at the Westminster Military Hospital.

CAMPBELL RIVER,B.C.-A contract was awarded the Horie-Latimer Construction Co.Ltd., of Vancouver, at approximately $12,395, for wharf repairs and float renewal.

OTTAWA,ONT.- A contract was awarded H.Dagenais, of Ottawa, at $14,450, for the construction of a second storey on the Laboratory of Hygiene Building, John and Sussex Streets.

SAINT JOHN,N.B.-A contract was awarded H.Davis, of Saint John, at $11,700, for alterations and additions on the third and fourth floors of the New Post Office Building.

DARTMOUTH,N.S.-A contract was awarded J.P.Porter & Sons,Ltd.,of Montreal, at approximately $16,810, for dredging along the inner side of the extension to the French Cable Wharf.

LIVERPOOL,N.S.-A contract was awarded J.P.Porter & Sons,Ltd.,of Montreal, at approximately $35,375, for dredging in front of the Thompson Bros.Machinery Company's

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wharf and the Marine Railway Slip.

STE.ANNE DE BELLEVUE,P.Q.-A contract was awarded the Frank Ross Construction Ltd.of Outremont, P.Q., for the supply and installation of New Fire Mains at the Military Hospital.

ESQUIMALT,B.C.- A contract was awarded Northern Construction Co. and J.W.Stewart Ltd.,of Vancouver, for reconditioning the First Graving Dock at the R.C.N.Dockyard.

STE.ANNE DE BELLEVUE,P.Q.-A contract was awarded Edouard Leger of Montreal, at $6,830, for the construction of fire walls between pavilions at the Military Hospital.

OTTAWA,ONT.- A contract was awarded H.Dagenais of Ottawa, at approximately $284,467, for the construction of an Administration Building and eight Pavilions at Rideau Health and Occupational Centre.

TORONTO,ONT.- A contract was awarded Bennett-Pratt Limited, of Toronto, at $33,080, for alterations to the third, fourth and fifth floors of the Johnston Building, 122 Front Street, West.

STE.ANNE DE BELLEVUE,P.Q.-A contract was awarded the Canadian Comstock Co.Ltd., of Montreal, at $14,770, for the supply and installation of an Electrical Distribution System at the Military Hospital.

REGINA,Sask.-A contract was awarded Smith Bros.& Wilson,Ltd.,of Regina, at $231,847, for the construction of a New Pavilion at the General Hospital.

CALGARY,ALTA.-A contract was awarded W.C.Wells,of Wilkie,Sask., at $49,570, for the construction of an Addition to Veterans' Hospital.

Satisfactory progress has been made on all these works. The ordinary services of the Department, such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, and the testing of certain materials, all of which were required in connection with the War effort, were continued during the above mentioned period.

J.M.Somerville,
Secretary.

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Copy for Mr.Walter Turnbull, Prime Minister's Office.

2556-213

DEPARTMENT OF PUBLIC WORKS, CANADA C182135

CM

October 17, 1944.

SECRET

The Chairman, Wartime Information Board, New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the months of July, August and September, 1944, I wish to report that contracts were awarded for works connected with the War effort at the following places:

LONDON, ONT.- A contract was awarded T.J.Branton & Co., of London, at approximately $9,444, for the construction of Roadways at Westminster Hospital.

ROCKCLIFFE,ONT.- A contract was awarded H.Dagenais of Ottawa, at approximately $20,000, for the construction of a Garage for the R.C.M.P.

HAMILTON, ONT.- A contract was awarded Richardson Construction Co., Ltd., of Toronto, at approximately $9,849, for the reconstruction of Quay Wall in front of H.M.C.S. "Star".

MAPLE CREEK,SASK.- A contract was awarded the Bennett & White Construction Co., Ltd., of Calgary, at $14,467, for the construction of a Detachment Building & Garage for the R.C.M.P.

OTTAWA, ONT.- A contract was awarded M.J.Sulpher & Sons Ltd., of Renfrew, Ont., at $56,207, for Sewerage Systems, Sewage Disposal Plant, Fire Mains and Domestic Water Services at the Rideau Health and Occupational Centre.

STE-ANNE DE BELLEVUE,P.Q.- A contract was awarded Deakin & Stewart, Ltd., of Montreal, at $14,070, for the construction of an Extension to the Stores Building at the Military Hospital.

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STE-ANNE DE BELLEVUE,P.Q.- A contract was awarded Edouard Leger, of Montreal, at $8,600, for Alterations and Addition to the Military Hospital.

TORONTO,ONT.- A contract was awarded E.S.Martin, of Toronto, at $39,400, for an Elevator Shaft and Elevator at the Christie Street Hospital.

LONDON, ONT.- A contract was awarded Babcock-Wilcox and Goldie-McCulloch, Ltd., of Galt, Ont., at $10,518, for a 100-k.w.steam turbine generator for the Westminster Hospital.

OTTAWA, ONT.- A contract was awarded Stanley Lewis Limited, of Ottawa, at $9,895, for the supply and installation of an Electrical Distribution System, including services to the Administration Building, the Treatment Building, the Unit Buildings, Ground Lighting, etc., at the Rideau Health and Occupational Centre.

OTTAWA, ONT.- A contract was awarded Viking Automatic Sprinklers Ltd., of Toronto, at $9,383, for the supply and installation of Automatic Sprinklers and fire alarm systems in the Wartime Prices & Trade Board (Sussex Street) Building.

TORONTO, ONT.- A contract was awarded the Redfern Construction Co., Ltd., of Toronto, at $2,887,000, for the construction of an Up-Patients Building, Neuro-Psychiatric Building, Boiler House, etc., in connection with the Hospital Development at Sunnybrook Park.

PORTAGE LA PRAIRIE,MAN.- A contract was awarded the Manitoba Engineering Co., Ltd., at $65,149, for the construction of a Pilot Flax Fibre Mill for the Department of Agriculture.

VANCOUVER,B.C.- A contract was awarded E.H.Shockley, of Vancouver, at $443,564, for the construction of the Col.Buell Memorial Wing and additional storey to Administration Building at Shaughnessy Hospital.

STE-ANNE DE BELLEVUE, P.Q.- A contract was awarded the Dominion Sprinkler Co.Ltd., of Montreal, at $86,000, for the supply and installation of Automatic Sprinklers and Fire Alarm Systems at the Military Hospital.

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ROCKCLIFFE, ONT.- A contract was awarded H.Dagenais, of Ottawa, at $15,600, for the construction of one pair of Residences for the R.C.M.P.

TORONTO, ONT.- A contract was awarded Central Bridge Co., Ltd., of Trenton, Ont., at approximately $296,000, for the supply and erection of the Structural Steelwork for the Active Treatment and Out-Patients Buildings in connection with the Sunnybrook Park Hospital Development.

TORONTO, ONT.- A contract was awarded the Redfern Construction Co., Ltd., of Toronto, at approximately $260,000, for the excavation, foundations and roadways in connection with the Sunnybrook Park Hospital Development.

STE-ANNE DE BELLEVUE, P.Q.- A contract was awarded Harold S.Kerr, Ltd., of Montreal, at $53,287, for the construction of a New Administration Building at the Military Hospital.

Satisfactory progress has been made on all these works. The ordinary services of the Department such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, and the testing of certain materials, all of which were required in connection with the War effort, were continued during the above mentioned period.

J.M.Somerville,
Secretary.

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In your reply refer to file
No. 2556-213

Department of Public Works, Canada

C182138

OFFICE OF THE SECRETARY

CM

OTTAWA, January 4, 1945.

Copy for Mr.Walter Turnbull, Prime Minister's Office.

SECRET

The Chairman, Wartime Information Board, New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the months of October, November and December, 1944, I wish to report that contracts were awarded for works connected with the War effort at the following places:

OTTAWA, ONT.- A contract was awarded Henri Dagenais, of Ottawa, at approximately $149,944, for the construction of a Treatment Building at the Rideau Health and Occupational Centre.

WINNIPEG,MAN.- A contract was awarded Schumacher-MacKenzie, Ltd., of Winnipeg, at $11,500. for the supply and installation of a Fire Alarm System for Deer Lodge Hospital.

STE.ANNE DE BELLEVUE,P.Q.- A contract was awarded Charles Duranceau Limited, of Montreal, at $8,873. for the construction of a Garbage Collection Building at the Military Hospital.

WINNIPEG, MAN.- A contract was awarded Vulcan Iron Works Ltd., of Winnipeg, at $52,964. for Boiler and Stoker Installations at Deer Lodge Hospital.

STE.ANNE DE BELLEVUE,P.Q.- A contract was awarded Metropolitan Electric Co.,Ltd., of Montreal, at $6,677. for an electrical distribution system in the transformer room of the New Administration Building at the Military Hospital.

KINGSTON,ONT.-A contract was awarded Thos.A.Andre, of Kingston, at $48,680. for alterations to the Women's Hostel Building.

P.W.D. 3

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OTTAWA, ONT.- A contract was awarded McLaughlin Bros.of Ottawa, at approximately $33,086. for the construction of a Water Main across the Rideau River from the south end of Main Street, Ottawa East, for the servicing of the Rideau Health and Occupational Centre on Smith Road, Gloucester Township.

LONDON, ONT.- A contract was awarded the L.C.Scott Construction Co., Ltd., of Toronto, at $475,000. for the construction of an Administration, Dining Room and Kitchen Building, Eight Pavilions and a Treatment Building in connection with the Health and Occupational Centre at the Westminster Hospital.

WAKAW, SASK.- A contract was awarded the Harvey Lunam Construction Co., of Regina, at $15,300. for the construction of a Detachment Building and Garage for the R.C.M.P.

HALIFAX, N.S.- A contract was awarded the Nova Scotia Construction Co., Ltd., of Halifax, at approximately $10,664. for the construction of a Temporary Storage Building at the Camp Hill Hospital.

HALIFAX, N.S.- A contract was awarded D.A.MacDonald of Moncton, at $8,000. for alterations to provide basement storage space below Ward "Q" at Camp Hill Hospital.

OTTAWA, ONT.- A contract was awarded the Patterson Construction Co., of Ottawa, at approximately $6,280. for the construction of an Ice House and Federal District Commission Garage at Rideau Hall.

WINNIPEG,MAN.- A contract was awarded the Dominion Construction Co., of Winnipeg, at $7,241.25, for the construction of a sewer, including two manholes, for the Power House at the Deer Lodge Hospital.

STE.ANNE DE BELLEVUE,P.Q.- A contract was awarded Charles Duranceau, of Montreal, at $28,000. for alterations and additions to the basement of the Dining Room of the Military Hospital.

HIGH RIVER,ALTA.- A contract was awarded Shoquist Construction Western Ltd., of Calgary, at $12,940. for the construction of a Detachment Building and Garage for the R.C.M.P.

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PETERBOROUGH,ONT.- A contract was awarded the Fried Construction Co., of Toronto, at $99,340. for alterations to the Men's Hostel Building.

GRANDE PRAIRIE,ALTA.- A contract was awarded Jas.C.Haddow, of Edmonton, at $17,160. for the construction of a Detachment Building and Garage for the R.C.M.P.

WETASKIWIN, ALTA.- A contract was awarded Bennett & White, of Edmonton, at $15,144. for the construction of a Detachment Building and Garage for the R.C.M.P.

Satisfactory progress has been made on all these works. The ordinary services of the Department, such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, and the testing of certain materials, all of which were required in connection with the War effort, were continued during the above mentioned period.

J.M.Somerville,
Secretary.

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Copy for Mr.Walter Turnbull, Prime Minister's Office.

2556-213

DEPARTMENT OF PUBLIC WORKS

C182141

CM

April 7, 1945.

SECRET

The Chairman, Wartime Information Board, New Supreme Court Building, Ottawa.

In respect to the War activities of this Department for the months of January, February and March, 1945, I wish to report that contracts were awarded for works connected with the War effort at the following places:

WINNIPEGOSIS,MAN.- A contract was awarded Randver Sigurdson, of Winnipeg, at approximately $15,203.50, for the construction of a Detachment Building and Garage for the Royal Canadian Mounted Police.

LONDON, ONT.- A contract was awarded the Sterling Construction Co., Ltd., of Windsor, Ont., at approximately $104,650. for the construction of a New Chapel and Library at the Westminster Hospital.

LONDON, ONT.- A contract was awarded Scott-Jackson Construction Ltd., of New Toronto, Ont., at approximately $38,108.95, for the supply and installation of a sewerage system, sewerage pump house, manholes, water mains, valves, valve chambers, tees and hydrants, etc., at the Health and Occupational Centre, Westminster Hospital.

TORONTO, ONT.- A contract was awarded Bennett-Pratt Ltd., of Toronto, at $65,160. for the construction of a Kitchen Extension at Christie Street Hospital.

OTTAWA, ONT.- A contract was awarded Alex. I. Garvock, Ltd., of Ottawa, at $46,775. for the construction of a Temporary Annex to the Records Storage Building.

TORONTO, ONT.- A contract was awarded L.C.Scott Construction Co. Ltd.,of Toronto, at $123,789. for the construction of four pavilions at the Health and Occupational Centre.

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WINNIPEG,MAN.- A contract was awarded G.A. Baert, of St. Boniface, Man., at $207,000. for the construction of a Boiler House and Utilities Building at the Deer Lodge Hospital.

LONDON, ONT.- A contract was awarded Donald A. Hills, of Toronto, at $8,538. for the supply and installation of an Electrical Distribution System at the Health and Occupational Centre.

VANCOUVER,B.C.- A contract was awarded Smith Bros. & Wilson Ltd., of Vancouver, at $579,172. for the construction of a Chest Unit at Shaughnessy Hospital.

OTTAWA, ONT.- A contract was awarded Alex. I. Garvock, Ltd., of Ottawa, at $80,475. for the construction of an Addition to Building "C" at the Physical Metallurgy Research Laboratories (Department of Mines and Resources) on Booth Street.

QUEBEC, P.Q.- A contract was awarded A. Deslauriers & Fils, Ltee., of Quebec, P.Q., at $409, 279. for the construction of a Temporary Office Building on Boulevard des Capucins.

TORONTO, ONT.- A contract was awarded Bennett & Wright Limited, of Toronto, at $18,776. for the supply and installation of a new boiler at the Veterans' Hospital, Christie Street.

Satisfactory progress has been made on all these works. The ordinary services of the Department, such as the leasing and renovating of office accommodation, the supply of furniture, office equipment, blue prints, photostats, and the testing of certain materials, all of which were required in connection with the War effort, were continued during the above mentioned period.

J.L. Somerville,
Secretary.

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N 305-32
1941

C182143

February 27, 1941.

MEMORANDUM FOR THE PRIME MINISTER:

Mr. J. B. Hunter, the Deputy Minister of Public Works, has called to bring to the Prime Minister's attention a situation which is arising with regard to new office space.

The Department of Munitions and Supply urgently need more space, and are asking for it in temporary Building No. 2, on Wellington Street. This building is at present occupied by the Assigned Pay and Dependents' Allowance Branch of the Department of National Defence, a branch which will itself greatly expand as the strength of the armed forces expands. To meet this situation, Mr. Hunter sees two alternatives:

1. that a new temporary building be erected at the corner of Preston and Carling Avenue, on vacant property at present owned by the Dominion Experimental Farm. Construction would take three months and cost approximately $300,000. The Assigned Pay and Dependents' Allowance Branch could be moved out there, where they would enjoy good bus and street-car service.

2. The Records Building at the Experimental Farm might be cleared and the space made available for the Dependents' Allowance Branch. Mr. Hunter believes that the records there could be transferred in blocks to rented storage space in local buildings, wherever it was found available. The estimated cost for remodelling the Records Building and paying a rental on storage space for the records at present lodged there, is $80,000, with the work taking about one month to complete.

Mr. Hunter is seeing Mr. Howe this morning to discuss this matter, which will presumably be before Council shortly. He wished the Prime Minister to be informed as to the facts, particularly regarding the Records Building.

W. J. T.

for copy see
P-200
1941

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OFFICE OF THE PRIME MINISTER C182144

MEMORANDUM

February 27, 1941

For Mr. Turnbull

Mr. Hunter, the Deputy Minister of Public Works, called me last night to explain the situation outlined in the attached memo. His purpose, I gather, is principally to have the facts before the Prime Minister for his information, when the matter comes before Council shortly for decision.

I assured Mr. Hunter that we would bring the matter to Mr. King's attention this morning, if at all possible. As stated, he is taking the matter up with Mr. Howe today.

W. P.

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MEMORANDUM

Office of the Prime Minister

Ottawa,.....

C182145

Mr. Heenfey:

For your information. I understand there is a recommendation before Council.

Mr Patterson file

Letter to Hunters

Dealwith along second alternative

Apt inf.

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C182146

OFFICE OF THE PRIME MINISTER

MEMORANDUM

For File:

The attached matter was taken up by Mr. Robertson with Mr. Ilsley, Mr. Isnor, the Mayor of Halifax, and War Assets. I spoke this morning to the Deputy Minister of Public Works, who assures me that the wishes of the City will be met in so far as Public Works is concerned.

J.W.P.

December 2, 1946

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MEMORANDUM

C182147

FROM J.H. Berry 102 No. 4 Bldg.

TO Mr. R.G. Robertson East Block

THIS FORM IS NOT TO BE USED AS A SCRATCH PAD

WAC 24

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C182148 P-20 1946

File : 012-13-5-4 D-34-11 1946

November 30, 1946.

E. P. Murphy, Esq.,
Deputy Minister,
Department of Public Works,
OTTAWA, Ontario.

Dear Mr. Murphy:-

Some controversy has arisen as a result of your Department requesting the permanent allocation of Building No. 1 known as the Industrial Building and located on property known as the Wellington Barracks, Halifax, N.S.

Briefly, it is my understanding that the entire property known as the Wellington Barracks was originally purchased by the City of Halifax for the sum of approximately $880,000. and was sold to the Crown during the war emergency for the sum of $225,000. The war emergency now being over, the City is very anxious to re-purchase the property and War Assets Corporation will arrange for the resale to the City at the price originally paid by the Crown plus 8% of the original cost of the temporary buildings erected on the property by the Crown during the war period.

This, to me, seems eminently fair and reasonable the war emergency now being over and, if at all possible, I would ask that your Department withdraw its request for the Industrial Building, so that the sale may be completed to the City.

The Mayor of the City is very willing to lease certain of the buildings to your Department, should you wish to make use of them but he feels very strongly that the title of the property should now return to the City.

From our point of view, it is very difficult to divide property which was constructed as an entity, as in most cases the property has common services (such as heating, sewers, etc.) and these services cannot be split up and sold separately.

I shall be glad if you will advise me of your decision in due course.

Yours very truly,

J. H. Berry,
President.

JHB/VW

cc: Mr. R. G. Robertson,
Secretary to the Prime Minister.

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Dept. agriculture
Dept. Finance
Dept. Public Works

CONFIDENTIAL C182149

Ottawa, September 20th, 1947.

D-10
(Personnel & Corps)

MEMORANDUM FOR THE PRIME MINISTER:

Re: space in the East Block

Pearson told me this morning of his conversation with you yesterday afternoon regarding the moves by Agriculture and Finance to make additional space available in the East Block, in accordance with the Cabinet decision first taken on July 18th, and confirmed on July 31st.

I have just been in touch with Murphy. He tells me that there was a misunderstanding on the part of the Agriculture Department as to the floors which they were to vacate for Finance. Public Works have made it clear to them, however, that they must make available the space which Finance had accepted as satisfactory. When Barton returns on Monday, Murphy will see to it that the moves are undertaken immediately, in accordance with the original understanding. He is to let me know if any further difficulty is encountered.

In the circumstances it seems unnecessary for you to intervene again. If there is any further delay, however, I shall prepare a letter for your signature to Mr. Gardiner.

24-9-47

A. D. P. H.

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CANADA

Dept. agriculture
Dept. Finance
Dept. Public Works

CONFIDENTIAL C182149

Ottawa, September 20th, 1947.

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C182150

Notes re. Department of Reconstruction

Scope and purpose of department set out in Speech from Throne

Three fields of post-war planning - each to be in charge of a department of government:

1. Demobilization, rehabilitation and re-establishment of armed forces under Dept. of Veterans' Affairs.

2. Social insurance under Dept. of Social Welfare.

3. "The reconversion of the economic life of the nation from a wartime to a peacetime basis, and its reconstruction in a manner which will provide useful employment for all who are willing and able to work" is the definition given by the Speech from the Throne to Reconstruction.

A Department of Reconstruction is to be established "to promote and co-ordinate planning for national development and post-war employment."

The scope of the planning required is indicated in the Speech from the Throne in these words:

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"The maintenance of full employment will require, in the period of transition from war to peace, a rapid and efficient conversion of war industries, the enlargement of markets at home and abroad, intensified research into new uses of our natural resources programmes of national and regional development, including housing and community planning."

Government steering a middle course between

(a) those who believe war is already practically won and all thought can be devoted to post-war planning, and

(b) those who insist that no thought should be given to post-war until military victory is achieved.

Balance needed:

1. First duty to win war as quickly as possible.
2. War effort can be strengthened by giving assurance to fighting forces and working forces that government is doing all it can to safeguard their future.

Planning for war itself involves planning for the post-war, e.g.

1. Veterans' problems such as pensions, hospitalization, rehabilitation, etc., began to emerge soon after war started; men being demobilized continuously from armed forces since early in the war.

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2. Industrialization to produce munitions of war will make Canada an industrial nation after the war: methods used to develop industry are helping to determine the future.

3. Financial policy with Victory bonds, compulsory savings, etc., is planning both for war and post-war.

Stages in development of Canada's post-war planning machinery in the field of Reconstruction:

December, 1939 - 1. Cabinet Committee on Demobilization and Rehabilitation established; General Advisory Committee of Civil Servants established to assist Cabinet Committee.

February 17, 1941-2. Scope of Cabinet Committee enlarged to include all phases of Reconstruction; followed immediately by the formation of the Committee on Reconstruction under the chairmanship of Principal James.

Sept. 2, 1941 - 3. "James" Committee given formal sanction by Order-in-Council.

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Jan. 23, 1943 - 4. Advisory Committee on Economic Policy charged with the task of planning and organizing the "investigation and study of post-war problems by departments and agencies of government".

"James" Committee became the Advisory Committee on Reconstruction on the same date.

Both Committees were responsible to the President of the Privy Council.

Sept. 24, 1943 - 5. "James" Committee presented final report recommending a Minister of Reconstruction Planning.

Jan. 27, 1944 - 6. Speech from Throne forecast establishment of a Department of Reconstruction.

Parliamentary interest in Reconstruction shown by Special Committees of House of Commons in 1942, 1943 and again this session: also by Senate Committee on Economic Re-establishment and Social Security in session of 1942.

Recommendations of Parliamentary Committees will serve as a chart for new department: certain recommendations reflected in the Bill itself.

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C182154

An Act to establish a

DEPARTMENT OF RECONSTRUCTION.

Explanatory Notes

on

the various sections.

Section 1 - Short title:

"The Department of Reconstruction Act, 1944."

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Reconstruction Department Bill.

Section 2: Definitions.

1. Comprehensive character of the definition of "industry" -
   includes all forms of economic activity.

2. Special attention may be directed to the broad definition of "reconstruction" with emphasis on:
   re-establishment;
   re-employment;
   re-organization of industry.

3. Importance of definition of the "period of reconstruction"

   Will extend from 3 to 4 years after the conclusion of hostilities with both Germany and Japan.

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Reconstruction Department Bill.

Section 3: Constitution of the Department.

Subsection (1) Provides for creation of department and appointment of Minister

(2) Provides for Deputy Minister

(3) Provides for the appointment of departmental staff "in the manner authorized by law" (i.e. Civil Service Act.)

Also provides for appointment of temporary staff by Order in Council.

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Reconstruction Department Bill.

Section 4: General Duties of the Minister.

1. To initiate and co-ordinate plans for consideration by the Cabinet.

2. After approval of plans, to provide for carrying out plans not within the province of any existing department and to co-ordinate the execution of plans involving more than one department. Will not carry out plans coming exclusively within an existing department.

N.B: On this section, it might be desirable to announce the intention to form a small Reconstruction Committee of the Cabinet to be presided over by the Minister.

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Reconstruction Department Bill.

Section 5: Duties of Minister (in greater detail)

(a) Survey of need for new employment and prospects of new employment.

(b) co-ordination of reconstruction activities of all Federal agencies.

(c) planning for:

industrial development and conversion;

public works and improvements;

housing and community planning;

research;

conservation and development of natural resources.

(For carrying out of plans see note on Section 4.)

(d) survey of plans for reconstruction of provincial and local authorities, private industry etc.

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Reconstruction Department Bill.

Section 6: Powers of the Minister.

(a) and (b) give Minister authority to obtain information needed for planning of reconstruction projects.

(c) provides for consultation with agricultural, industrial, and labour organizations and with technical and scientific bodies.

(d) permits the Minister to set up new committees or boards and to use existing agencies in formulating or carrying out reconstruction plans.

(e) authorizes the Minister to engage in conferences with provincial and local authorities and non-government associations to promote reconstruction planning.

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Section 7: Report to Parliament

An annual report to Parliament is a statutory obligation of most departments of government.

Section 8: Civil Service

Safeguards status of civil servants who may be transferred to the new department.

As the department is not permanent and as it will require the ablest staff it can assemble, it is important that civil servants taken into the department should not be penalized.

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Section 9: Regulations

(a) Enables the government to use Transfer of Duties Act to transfer agencies of government to the direct administration of the new department.

While new Department is not normally to be an administrative department, experience may show that it will be desirable in certain cases.

(b) Authorizes the government, on the advice of the Minister, to set up such boards or advisory bodies as experience may show to be necessary or desirable to promote reconstruction.

(c) A routine provision.

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Sections 10, 11 and 12: Offences

Section 10: Safeguards secrecy of information secured by the department to assist in reconstruction.

Section 11: Obliges persons and corporations to make information available to the Minister.

Section 12: Usual penalty clause.

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Section 13: Expenses of Administration

In the initial stages, the expenses of the Department will quite properly be met out of the War Appropriation, since the need for the department has been created by the war.

Subsequently, it is intended to provide special appropriations for reconstruction activities, perhaps a general appropriation to meet emergencies which may be anticipated in the period of reconstruction.

Section 14: Duration

The Department is not permanent. It will cease to exist at the close of the period of reconstruction, i.e. 3 to 4 years after close of hostilities.

(See Definition, Section 2)

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Department of Reconstruction will have responsibility of surveying the field of employment in agriculture, industry, commerce, transportation, the professions, etc., - of promoting and co-ordinating planning by business and by governments: local, provincial and national; and, in the federal field, of stimulating and co-ordinating the planning of all departments of government to meet post-war needs for employment.

Almost every department of government will have its share of responsibility for Reconstruction.

National Defence for the demobilization of the armed forces.

Veterans Affairs for the rehabilitation and care of veterans

Transport for civil aviation,
merchant shippings,
railways, etc.,

Public Works for public work projects.

Mines and Resources for the development of natural resources under Federal control

Trade and Commerce for the promotion of exports.

The above serve as examples - each of us can add to the list.

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C182165

Minister of Reconstruction is not intended to have authority over activities of other departments, but he is to have power to discuss with other Ministers the planning of their departments, to co-ordinate plans of various departments with one another; and with planning by industry and by provincial and local governments.

Minister will have two broad functions:

1. To see that plans are matured and brought before the government for consideration.

2. To facilitate the execution by other departments and agencies of policies adopted by the government in the field of reconstruction.

Minister will not himself decide plans; that will remain the function of the government.

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Employment is the keynote of the ~~reports of the~~ reports of the Special Committee on Reconstruction and Re-establishment (Turgeon Committee).

Objective of new department in a single word: EMPLOYMENT.

Department of Reconstruction will be the principal agency of the government in its effort to maintain "full employment" during the period of re-converting the economy from war to peace.

As it will be policy of government to maintain "full employment", the definition of that term is very important.

1. Full employment does not mean guaranteeing to everyone who is willing to work a job every day of the year, nor does it mean guaranteeing the same job at the same wages or salary - that would be impossible unless we are to abandon all change and all progress.

2. There will always be some unemployment both in seasonal occupations and in cases where men and women are changing over from one job to another, either from their own choice or because of shifts in production or changes in industrial activity.

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3. Full employment does mean the maintenance of the highest possible level of private employment through the positive encouragement (in a great variety of ways) of an expanding economy, coupled with a readiness to supplement private employment with the planned public undertakings which are required to keep up the level of employment.

The definition of "full employment" is the key to the functions of the new department.

Reconstruction involves much more than a public works programme, although public undertakings will necessarily have a large place, particularly during the period when industry is being re-converted to peacetime production.

Government does not contemplate that bulk of employment, much less all employment, will have to be provided by the state.

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Ottawa, February 14th, 1944.

MEMORANDUM FOR MR. CLAXTON AND MR. PICKERSGILL:

The Prime Minister confirmed, this morning, his direction that the present Bill for establishment of the Department of Reconstruction should not be considered by Council until it had been gone into carefully, and a recommended draft approved by him.

Mr. King wishes us to go over the present printed Bill together and, having in mind his views as to the nature of the department, amend the draft Bill accordingly.

At my suggestion the Prime Minister agreed that it would be well to consult Dr. Clark and Mr. Robertson.

Attached is a copy of the draft Bill and the draft Resolution.

We should, I think, meet on this question before long.

A. D. P. H.

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FEB 5 1944 C182169

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL

An Act respecting the Department of Reconstruction.

First reading, February , 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
321 1944

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C1821'70

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting the Department of Reconstruction.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Department of Reconstruction Act, 1944.*

INTERPRETATION

Definitions:

2. In this Act, unless the context otherwise requires:—

"Department".

(a) "Department" means the Department of Reconstruction;

"industry".

(b) "industry" includes merchandising, manufacturing, engineering, construction or building operations, the operation of public utilities, transportation and the production of all natural products including the products of farms, forests, mines and fisheries and also any other undertaking by any person including His Majesty in right of Canada or of any province requiring the employment of persons during reconstruction;

"Minister."

(c) "Minister" means the Minister of Reconstruction;

"order".

(d) "order" means an order of the Governor in Council made under this Act;

"reconstruction".

(e) "reconstruction" means the reorganization of industry and the re-establishment in civil life on demobilization of the men and women of the armed services in order to provide maximum production and full employment during and following the change over from wartime production of industry to peacetime production, and includes every undertaking by Dominion, provincial or municipal authority or by any corporation or other person which may contritute to such reorganization;

"regulation".

(f) "regulation" means a regulation of the Governor in Council made under this Act.

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C182171

Department of Reconstruction

Establishment of Department.

3. (1) There shall be a Department of the Government of Canada which shall be called the Department of Reconstruction over which the Minister of Reconstruction for the time being appointed by the Governor General by Commission under the Great Seal shall preside, and the said Minister shall hold office during pleasure and shall have the management and direction of the Department.

Deputy Minister.

(2) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Reconstruction, who shall be the Deputy Head of the Department and shall hold office during pleasure.

Officers and employees.

(3) Such other officers, technical assistants, clerks and servants as are necessary for the proper conduct of the business of the Department shall be appointed in the manner authorized by law, but the Minister may, with the approval of the Governor in Council, or as authorized by regulation, temporarily employ such technical or other assistants as he deems necessary in connection with any special work or investigation and provide for the payment of remuneration and travelling or other expenses or such assistants.

Salaries and expenses.

Authority of the Minister

Duties of the Minister.

4. It shall be the duty of the Minister, in order to effect, insofar as possible, continuous maximum production and employment during reconstruction:—

(a) to inform himself fully as to the numbers of men and women, and their skills and capacities, available for new employment during reconstruction;

(b) to make a survey of the employment requirements of industry during reconstruction;

(c) to make a survey of any work proposed to be undertaken for reconstruction by a Dominion, provincial or municipal authority or by a corporation or other person;

(d) to correlate all information obtained relating to plans for reconstruction;

(e) to advise and assist in connection with the preparation by any Dominion, provincial or municipal authority or by any corporation or other person of reconstruction plans and the carrying out of the same;

(f) to formulate plans for reconstruction for submission to any Dominion, provincial or municipal authority or corporation or individual best able, in the opinion of the Minister, to carry out the same;

(g) to co-ordinate the preparation and carrying out of reconstruction plans by departments and agencies of the Dominion Government.

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C182172

Powers of the Minister.

5. The Minister, to enable him to perform the duties imposed on him by this Act, may:—

(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council or as authorized by regulation, appoint a person to conduct any necessary inquiry and a person so appointed shall have the authority of a commissioner appointed under Part I of the *Inquiries Act*, and the provisions of the *Inquiries Act* shall apply in respect of any such inquiry;

R.S., c. 99.

(b) demand of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of industry, science and labour upon any question connected with reconstruction;

(d) inaugurate conferences of representatives of industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan;

(e) require any department or agency of the Dominion Government making or proposing to make any reconstruction plan to furnish him with such information as he deems necessary in connection therewith;

(f) recommend to any Dominion, provincial or municipal authority or to any corporation or other person plans for reconstruction;

(g) institute inquiry into the development of any national resources of Canada.

Report to Parliament.

6. The Minister shall annually submit a report to Parliament in such form as may be prescribed by regulation of the Governor in Council.

REGULATIONS

Orders and regulations.

7. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:—

(a) to transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to be presided over by the Minister and to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) to provide for the proper and efficient administration of this Act.

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C182173

Offences

Information not to be disclosed.

8. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

Offence.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

Refusing to comply with request of the Minister.

9. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister shall be guilty of an offence against this Act.

Penalty.

10. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

Expenses of Administration

Expenses.

11. The expenses of administration of this Act shall be met out of the War Appropriation or moneys appropriated by Parliament for the purpose.

Duration

Duration.

12. This Act shall continue in force until the end of the first session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan.

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C182174

Mr. King –

The resolution now before us (Order #6) uses the phrase: officers, clerks, and servants

But #7 and #8 read:

officers, clerks, and employees.

Is there any significance re the use of servants vs. employees?

Stanley St. Knowles

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C182175

PUBLIC BILLS AND ORDERS

NOTE.—The letters E.F. denote those printed and distributed in both languages when the Orders were printed; E, printed in English, F, in French.

1944

No. 60.
January 31—Second Reading of Bill No. 2, An Act to amend The Divorce Jurisdiction Act, 1930.—*Mr. Black (Yukon)*.—E.F.

No. 61.
February 2—Second Reading of Bill No. 3, An Act to amend The Canadian Wheat Board Act, 1935.—*Mr. Fair*.—E.F.

No. 62.
February 7—Second Reading of Bill No. 4, An Act to amend the Income War Tax Act (Communicating Information).—*Mr. Knowles*.—E.F.

No. 63.
February 15—Second Reading of Bill No. 5, An Act to revoke the Wartime Wages Control Order, 1943.—*Mr. Church*.—E.F.

No. 64.
February 24—Second Reading of Bill No. 6, An Act to amend the Railway Act.—*Mr. Church*.—E.F.

No. 65.
March 2—Second Reading of Bill No. 8, An Act to amend the Dominion Elections Act, 1938.—*Mr. Fair*.—E.F.

No. 66.
March 6—Second Reading of Bill No. 9, An Act to amend the Judges Act (Salaries of Judges).—*Mr. Knowles*.—E.F.

No. 67.
March 20—Second Reading of Bill No. 37, An Act to amend the Criminal Code.—*Mr. MacInnis*.—E.F.

No. 68.
March 29—Second Reading of Bill No. 52, An Act to amend the Judges Act.—*Mr. Church*.—E.F.

OTTAWA: Printed by EDMOND CLOUTIER, Printer to the King's Most Excellent Majesty, 1944.

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No. 5.

March 20—Second Reading of Bill No. 36, An Act to repeal the Water Meters Inspection Act.—*The Minister of National Revenue.*—E.F.

No. 6.

March 20—IN COMMITTEE OF THE WHOLE—The following Resolution:—

Resolved, That it is expedient to introduce a measure to establish a Department of Reconstruction with authority to formulate and co-ordinate reconstruction plans and carry out such plans during a certain number of years following the cessation of hostilities; to provide for the employment of officers, clerks and servants necessary for the proper conduct of the Department; and to provide for the proper and efficient administration of the Act.—*The Prime Minister.*

No. 7.

March 20—IN COMMITTEE OF THE WHOLE—The following Resolution:—

Resolved, That it is expedient to provide for a Department of Veterans' Affairs to replace in part the Department of Pensions and National Health and to assume the management and control of and to consolidate in such Department all matters not by law assigned to any other department relating to the care, treatment, training or re-establishment of members and former members of the armed forces and other persons and all such other matters as may from time to time be assigned; and to provide further for the appointment of such officers, clerks and employees as are necessary for the proper and efficient administration of the Act.—*The Prime Minister.*

No. 8.

March 20—IN COMMITTEE OF THE WHOLE—The following Resolution:—

Resolved, That it is expedient to provide for a Department of Social Welfare to include that part of the Department of Pensions and National Health not to be included in the Department of Veterans' Affairs and to assume the management and control of and to consolidate in such Department matters relating to the social security and welfare of the people of Canada as may from time to time be assigned to it; and to provide further for the appointment of such officers, clerks and employees as are necessary for the proper and efficient administration of the Act.—*The Prime Minister.*

No. 9.

March 20—IN COMMITTEE OF THE WHOLE—The following Resolution:—

Resolved, That it is expedient to bring in a measure for carrying into effect the Agreement for the establishment of a United Nations Relief and Rehabilitation Administration, signed on the 9th day of November, 1943, and to provide that interim expenditures not exceeding $10,000,000 for carrying out the said Agreement be defrayed out of moneys provided under The War Appropriation (United Nations Mutual Aid) Act, 1943, and that all other expenditures incurred in carrying out the said Agreement be defrayed out of moneys to be voted by Parliament.—*The Prime Minister.*

No. 10.

March 20—IN COMMITTEE OF THE WHOLE—The following Resolution:—

Resolved, That it is expedient to introduce a measure to amend the Judges' Act to provide for the salary of an additional puisne judge of the Exchequer Court of Canada.—*The Minister of Justice.*

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No. 11.

March 20—In Committee of the Whole—The following Resolution:—

Resolved, That it is expedient to introduce a measure to authorize the Minister of Public Works on behalf of His Majesty to enter into an agreement to pay to the Corporation of the City of Ottawa the sum of $100,000 for the year ending July 1, 1944.—*The Minister of Public Works.*

No. 12.

March 29—In Committee of the Whole—The following Resolution:—

Resolved, that it is expedient to introduce a measure to provide:

1. That sums not exceeding eight hundred million dollars ($800,000,000) be granted to His Majesty for the purpose of making war supplies available to any of the United Nations, other than Canada, and of fulfilling any obligations arising out of the United Nations Relief and Rehabilitation Agreement;

2. That the Governor in Council may determine the terms and conditions upon which such war supplies are made available to any of the United Nations and may require in certain cases payment or repayment in kind of property or reciprocal action or provision of supplies or other direct or indirect benefit as may be deemed appropriate;

3. That the Canadian Mutual Aid Board be authorized to carry out the purposes of this Resolution;

4. That the Governor in Council be empowered to raise by way of loan under the provisions of the Consolidated Revenue and Audit Act, 1931, such sum or sums of money not exceeding in the whole the sum of eight hundred million dollars ($800,000,000) as may be required for the purpose of defraying the expenditures herein mentioned and for purchasing or otherwise acquiring or procuring war supplies in Canada through the agency of the Minister of Munitions and Supply, the principal and interest of any such loan to be a charge upon and payable out of the Consolidated Revenue Fund.—*The Minister of Finance.*

No. 13.

March 29—Second Reading of Bill No. 64, An Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.—*The Minister of Finance.*—E.F.

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Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act ~~respecting~~ To establish a Department of Reconstruction.

First reading, March , 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
321 1944

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C182179

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL .

An Act respecting a Department of Reconstruction.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title

Short title.

1. This Act may be cited as *The Department of Reconstruction Act, 1944.*

Interpretation

Definitions.

2. In this Act, unless the context otherwise requires:—

"Department".

(a) "Department" means the Department of Reconstruction;

"industry".

(b) "industry" includes merchandising, manufacturing, trading, engineering, construction or building operations, the operation of public utilities, transportation and the production of all natural products including the products of farms, forests, mines and fisheries and also any other undertaking by any person including His Majesty in right of Canada or of any province involving the employment of persons during reconstruction;

"Minister".

(c) "Minister" means the Minister of Reconstruction;

"order".

(d) "order" means an order of the Governor in Council made under this Act;

"reconstruction".

(e) "reconstruction" means the re-establishment in civil life and re-employment on demobilization of the men and women of the armed services, re-establishment of persons released from war industries, and the reorganization of industry, in order to provide maximum production and full employment during and following the change over from wartime production of industry to peacetime production, and includes every undertaking by Dominion, provincial or municipal authority or by any corporation or other person which may contribute to such reorganization;

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EXPLANATORY NOTE.

The purpose of this Bill is to establish a Department of Reconstruction under the direction of a Minister of Reconstruction, who shall be responsible for preparing and co-ordinating plans and projects for reconstruction and making provision for carrying out such plans with the authorization of the Governor in Council.

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"regulation". *(f)* "regulation" means a regulation of the Governor in Council made under this Act;

"period of reconstruction". *(g)* "period of reconstruction" means the period beginning on April first, 1944, until the end of the Session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan.

Department of Reconstruction

Establishment of Department. **3.** (1) There shall be a Department of the Government of Canada which shall be called the Department of Reconstruction over which the Minister of Reconstruction for the time being appointed by the Governor General by Commission under the Great Seal shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister. (2) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Reconstruction, who shall be the Deputy Head of the Department and shall hold office during pleasure.

Officers and employees. (3) Such other officers, technical assistants, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law, but the Minister may, with the approval of the Governor in Council, temporarily employ such technical or other assistants as he deems necessary and provide for the payment of remuneration and travelling or other expenses of such assistants.

Duties of the Minister

Duties of the Minister. **4.** The Minister shall prepare, formulate and co-ordinate plans and projects for reconstruction, and, with the authorization of the Governor in Council, provide for the carrying out thereof.

Idem. **5.** It shall be the duty of the Minister:—

(a) to inform himself fully of the needs for new employment of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs as men and women are demobilized from the armed forces and as war production declines;

(b) to co-ordinate the actions of other departments and agencies of the Government of Canada for the purpose of ensuring that the transition from a wartime to a peacetime economy shall be effected as quickly and as smoothly as possible;

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(c) to formulate plans for industrial development and conversion, public works and improvements, housing and community planning, research and the conservation and development of natural resources, and with the authorization of the Governor in Council, to provide for carrying out such plans;

(d) to correlate information relating to plans for reconstruction.

Powers of the Minister.

6. The Minister, to enable him to perform the duties imposed upon him by this Act, may:—

(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council, appoint a person to conduct any necessary inquiry and a person so appointed shall have the authority of a commissioner appointed under Part I of the *Inquiries Act*, and the provisions of the *Inquiries Act* shall apply in respect of any such inquiry;

R.S., c. 99.

(b) require of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of primary producers, industry, science and labour upon any question connected with reconstruction;

(d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act;

(e) inaugurate conferences of representatives of primary producers, industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan.

Report to Parliament.

7. The Minister shall submit annually a report to Parliament in such form as may be prescribed by the Governor in Council.

Civil servants transferred from other Departments.

8. Any member of the Civil Service transferred to this Department from some other department shall not forfeit any rights because of such transfer and, on ceasing to be employed by the Department of Reconstruction for any reason other than misconduct, shall be eligible, without loss of seniority or pension or other rights, for assignment to a position in the Civil Service of the class held in this Department, or to any other position for which he may have qualified.

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REGULATIONS

Orders and regulations.

9. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:—

(a) to transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) to provide for the proper and efficient administration of this Act.

OFFENCES

Information not to be disclosed.

10. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

Offence.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

Refusing to comply with request of the Minister.

11. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister, shall be guilty of an offence against this Act.

Penalty.

12. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

EXPENSES OF ADMINISTRATION

Expenses.

13. The expenses of administration of this Act and any other expenditures to be made by the Department or by any other department hereunder shall be met out of the War Appropriation or other moneys appropriated by Parliament.

DURATION

Duration.

14. This Act shall continue in force during the period of reconstruction.

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Memorandum for the Prime Minister.

re Bill to establish the
Department of Reconstruction

C182184

In general terms, the draft prepared by Mr. Claxton, Mr. Heeney and myself provides for a Department with a Minister and a Deputy Minister, whose functions can be generally comprehended in the phrase "Planning and Co-ordinating." In other words, it is not contemplated that in the first instance at any rate, the department should have administrative functions, although there is a provision in the draft that branches of other departments may be transferred to the Department of Reconstruction by the Governor in Council.

It is, however, envisaged that the main work of Reconstruction shall be performed by existing departments of the government, e.g. Mines and Resources, Public Works, Transport etc., by provincial governments and by private agencies, but that the Minister and Department of Reconstruction shall exercise a general supervisory and co-ordinating authority.

In order to make this authority effective, the Bill proposes that there shall be a Committee of the Privy Council to be known as the Reconstruction Board on the analogy of the Mutual Aid Board. This Board would consider all projects for expenditure on reconstruction by all departments. The Board would be presided over by the Minister of Reconstruction and would include the Minister of Justice, the Minister of Finance and whatever other minister was particularly concerned with the specific project. As the approval of the Board would be necessary before reconstruction projects were undertaken, this device would enable the Minister of Reconstruction to exercise the necessary supervision over all aspects of reconstruction and development in which the federal government was interested.

The Bill itself is comparatively simple and straightforward:

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C182185

Section 2 sets up the department.

Section 3 sets out the function of the minister.

Section 4 defines the minister's duties.

Section 5 sets out the powers of the minister.

Section 6 provides for an Annual Report to Parliament.

Section 7 establishes the Reconstruction Board.

Section 8 provides for the employment in the Department of Civil Servants from other Departments, and safeguards their rights.

Section 9 sets out the power of the Governor in Council to make regulations for the administration of the Act.

Sections 10, 11 and 12 define offences under the Act.

Section 13 makes provision for the expenses of carrying out the work of the department.

Section 14 provides for the duration of the department.

J.W.P.

7th March, 1944.

(In Book concerning Ministers salaries.

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C182185

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Section 13 makes provision for the expenses of carrying out the work of the department.

Section 14 provides for the duration of the department.

J.W.P.

7th March, 1944.

(re Bill concerning Unemployment Insurance.

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Memorandum for the Prime Minister. C182186

re Bill to establish the
Department of Reconstruction

In general terms, the draft prepared by Mr. Claxton, Mr. Heeney and myself provides for a Department with a Minister and a Deputy Minister, whose functions can be generally apprehended in the phrase "Planning and Co-ordinating." In other words, it is not contemplated that in the first instance at any rate, the department should have administrative functions, although there is a provision in the draft that branches of other departments may be transferred to the Department of Reconstruction by the Governor in Council.

It is, however, envisaged that the main work of Reconstruction shall be performed by existing departments of the government, e.g. Mines and Resources, Public Works, Transport etc., by provincial governments and by private agencies, but that the Minister and Department of Reconstruction shall exercise a general supervisory and co-ordinating authority.

In order to make this authority effective, the Bill proposes that there shall be a Committee of the Privy Council to be known as the Reconstruction Board on the analogy of the Mutual Aid Board. This Board would consider all projects for expenditure on reconstruction by all departments. The Board would be presided over by the Minister of Reconstruction and would include the Minister of Justice, the Minister of Finance and whatever other minister was particularly concerned with the specific project. As the approval of the Board would be necessary before reconstruction projects were undertaken, this device would enable the Minister of Reconstruction to exercise the necessary supervision over all aspects of reconstruction and development in which the federal government was interested.

The Bill itself is comparatively simple and straightforward:

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Section 3 sets out the function of the minister.

Section 4 defines the minister's duties.

Section 5 sets out the powers of the minister.

Section 6 provides for an Annual Report to Parliament.

Section 7 establishes the Reconstruction Board.

Section 8 provides for the employment in the Department of Civil Servants from other Departments, and safeguards their rights.

Section 9 sets out the power of the Governor in Council to make regulations for the administration of the Act.

Sections 10, 11 and 12 define offences under the Act.

Section 13 makes provision for the expenses of carrying out the work of the department.

Section 14 provides for the duration of the department.

J.W.P.

7th March, 1944.

JWP*JMC

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The Prime Minister - On next -

In Committee of the Whole - the following

Resolution:--

RESOLVED, That it is expedient to introduce a measure to establish a Department of Reconstruction with authority to formulate and coordinate reconstruction plans and carry out such plans during a certain number of years following the cessation of hostilities; to provide for the employment of officers, clerks and employees necessary for the proper conduct of the Department; and to provide for the proper and efficient administration of the Act.

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C182189

5th Session, 19th Parliament, 8 George VI, 1944

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting the Department of Reconstruction.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

Short title.

1. This Act may be cited as The Department of Reconstruction Act, 1944.

DEPARTMENT OF RECONSTRUCTION

Establishment of Department.

2. (1) There shall be a Department of the Government of Canada which shall be called the Department of Reconstruction over which the Minister of Reconstruction for the time being appointed by the Governor General by Commission under the Great Seal shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

(2) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Reconstruction, who shall be the Deputy Head of the Department and shall hold office during pleasure.

Officers and employees.

(3) Such other officers, technical assistants, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law, but the Minister may, with the approval of the Governor in Council, temporarily employ such technical or other assistants as he deems necessary and provide for the payment of remuneration and travelling or other expenses of such assistants.

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DUTIES OF THE MINISTER C182190

Object of the Minister.

3. The Minister shall prepare and co-ordinate plans and projects to provide maximum employment and production during the period of reconstruction, to conserve and use natural resources and to improve living conditions and standards.

4. It shall be the duty of the Minister:-

(a) to inform himself fully of the needs for new employment of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs as war production declines and as men and women are demobilized from the armed forces;

(b) to co-ordinate the actions of other departments and agencies of the Government of Canada so as to ensure that the transition from a wartime to a peacetime economy shall be effected as quickly and as smoothly as possible;

(c) to formulate plans for industrial development and conversion, public works and improvements, housing and community planning, research and the conservation and development of natural resources, and with the authorization of the Governor in Council, to assist in carrying out such plans.

(d) to correlate information relating to plans for reconstruction.

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Powers of the Minister

5. The Minister, to enable him to perform the duties imposed upon him by this Act, may:-

(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council, appoint a person to conduct any necessary inquiry and a person so appointed shall have the authority of a commissioner appointed under Part I of the Inquiries Act, and the provisions of the Inquiries Act shall apply in respect of any such inquiry;

(b) require of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of industry, science and labour upon any question connected with reconstruction;

(d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act;

(e) inaugurate conferences of representatives of industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan.

Report to Parliament

6. The Minister shall submit annually a report to Parliament in such form as may be prescribed by the Governor in Council.

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Reconstruction Board

7. (1) There shall be a Committee of the Privy Council to be known as the Reconstruction Board, composed of the Minister of Finance, the Minister of Justice, and the Minister of Reconstruction who shall act as Chairman.

(2) Proposals by departments and agencies of the Government to make capital expenditures on any of the objects set out in this Act and proposals involving financial assistance by the Department of Reconstruction, shall be submitted to the Reconstruction Board for its approval before being proceeded with.

(3) The Minister of the Department concerned in any application for approval of an expenditure shall sit with the Board as one of its members when such expenditure is under consideration.

Civil Servants

8. Any member of the Civil Service transferred to this Department from some other department shall not forfeit any rights because of such transfer and, on ceasing to be employed by the Department of Reconstruction for any reason other than misconduct, he shall be eligible for assignment to a position in the Civil Service of the class from which he was retired or to any other position for which he may have qualified without loss of seniority or pension or other rights.

REGULATIONS

Orders and Regulations

9. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:-

(a) to transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) to provide for the proper and efficient administration of this Act.

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OFFENCES

Information not to be disclosed

10. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

Refusing to comply

11. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister shall be guilty of an offence against this Act.

Penalty

12. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

EXPENSES OF ADMINISTRATION

Expenses

13. The expenses of administration of this Act and any expenditures to be made by the Department and approved by the Reconstruction Board shall be met out of the War Appropriation or moneys appropriated by Parliament for the purpose.

DURATION

Duration

14. This Act shall continue in force until the end of the ~~first~~ session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan which, for the purposes of this Act, shall be called "the period of reconstruction".

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C182194

Memorandum for the Prime Minister.

re Bill to establish the
Department of Reconstruction

In general terms, the draft prepared by Mr. Claxton, Mr. Heeney and myself provides for a Department with a Minister and a Deputy Minister, whose functions can be generally apprehended in the phrase "Planning and Co-ordinating." In other words, it is not contemplated that in the first instance at any rate, the department should have administrative functions, although there is a provision in the draft that branches of other departments may be transferred to the Department of Reconstruction by the Governor in Council.

It is, however, envisaged that the main work of Reconstruction shall be performed by existing departments of the government, e.g. Mines and Resources, Public Works, Transport etc., by provincial governments and by private agencies, but that the Minister and Department of Reconstruction shall exercise a general supervisory and co-ordinating authority.

In order to make this authority effective, the Bill proposes that there shall be a Committee of the Privy Council to be known as the Reconstruction Board on the analogy of the Mutual Aid Board. This Board would consider all projects for expenditure on reconstruction by all departments. The Board would be presided over by the Minister of Reconstruction and would include the Minister of Justice, the Minister of Finance and whatever other minister was particularly concerned with the specific project. As the approval of the Board would be necessary before reconstruction projects were undertaken, this device would enable the Minister of Reconstruction to exercise the necessary supervision over all aspects of reconstruction and development in which the federal government was interested.

The Bill itself is comparatively simple and straightforward:

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Section 2 sets up the department.

Section 3 sets out the function of the minister.

Section 4 defines the minister's duties.

Section 5 sets out the powers of the minister.

Section 6 provides for an Annual Report to Parliament.

Section 7 establishes the Reconstruction Board.

Section 8 provides for the employment in the Department of Civil Servants from other Departments, and safeguards their rights.

Section 9 sets out the power of the Governor in Council to make regulations for the administration of the Act.

Sections 10, 11 and 12 define offences under the Act.

Section 13 makes provision for the expenses of carrying out the work of the department.

Section 14 provides for the duration of the department.

J.W.P.

7th March, 1944.

JWP*JMC

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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HFA/AC
Feb. 18, 1944.

C182196

Comment on the draft Bill respecting the Department of Reconstruction

1. The definition of reconstruction is in terms of re-organization and re-establishment, and includes no reference to new industries or new enterprises.

2. What is more serious, the underlying concept of re-construction is utterly vague. No directive is mentioned which should govern the design for Canada's economic life. Indeed, there is no suggestion of any design or of any criterion or test by which the suitability of any enter-prise, whether public or private, can be judged.

The aim of reconstruction might be:
a. Full employment, or
b. The largest possible national income, or
c. A reasonably large national income to be secured with a minimum of exertion and a maximum of leisure, or
d. An economy that is as stable or depression-proof as possible.

There is no indication in the Act as to whether the Minister of Reconstruction is to concern himself at all with avoiding wasteful competition, avoiding the creation of industries vulnerable to foreign competition, or judging public works' projects by the probability of their adding in the long run to the national income available for taxation.

3. It is quite possible that the points mentioned in the last paragraph will be dealt with by the Minister introducing the Bill or that they will be avoided alto-gother. They have been mentioned as indicating a type of attack to which the Bill, without some policy directive, would be exposed.

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5th Session, 19th Parliament, 8 George VI, 1944.

C182197

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting the Department of Reconstruction.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

1. This Act may be cited as The Department of Reconstruction Act, 1944.

DEPARTMENT OF RECONSTRUCTION

2. (1) There shall be a Department of the Government of Canada which shall be called the Department of Reconstruction over which the Minister of Reconstruction for the time being appointed by the Governor General by Commission under the Great Seal shall preside, and the Minister shall have the administration and direction of the Department.

(2) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Reconstruction, who shall be the Deputy Head of the Department and shall hold office during pleasure.

(3) Such other officers, technical assistants, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law, but the Minister may, with the approval of the Governor in Council, or as authorized by regulation, temporarily employ such technical or other assistants as he deems necessary ~~in connection with any special work or investigation~~ and provide for the payment of remuneration and travelling or other expenses of such assistants.

AUTHORITY OF THE MINISTER

3. The Minister shall prepare and co-ordinate plans and projects to provide maximum production and employment, during the period of transition from war to peace, to conserve and use natural resources and to improve living conditions and standards.

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C182198

4. It shall be the duty of the Minister-

(a) to inform himself fully of the needs for new employment and of the skills of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs;

(b) to ~~recommend steps to correlate~~ co-ordinate the actions of other ~~government~~ departments and agencies of the Dominion Government so as to ensure that the ~~transfer from war to peace~~ transition from a wartime to a peacetime economy shall be effected as quickly and smoothly as possible;

(c) to advise and assist in the preparation by any Dominion, provincial or municipal authority, and, where requested, by any corporation or other person of reconstruction plans and the carrying out of the same;

(d) to formulate ~~proposals as to~~ plans for housing, community planning, ~~planning~~, public works and improvements, industrial development and conversion, research and the conservation and development of natural resources ~~for submission to any Dominion, provincial or municipal authority or corporation or individual;~~ the use of steel

(e) to co-ordinate the preparation and carrying out of reconstruction plans by departments and agencies of the Dominion Government;

(f) to ascertain the needs and opportunities for the development and conservation of forests, mines, lands and fisheries and initiate and co-ordinate projects for their conservation and use and to improve the production and distribution of primary products; unnecessary?

(g) to correlate all information obtained relating to plans for reconstruction.

5. The Minister, to enable him to perform the duties imposed on him by this Act, may:-

(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council or as authorized by regulation, appoint a person to conduct any

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necessary inquiry and a person so appointed shall have the authority of a commissioner appointed under Part 1 of the Inquiries Act, and the provisions of the Inquiries Act shall apply in respect of any such inquiry;

(b) demand of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of industry, science and labour upon any question connected with reconstruction;

(d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act;

(e) inaugurate conferences of representatives of industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan;

(f) require any department or agency of the Dominion Government making or proposing to make any reconstruction plan to furnish him with such information as he deems necessary in connection therewith;

6. The Minister shall annually submit a report to Parliament in such form as may be prescribed by regulation of the Governor in Council.

7. The Minister of Finance, the Minister of Justice, and the Minister of Reconstruction shall form a committee under the chairmanship of the Minister of Reconstruction, and expenditures and financial assistance for the purposes of this Act or by any department of the Government on public works or improvements or in the development or conservation of natural resources shall be subject to approval by such committee.

8. Notwithstanding anything in the Civil Service Act, the Civil Service Superannuation Act, or any other Act of the Parliament of Canada, a civil servant who is now or hereafter becomes an employee of the Department and who was at the time of his appointment a contributor under the provisions of the Civil Service Superannuation Act, shall

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continue as from the date of his appointment as aforesaid to be a contributor under the said Act; his service on the staff of the Department, in virtue of an appointment as aforesaid, shall be counted as service in the civil service for the purposes of the Civil Service Superannuation Act and he, his widow and children, or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position on the staff of the Department for any reason other than that of misconduct, he shall be eligible, in accordance with the regulations made under the Civil Service Act, for assignment to a position in the civil service of the class from which he was so retired or to any other position for which he may have qualified, or, in the alternative, to receive the same benefits under the Civil Service Superannuation Act as he would have been eligible to receive if he had been retired under like circumstances from the position in the civil service which he held immediately prior to his appointment to the staff of the Department.

REGULATIONS

9. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:-

(a) to transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) to provide for the proper and efficient administration of this Act.

OFFENCES

10. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

11. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister shall be guilty of an offence against this Act.

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12. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

EXPENSES OF ADMINISTRATION

13. The expenses of administration of this Act shall be met out of the War Appropriation or moneys appropriated by Parliament for the purpose.

DURATION

14. This Act shall continue in force until the end of the first session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan.

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C182202

122

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting the Department of Reconstruction.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:-

Short title.

1. This Act may be cited as The Department of Reconstruction Act, 1944.

DEPARTMENT OF RECONSTRUCTION

Establishment of Department.

2. (1) There shall be a Department of the Government of Canada which shall be called the Department of Reconstruction over which the Minister of Reconstruction for the time being appointed by the Governor General by Commission under the Great Seal shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister.

(2) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Reconstruction, who shall be the Deputy Head of the Department and shall hold office during pleasure.

Officers and employees.

(3) Such other officers, technical assistants, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law, but the Minister may, with the approval of the Governor in Council, ~~or as authorized by regulation~~, temporarily employ such technical or other assistants as he deems necessary and provide for the payment of remuneration and travelling or other expenses of such assistants.

DUTIES OF THE MINISTER

Object of the Minister

3. The Minister shall prepare and co-ordinate plans and projects to provide maximum employment and production during the period of reconstruction, to conserve and use natural resources and to improve living conditions and standards.

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Duty of the Minister.

4. It shall be the duty of the Minister:-

(a) to inform himself fully of the needs for new employment of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs as war production declines and as men and women are demobilized from the armed forces;

(b) to co-ordinate the actions of other departments and agencies of the ~~Dominion~~ Government of Canada so as to ensure that the transition from a wartime to a peacetime economy shall be effected as quickly and as smoothly as possible;

(c) to advise and assist any Dominion authority, and, where requested, any provincial or municipal authority, ~~or any corporation or individual~~ by the province in the preparation and carrying out of reconstruction plans;

(d) to formulate plans for industrial development and conversion, public works and improvements, housing and community planning, research and the conservation and development of natural resources for the use of any Dominion, provincial or municipal authority ~~or any corporation or individual~~;

(e) to correlate ~~all~~ information ~~obtained~~ relating to plans for reconstruction.

Powers of the Minister.

5. The Minister, to enable him to perform the duties imposed upon him by this Act, may:-

(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council ~~or as authorized by regulation~~, appoint a person to conduct any necessary inquiry and a person so appointed shall have the authority of a commissioner

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appointed under Part I of the Inquiries Act, and the provisions of the Inquiries Act shall apply in respect of any such inquiry;

(b) require of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of industry, science and labour upon any question connected with reconstruction;

(d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act;

(e) inaugurate conferences of representatives of industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan;

(f) require any department or agency of the Dominion Government making or proposing to make any reconstruction plan to furnish him with such information as he deems necessary in connection therewith;

Report to Parliament

6. The Minister shall annually submit a report to Parliament in such form as may be prescribed by regulation of the Governor in Council.

Recon-struction Board.

7. (1) There shall be a board known as the Reconstruction Board, composed of the Minister of Finance, the Minister of Justice, and the Minister of Reconstruction who shall act as Chairman.

(2) Proposals by departments and agencies of the Dominion Government to make capital expenditures on any of the objects set out in this Act and proposals involving financial assistance by the Department of Reconstruction, shall be submitted to the Reconstruction Board for its approval before being proceeded with.

(3) The Minister of the Department concerned in any application for approval of an expenditure shall sit with the Board as one of its members when such expenditure is under consideration.

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Civil Servants.

8. Any member of the Civil Service transferred to this Department from some other department shall not forfeit any rights because of such transfer and, on ceasing to be employed by the Department of Reconstruction for any reason other than misconduct, he shall be eligible for assignment to a position in the Civil Service of the class from which he was retired or to any other position for which he may have qualified without loss of seniority or pension or other rights.

REGULATIONS

Orders and Regulations.

9. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:-

(a) to transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) to provide for the proper and efficient administration of this Act.

OFFENCES

Information not to be disclosed.

10. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

Refusing to comply.

11. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister shall be guilty of an offence against this Act.

Penalty

12. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

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EXPENSES OF ADMINISTRATION

Expenses

13. The expenses of administration of this Act and any expenditures to be made by the Department and approved by the Reconstruction Board shall be met out of the War Appropriation or moneys appropriated by Parliament for the purpose.

DURATION

Duration

14. This Act shall continue in force until the end of the first session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan which, for the purposes of this Act, shall be called "the period of reconstruction". ~~The Act may be continued by act of Parliament and any of the boards, agencies or projects commenced in virtue of its provisions may be continued by the Governor in Council.~~

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C182207

Statement by the Prime Minister
on
Resolution re. Bill to establish
a Department of Reconstruction.

Topics suggested for inclusion.

1. The problem of Reconstruction
2. Three new departments of government forecast in resolutions on order paper
3. Scope of proposed Department of Reconstruction
4. Personnel of Department - Full-time Minister not contemplated immediately - Organization similar to U.K. Ministry of Reconstruction.
4. Financial appropriations for Reconstruction activities.

(Notes are attached on each of these topics.

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C182208

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The Problem of Reconstruction

"Reconstruction" has come to have a variety of meanings: need of some definition to see clearly what is involved in government's proposals.

"Reconstruction" in actual war zones connotes physical re-building of areas destroyed or devastated. Canada happily spared that problem.

"Reconstruction" can be used to include the whole problem of changing over the national economy and community from war making to peaceful pursuits.

In this wide sense Reconstruction would include Demobilization and Rehabilitation of Armed Forces and the provision of increased social welfare, through Health Insurance and Social Security measures, as well as what might be called "Economic Reconstruction."

By Economic Reconstruction is meant the transformation of industry from making war supplies to making goods for human consumption and restoring and increasing the capital equipment of the nation; together with the provision of employment for the two million men and women now engaged in war making either in the armed forces or in industry.

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C182209

The present Resolution is concerned with Reconstruction in the economic sense i.e. transforming the economy to provide full employment in peace time.

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C182210

Three New Departments Proposed.

The Speech from the Throne forecast three new departments to concern themselves with the three aspects of Reconstruction in the broadest sense as defined above.

Two of these departments will develop naturally out of the existing department of Pensions and National Health.

~~Resolutions are already on~~ the order paper ~~recommending~~ the establishment of:

1. Department of Veterans Affairs
2. Department of Social Welfare.

The third new department - to be known as the Department of Reconstruction will be entirely new: its purpose will be to act as a kind of economic general staff in planning for peace just as Department of Munitions and Supply has been an Economic General Staff in mobilizing industry for war.

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C182211

Scope of Proposed Department of Reconstruction

Full scope of proposed department will be indicated by the Bill: it is therefore preferable that the Bill should be introduced before scope is generally debated.

Intention, therefore, at Resolution stage, to give merely a general indication of scope

1. Department to be a planning and stimulating and co-ordinating agency, not an administrative machine.
2. Direct governmental action will in general be taken by the departments with ordinary jurisdiction in particular field in which action is planned, e.g. Mines and Resources, Transport, Public Works, Trade and Commerce, Agriculture, Fisheries, etc., etc.
3. New department is not intended either to supplant existing departments or to interfere in the execution of policies entrusted to them.
4. Provision is being made for transfer, under the Transfer of Duties Act, of specific agencies in case it is decided that some specific administrative activity should be entrusted to the new department.
5. In general, the function of the department of Reconstruction will be supervising co-ordination and planning:
   (a) of activities of existing departments of the federal government

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(b) of joint or co-operative Dominion-Provincial activities

(c) of governmental activities with private industry, particularly in the field of planning for maximum employment.

Briefly, the department is to have the primary responsibility of making plans to provide full employment after the war.

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C182213

Personnel of Department of Reconstruction

The proposed Department of Reconstruction ~~will~~ will be presided over by a Minister.

At least at the beginning, it is contemplated that the Minister will retain his present portfolio in addition to the new task.

This is necessary for two reasons:

1. Minister of Reconstruction, to be successful, will require the experience and the prestige possessed only by senior Ministers.

2. In the present critical stage of the war, it would not be desirable to make a change in any senior department directly related to the prosecution of the war.

It is proposed, however, to amend the Salaries Act to provide a salary for the Minister of Reconstruction so that, should circumstances justify a full-time Minister at a later stage - as they almost certainly will - the necessary provision therefor will have been made.

The Bill will also provide for a Deputy Minister and such other officers as may be required.

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C182214

The Canadian Department of Reconstruction will have a somewhat more formal organization than the Ministry of Reconstruction in the United Kingdom: the latter is hardly a department of government, at all. It is, in form, little more than a Minister's office.

Nevertheless, the broad design is the same, namely a small group of highly competent people, presided over by a Minister of the Crown, who will give general direction to all aspects of the government's planning for the reconstruction of a peacetime economy in Canada.

Necessarily the final authority in Reconstruction as in other aspects of government will be the Cabinet, but it is contemplated that a Reconstruction Committee of the Cabinet will be established under the chairmanship of the Minister of Reconstruction to give special attention to the solution of the problems of reconstruction.

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Financial Appropriations for Reconstruction

Provision will undoubtedly be made for some reconstruction activities in the ordinary estimates of the various departments such as Mines and Resources, Public Works, etc.

In addition it is contemplated that a special Reconstruction appropriation will be desirable, based on the same principle as the present War Appropriations, thereby providing a greater measure of flexibility in designing expenditures to meet emergent situations in the transformation from war to peace.

Such an appropriation is, of course, not expressly provided in the Bill setting up the department. It will have to be provided, in due course, by a special appropriation measure.

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C182216

Statement by the Prime Minister
on
Resolution re. Bill to establish
a Department of Reconstruction.

Topics suggested for inclusion.

1. The problem of Reconstruction
2. Three new departments of government forecast in resolutions on order paper
3. Scope of proposed Department of Reconstruction
4. Personnel of Department - Full-time Minister not contemplated immediately - Organization similar to U.K. Ministry of Reconstruction.
4. Financial appropriations for Reconstruction activities.

(Notes are attached on each of these topics.

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The Problem of Reconstruction

"Reconstruction" has come to have a variety of meanings: need of some definition to see clearly what is involved in government's proposals.

"Reconstruction" in actual war zones connotes physical re-building of areas destroyed or devastated. Canada happily spared that problem.

"Reconstruction" can be used to include the whole problem of changing over the national economy and community from war making to peaceful pursuits.

In this wide sense Reconstruction would include Demobilization and Rehabilitation of Armed Forces and the provision of increased social welfare, through Health Insurance and Social Security measures, as well as what might be called "Economic Reconstruction."

By Economic Reconstruction is meant the transformation of industry from making war supplies to making goods for human consumption and restoring and increasing the capital equipment of the nation; together with the provision of employment for the two million men and women now engaged in war making either in the armed forces or in industry.

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The present Resolution is concerned with Reconstruction in the economic sense i.e. transforming the economy to provide full employment in peace time.

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Three New Departments Proposed.

The Speech from the Throne forecast three new departments to concern themselves with the three aspects of Reconstruction in the broadest sense as defined above.

Two of these departments will develop naturally out of the existing department of Pensions and National Health.

Resolutions are already on the order paper recommending the establishment of:

1. Department of Veterans Affairs
2. Department of Social Welfare.

The third new department - to be known as the Department of Reconstruction will be entirely new: its purpose will be to act as a kind of economic general staff in planning for peace just as Department of Munitions and Supply has been an Economic General Staff in mobilizing industry for war.

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Scope of Proposed Department of Reconstruction

Full scope of proposed department will be indicated by the Bill: it is therefore preferable that the Bill should be introduced before scope is generally debated.

Intention, therefore, at Resolution stage, to give merely a general indication of scope

1. Department to be a planning and stimulating and co-ordinating agency, not an administrative machine.
2. Direct governmental action will in general be taken by the departments with ordinary jurisdiction in particular field in which action is planned, e.g. Mines and Resources, Transport, Public Works, Trade and Commerce, Agriculture, Fisheries, etc., etc.
3. New department is not intended either to supplant existing departments or to interfere in the execution of policies entrusted to them.
4. Provision is being made for transfer, under the Transfer of Duties Act, of specific agencies in case it is decided that some specific administrative activity should be entrusted to the new department.
5. In general, the function of the department of Reconstruction will be planning and co-ordination:
   (a) of activities of existing departments of the federal government

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(b) of joint or co-operative Dominion-Provincial activities

(c) of governmental activities with private industry, particularly in the field of planning for maximum employment.

Briefly, the department is to have the primary responsibility of making plans to provide <u>full employment</u> after the war.

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Personnel of Department or Reconstruction

The proposed Department of Reconstruction ~~will~~ will be presided over by a Minister.

At least at the beginning, it is contemplated that the Minister will retain his present portfolio in addition to the new task.

This is necessary for two reasons:

1. Minister of Reconstruction, to be successful, will require the experience and the prestige possessed only by senior Ministers.

2. In the present critical stage of the war, it would not be desirable to make a change in any senior department directly related to the prosecution of the war.

It is proposed, however, to amend the Salaries Act to provide a salary for the Minister of Reconstruction so that, should circumstances justify a full-time Minister at a later stage - as they almost certainly will - the necessary provision therefor will have been made.

The Bill will also provide for a Deputy Minister and such other officers as may be required.

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The Canadian Department of Reconstruction will have a somewhat more formal organization than the Ministry of Reconstruction in the United Kingdom: the latter is hardly a department of government, at all. It is, in form, little more than a Minister's office.

Nevertheless, the broad design is the same, namely a small group of highly competent people, presided over by a Minister of the Crown, who will give general direction to all aspects of the government's planning for the reconstruction of a peacetime economy in Canada.

Necessarily the final authority in Reconstruction as in other aspects of government will be the Cabinet, but it is contemplated that a Reconstruction Committee of the Cabinet will be established under the chairmanship of the Minister of Reconstruction to give special attention to the solution of the problems of reconstruction.

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Financial Appropriations for Reconstruction

Provision will undoubtedly be made for some reconstruction activities in the ordinary estimates of the various departments such as Mines and Resources, Public Works, etc.

In addition it is contemplated that a special Reconstruction appropriation will be desirable, based on the same principle as the present War Appropriations, thereby providing a greater measure of flexibility in designing expenditures to meet emergent situations in the transformation from war to peace.

Such an appropriation is, of course, not expressly provided in the Bill setting up the department. It will have to be provided, in due course, by a special appropriation measure.

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Reconstruction 22nd March, 1944.
GG/MG

C182225

MEMORANDUM FOR MR. PICKERSGILL

I attach a copy of a personal and confidential letter from Charles Ritchie describing a conversation with A.J. Baster, formerly an official of the I.L.O. and now working under the Minister of Reconstruction. The materials already sent from Canada House seem to make the formal establishment clear but we thought it useful to enquire whether any difficulties that had arisen were due to the character of the machinery in the United Kingdom or to other factors.

5 encl.

Copy sent to Mr. Chapdelaine

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OFFICE OF THE
HIGH COMMISSIONER FOR CANADA
CANADA HOUSE
LONDON, S.W.1.
17th March, 1944.

PERSONAL AND CONFIDENTIAL

Dear Hume,

As a result of the suggestion in your letter of the 29th February, I invited Baster to lunch with me with the object of eliciting his views about the functions of the Minister of Reconstruction's office. He was able to talk to me with the more freedom on the subject as he has very recently left that office in order to take up a position with UNRRA, but I rather doubt whether the impressions he passed on to me will be very useful in the Ottawa context, as most of the snags which he feels that Lord Woolton has run into have been due rather to the general political situation than to the machinery of Lord Woolton's powers.

Baster was quite clear that it would be impracticable to have the Minister of Reconstruction empowered to dictate to the heads of government Departments about their own work. He felt that this would be incompatible with the principle of departmental responsibility. He said that in creating the post of Minister of Reconstruction the Government had had in mind the ill-fated experiment at the end of the last war when a Ministry of Reconstruction was established under Lord Addison which started off with high hopes, and proceeded to attempt to do specific jobs which really belonged to other Government departments such as the Board of Trade or the Treasury, and ran into serious difficulties. The Ministry was, I believe, abolished in 1920 or 1921. Baster has promised to send me, and I hope to pass on to you, certain Government reports of those years which served as a warning to the present Government of the dangers of a Ministry of Reconstruction which attempted to interfere with the functions of Government departments. Lord Woolton's functions have not been ambitiously defined. He is, as you know, the Chairman of the Cabinet Committee dealing with reconstruction subjects in a general planning capacity, and he co-ordinates the programme of reconstruction projects with the other Ministers involved, but there appears to be no strict definition of his powers in relation to other Ministers. As far as the timing of plans is concerned his office acts as a centralising agency keeping one department in touch with what the other is doing and trying to gear the various departments involved in any specific reconstruction scheme up to a general timing progamme.

Baster felt that if difficulties develop over the work of the Minister of Reconstruction this will not be because his powers are inadequate. He also felt that while Lord Woolton's staff might be increased, it would be most inappropriate, and indeed difficult, to have a Ministry of Reconstruction. He said that in a job of this kind a great deal must depend on the personal prestige of the Minister. Jowitt and Greenwood had both, in his personal opinion, been weak Ministers. Lord Woolton, on the other hand, was a strong personality, and could bring a great deal of influence to bear. He was getting good support from the members of the War Cabinet and the Prime Minister.

Hume Wrong, Esq.,
Department of External Affairs,
Ottawa.

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At this point I asked Baster whether he thought that the Government were really planning to proceed to legislation on any outstanding issue of reconstruction while the European war was in progress, or whether they were not simply occupying themselves with preparatory planning, and the production of White Papers. Baster fully agreed that this was in fact, the case, and further agreed that therein lay the real difficulty about Lord Woolton's position. The Government, both for international and domestic reasons (along the lines outlined in my despatch No. 10_9 of 9th March) were not prepared at the present time to produce legislation on the great central questions of reconstruction policy, particularly land utilisation and the implementation of the Uthwatt Report.

Lord Woolton in the meantime was particularly interested in the Uthwatt Report and in drawing up legislation to implement its main recommendations. Sooner or later it looked as though he would find himself at variance with the Government on the fundamental question as to whether legislation should be introduced in Parliament on this question and on the social security issue.

In Baster's view the difficulties involved in Lord Wollton's position arise from an issue of Government policy and not from any snags in the machinery which has deliberately been kept simple and flexible.

Yours sincerely,

Charles

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

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FOR THE PRIME MINISTER:

re Bill to establish
Department of Reconstruction

Attached are the notes supplied by Mr. Turgeon for use in connection with the debate on the bill.

Mr. Turgeon also left a copy of his recent address to the Canadian Club of Toronto on Post-war Reconstruction, which is attached.

W. L. M. K.

March 25, 1944.

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J. G. Turgeon

Suggestions re Speech.

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The Speech from the Throne closing the 1943 Session mentioned the study given during the session by select committees of both houses to the problem of full employment after the war. The Speech then said "My ministers have given close attention to the recommendations of the select committees and to other investigations in the fields of post-war reconstruction and social security."

The report presented by me on June 23, 1943 referred to a previous report in which we said "the most immediate reconstruction problem confronting Canada is the creation of employment for and the proper settlement of men and women released from the armed forces, our merchant navy and our war industries.

The Speech from the Throne opening this Session has the following paragraph:-

> "While giving to the needs of the war precedence over all else, my Ministers are resolved that, so far as the future can be foreseen, Canada will be in a position to meet the difficult situations which will have to be faced when victory is won."

Our report strongly recommended studies and action designed to bring about utilization and conservation of natural resources to bring about post-war industrial development and settlement.

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We then stressed the need for the rehousing of our people and the elimination of slum conditions in cities, towns and rural areas. A paragraph in the Speech from the Throne opening this Session reads as follows:-

> "The maintenance of full employment will require, in the period of transition from war to peace, a rapid and efficient conversion of war industries, the enlargement of markets at home and abroad, intensified research into new uses of our natural resources, programmes of national and regional development, including housing and community planning."

Later on, the Speech said that "a measure to amend and supplement existing housing legislation will be introduced." In the meantime the Housing Administration has made arrangements in some communities for assistance in the building of individual homes (some of them pre-fabricated) which will go into the post-war period.

In that June report we urged the Government "to take the necessary steps either by the establishment of some body, to be organized under ministerial responsibility, or otherwise to provide for the carrying out of works such as those contemplated in the preceding portions of this report." The establishment of the Department of Reconstruction is a positive response to that recommendation.

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We accompanied this recommendation with the statement that "the chief and most immediate duty is to make certain of the State's ability to maintain full employment immediately following the end of the war when industry is being re-organized for peace-time work, and when men and women are being discharged from the armed forces and the merchant navy."

The wording of several sections of the Bill are identical in purpose with the wording of many sections of our two reports of last Session. The objectives of the new Department, therefore, will be the conclusions reached by the Committee in two Sessions of work and study.

Our last report expressed concern with the position of agriculture in the post-war world. We recommended immediate and constant study of agricultural markets, both domestic and international, by the Government and by secondary industry. We mentioned your statement that in the post-war period a floor will be put under prices of farm products, and pointed out that this would require a study of the cost of equipment and other things which farmers must buy and of the various factors that enter into such cost. We recommended that agriculture should be provided with new credit facilities. The Bill sets out consultation with representatives of primary producers (as well as with others) as one of the

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means of carrying out the Department's objectives; and an official statement in the House by the Department of Finance said that new agricultural credit arrangements were under consideration by the Cabinet. (The same statement was made with reference to financing arrangements for housing).

Our report also said "the relationship of agriculture to industry must be changed and improved. Industry must build to a greater extent than before upon agricultural research and must be prepared to advance potential production by providing extending markets. The possibility of establishing small industries in farming communities must receive proper study and consideration. All of this should be encouraged by positive governmental action."

The establishment of the Industrial Development Bank could have been built entirely on these suggestions and certainly could be so handled as to assist in the establishment of small industries in farming areas. It certainly is "positive governmental action." This Industrial Development Bank, the creation of agricultural credits, new financing arrangements for housing, the setting up of the Department of Reconstruction, the expressed desire in the Bill for co-operation with the provinces -- all of these things are essential steps in active response to the Committee's definite

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statement that "it is well within the power of governments and industry to maintain full employment for all Canadians during the period of transition from war to peace-time activities."

As pointed out before, our Committee welcomed the Prime Minister's statement with reference to floor prices under agricultural products. When he made that statement he was warning seriously against inflation. The continuance of the Government's successful battle against inflation will be absolutely necessary for the carrying out of the Committee's recommendations concerning full employment and decent living conditions during the transition period.

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Address by Gray Turgeon, M.P. C182234

to the Canadian Club

Toronto, February 21, 1944,

"POST-WAR RECONSTRUCTION"

****

The invitation to address the Canadian Club of Toronto is deeply appreciated by me. For some years, especially since the outbreak of war, I have had the privilege of speaking to Canadian Clubs in many parts of Canada from Vancouver to Halifax. I had the pleasure of organizing a Canadian Club 35 years ago in the little town of Hardisty, Alberta, and the honour of being that Club's first president.

Yet I feel that you have asked me here today largely because I happen to be Chairman of the House of Commons Committee on Reconstruction and Re-establishment. Therefore, I must warn you that at no time in my address will I be speaking for the Committee except when actually reading from reports presented by me to the House on its behalf. At all other times I shall be speaking for myself, although the views expressed by me might receive the approval of the Committee.

Work of the Reconstruction Committee.

May I first of all say a word concerning the Committee, and its members. We have made some definite, concrete recommendations which if carried out will add greatly to Canada's welfare during the first critical and the later post-war periods. I am happy to say that the speech from the Throne and other detached, specific governmental announcements indicate that some at least of our recommendations are being given serious study by the Cabinet. In this regard I call your attention particularly to the announcement that a ministry of Reconstruction will be created. We recommended that to the House of Commons last June.

Committee Limitations.

I am assuming that everyone here understands that under the constitutional practices of the British Parliamentary system neither a private member nor a Committee of the House may directly make a motion for expenditure of money. A Parliamentary Committee therefore can only 'urge' or 'recommend' that certain things be done or be given consideration. Before I finish I shall relate to you some of the recommendations made by us to the House of Commons, and also some of the things that in my opinion must be done if Canada is to proceed in the post-war period with the same degree of success that has met her efforts so far during the period of the war itself. But before reaching that I wish to express my deep appreciation of the manner in which all the members of our House of Commons Committee have carried on their work. The members of this Committee come from every part of Canada and are representative of all the large political parties in the House. Up to this moment all of them have kept in mind only the definite objectives of the Committee, and at no time whatever have political motives protruded themselves or party politics cast a shadow over our deliberations. And I'm happy for the opportunity of saying this to such an important body as the Toronto Canadian Club.

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New World-Order.

So far as Canadians are concerned, Post-war Reconstruction relates generally to the world at large, to the British Empire or Commonwealth and to Canada in particular. It is impossible for me or for anyone at this time to state in any definite, detailed terms what will be the conditions in various countries after the war is over. When speaking of a new world order, therefore, one can speak only in terms of general principles. I agree with Vice-President Wallace of the United States and others that we must strive for a collective security that will guarantee application of the Rule of Law in international relations with the same degree of certainty that we have now in domestic relations. And I agree with our Prime Minister, Mackenzie King, that we cannot secure collective security or an international application of the Rule of Law through the balancing of one Power Group against another, but only through the creation of "an effective international system inside which the co-operation of all peace-loving countries is freely sought and given." And I am sure that you will agree with me that the measure of Canada's continued armament and of our people's fear and dread of further military aggression will depend upon the nature and the degree of collective security that the world attains.

Canada's Influence at Peace Conference.

And there will be very little disagreement among us when I say that Canada's strength and influence as a sovereign state participating in post-war conferences of the United Nations will to a large extent depend upon the nature of her relationship with other members of the British Commonwealth, with the United States and all Nations of the two American continents, with Russia and China and to a very large extent - and I impress this upon you - to a very large extent upon the steps she will by then have taken to relieve her own people of the social and economic evils of the past. Only after Canada has taken such steps can she appear at post-war conferences with the world having full knowledge that the proposals of her representatives are endorsed by all classes of our people.

When planning for the future either in terms of reconstruction within our borders or in appraisal of Canada's influence in the future councils of the world, we must never fear to let our minds run back along the valley of the years that lie behind us. And looking backward we will see that our under-populated country has from time to time taken steps of far-reaching international effect.

Canada's Sovereignty Asserted at Versailles.

When the last war came to an end and it was necessary to consider terms of peace and to sign a treaty, Sir Robert Borden, then Prime Minister of Canada, rendered us great service and gave us true world standing when, against strong opposition, he demanded and secured international recognition for Canada separate and distinct from that given to the Mother Country. This new position of Canada made it possible for the people of the two neighbouring North American nations to realize that natural community interests - social, economic and commercial - could be developed properly without in the least sanctioning the violation by either side of the sacred political and national rights of the other.

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Canada's Seperate Declaration of War, 1939.

In addition to this, Sir Robert Borden's successful insistence upon our separate recognition at the conclusion of the first world war found further enunciation in later Empire Councils attended by Arthur Meighen and by Mackenzie King which brought about the Balfour Declaration and the Statute of Westminster, and eventually reached perfection of expression in Canada's separate declaration of war against Germany on September 10, 1939.

The Ogdensburg Agreement.

And the manner in which Canada made her declaration of war - and carried on her warfare - made it possible for Prime Minister Mackenzie King to secure help and co-operation from the United States - not then at war - through the Ogdensburg agreement which was of such marvellous help to both Canada and the people of the British Isles during the dark days when the British Empire stood alone in the dread fight against the then unimpaired might of the German war-machine. You will remember - though it seems far distant now - that the neutral world then wondered how long it would take Hitler to destroy the British Empire and enslave the peoples of the British Isles or force an ignominious peace upon them. And then like a gleam of sunlight in a stormy sky came Ogdensburg, in August, 1940. And flowing directly from that international, inter-American agreement which set up a joint Canada-United States Defence Board, there came in quick succession the United States-British exchange of bases and destroyers, the Lend-Lease Act, the Hyde Park Agreement, the occupation of Iceland by United States troops and the Atlantic Charter -- all before the United States came into the war following the dastardly attack upon Pearl Harbour by the Japanese, who struck partly because of the effectiveness of the United States help in our war against Germany, given to us so freely through Canada's intervention in spite of the isolationism that was then so strong in the land whose support we so badly needed.

Canada a World Power.

Since then, because of the effectiveness of our war effort - and especially because of the skill and the courage and the spirit of sacrifice of our fighting men on the waters of the world, and on the land, and in the air, Canada has become recognized as a world power and one of particular strength and influence with the smaller, weaker units of the United Nations.

I have given this brief history of the foundation and the strength of Canada's International and inter-Empire position simply to arouse thought because, now that war appears to be nearing its end, questions naturally arise concerning the conditions that should govern us in international and inter-Empire relations in the post-war world.

Human Rights.

But the greatest and most immédiate duty of those of us who have been given responsibility for post-war planning is to make certain of the social and economic strength and security of the Canadian people. And we must see to it that this security is based upon human rights which, in British lands, can be its only true foundation.

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War Is Far From Won.

But here I must warn you that the war is far from won. Unfortunately, thousands of good, young, promising Canadian lives will still be sacrificed for Canada before the war is over; and very much production will still be required from Canadian business men, Canadian labour and Canadian farms. And remember that we cannot win this war through a stalemate and a negotiated peace. If we do not win this war positively then we will not have much to say about the nature of the Reconstruction period. That will be determined for us by our enemies and by conditions utterly beyond our control. And I am not one of those who feel that this war is simply one of ideologies. I am realistic enough to know that we are fighting Germany and Japan; and that we must fight this war ruthlessly, with every killing and destructive element that we can bring to our help, until we have forced unconditional surrender upon the peoples of the nations against whom we are waging war.

After Dunkirk.

In this respect let me once more bring your minds to the earlier days of the war, after Dunkirk, when cities and towns, and men and women and little children of the British Isles were being blown to bits by German and Italian planes. What a blessing for Canada that Canadian fighting men, and men from other nations of the Commonwealth, were there to help! If Canada and other British nations had not declared war immediately upon the commencement of hostilities or if we had not sent our men overseas without delay after war's beginning, and if in consequence thereof the people of the British Isles had been destroyed and those Islands had become bases for German submarines and aeroplanes, what would be the position of this land of ours today?

In spite of the failure of the Germans to take the British Isles, in spite of the American occupation of Iceland, and the fortification of Newfoundland, the security of Canada was threatened by attacks along our coasts and up the St. Lawrence waterway. If the people of Britain had been beaten to their knees Canada would perhaps be another Holland or a Belgium. At any rate we Canadians would not be doing much work today in connection with Reconstruction, if the British Isles had fallen.

Natural Resources and Human Energy Our Only Strength.

But since they didn't fall and since we are determined to continue the war with all our might, we can give time and thought to the reconstruction of Canadian social, economic and national life when war is over. First of all may I point out to you that a country has nothing to work with except its natural resources and its human energy. We must admit even when we look back before the war and see the sad tragedy of the many failures that were ours, we must admit that Providence did everything for us that even Providence could be asked to do, because it endowed Canada with nearly everything that human energy requires in order to bring about production, to create and distribute wealth, to keep all our men employed and our women and children happy in their homes and schools,- and yet for a period of years we failed miserably until the coming of the war; and there is nobody to blame for the failure but ourselves and those in other lands who shared our helplessness, our lack of vision, our selfishness, and our disregard of human misery. Later on I shall translate this thought concerning the past into brighter and more pleasant thoughts of the future, because I am certain that we have learned good lessons both from the depression and from our experiences in the war.

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Committee Recommendations.

I shall read to you a few of the recommendations made by your House of Commons Committee on Reconstruction and Re-establishment. We made two reports to the House during the session of 1943. One was made last June and the other on the day the session closed, January 26, 1944. In the first report, after setting out the nature of our problems, we dealt with natural resources. In addition to other statements we said:

Natural Resources - their utilization and conservation.

"Canada abounds in natural resources, in all its provinces and in the Yukon and Northwest Territories. The proper utilization of our resources will provide both employment and opportunities for colonization and industrial development, through flood control, irrigation, reforestation, conservation of water, the exploration of mineral and oil deposits, the development of water power, and the provision of highway and railway transportation where required by settlers or by industry."

Inventory of Resources.

"Your Committee has positive knowledge of many sound, useful, national, provincial and municipal projects, involving flood control, power development, rural electrification, the provision of transportation facilities, and other projects some of them being of a self-liquidating character. Your Committee is of opinion that an inventory of all such projects, in all parts of Canada, should be put under way at once, so that the Government of Canada, the Canadian Parliament, and the various provincial governments may have complete information concerning:-

(a) the usefulness of each such project,
(b) the cost and the financing thereof,
(c) the materials used and the employment provided by the production of such materials.
(d) the extent and nature of industrial, agricultural or mineral development and employment such projects will provide."

Housing - Rural and Urban Slum Conditions.

With relation to housing we recommended as follows:-

"In many parts of Canada the rehousing of our people is an absolute post-war necessity. There are repulsive, unhealthy slum conditions in many of our cities, many of our towns and villages, and many of our rural farming areas. These slum conditions should be totally eliminated in the shortest possible time after the war. To make sure of this, authority should be taken by the Government to finance - or assist in the financing of - better homes for our people. In the opinion of your Committee the cost of home buildings, financed by or with the help of Government, and the payment for such buildings, should be related to the life thereof in terms of years, and should bear as low a rate of interest as possible."

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Prairie Farm Rehabilitation Act.

We recommended that the provisions of the Prairie Farm Rehabilitation Act, which has done so much good for parts of the Prairie Provinces, should be made available in all parts of Canada.

Canadians in War's Last Battles.

And we drew attention to a difficult situation confronting many of our fighting men in the following words:

> "Your Committee is anxious about the conditions that may confront the members of the armed forces who will be engaged in the final, decisive struggles of the war. Among other things, they will be the last to reach demobilization and, therefore, the last to be absorbed into the industry of the post-war period. We desire to be of every possible help to the General Advisory Committee on Demobilization and Rehabilitation which has this problem actively in hand, and to co-operate with them in a joint effort to reach a solution of this vital problem."

Agriculture.

Time will not permit me to read you more of this report nor very much of our latest report, though I shall give you some of it. We expressed our particular concern over the position of agriculture in the post-war world. We made some definite recommendations with reference to farming. One was that agriculture should be provided with new credit facilities, either through extension of the credit union system or in some other suitable manner. We urged an immediate and constant study of the question of markets both domestic and international. We urged the taking of whatever steps may be necessary to make sure that farmers are no longer forced to sell their products at an unfair and unreasonable price. We pointed out that this would mean a study of the cost of equipment and other things which farmers must buy and of the various factors that enter into such cost. We asked for a proper study of the possibility of establishing small industries in farming communities which would be based on agricultural production.

Co-operative Movement.

We asked for every possible assistance to the Co-operative Movement, in the fields of production and consumption and including the marketing of production.

Maritime Provinces - Their Economic Condition.

We made special reference to the economic condition of the Maritime Provinces with some definite recommendations relating thereto.

Full Employment Possible - Preference for Returned Men.

Our Committee dealt with many other matters and there is one that I wish particularly to read to you. It is as follows:-

> "Your Committee feel that it is well within the power of Governments and Industry to maintain full employment for all Canadians during the period of transition from war to peace time activities.

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"We urge:

1. That in all works carried out in preparation for, and during this period, and financed in whole or in part, directly or indirectly, by the Federal Government preference be given to members of the Armed Forces and the Merchant Navy, subject to possession of necessary qualifications.

2. That whenever possible such preference be extended so as to include industries from which materials and supplies are purchased for use in such works.

3. That wherever possible, such preference be granted by the Employment Service of Canada."

We repeated a former recommendation that every member of the Armed Forces and of the Merchant Navy is entitled to be assured that Parliament and Government will be prepared to do what lies within their power to prevent any recurrence of mass unemployment in Canada; and then we commented as follows:-

> "Your Committee is of opinion that those who are in the Navy, the Army, the Air Force and the Merchant Navy have not yet been given this assurance and that many of our Armed Forces and merchant seamen - both in Canada and abroad - are fearful of the conditions that may confront them when they are returned to civilian life."

We then strongly recommended that the Government should give such assurance to the members of the Navy, the Army the Air Force and the Merchant Navy.

Some Thoughts.

This brings our discussion to the point where it is my duty to tell you some of the things that in my opinion should be done. Perhaps it is because "distant fields look green", perhaps it is because our own condition in some ways is so hard to face, but somehow or other it generally seems to be more tempting to talk of a new "world-order" than of the needed improvements in our own position. But Canadians must remember that we will not be able to build a true part in international affairs unless we first make sure that our domestic affairs are in order. Our own people must be contented with Canadian life before we can contribute very much worthwhile to the life of the world beyond our borders. Keeping this in mind, I shall convey to you some thoughts which perhaps will not meet with your approval.

"Free Enterprise" in Danger.

The first thought is that "free enterprise" or "capitalism", call it what you wish, is fighting desperately for its life, and is in danger of destruction. Let me say here that I am a believer in free enterprise. There is nobody in all of Canada more opposed to socialism than I am. Yet I warn you that free enterprise may not survive the completion of the war, and certainly will not long survive it unless our people are assured that Governments and Industry will provide decent conditions of life when war is over.

People Have Decided.

What then is it that the people of Canada want? We have not been torn with such conflicts as the people of Europe nor broken with repression as the people of Russia before the

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Revolution. We are not revolutionists looking for change merely for the sake of change. We do not wish to break with democracy nor to give up our cherished freedom of action; but our people have decided, quietly perhaps, but quite definitely that never again will they or their children suffer from want as in days gone by. Scores of thousands of the men who are fighting this war for us, whether in the Armed Forces or in the Merchant Navy, suffered from hunger during the days of what we callously called the depression; and if because of youth they did not stand themselves in the lines of hungry men they remember the sufferings of their parents. Thousands of today's workers in our war industries also know the pangs of hunger. And many of these men and their relatives and dependents are fearful of the future. The tragic pre-war days of suffering and starvation and humiliation caused countless thousands of good Canadian people to lose all confidence and trust in political and industrial leaders, and even in our institution of Government itself. They feel - and who can blame them for the feeling - that no condition could be worse than that which, they have so often been told, was imposed upon them by what they call the "system".

Why Some People Will Accept Socialism.

Sometime ago when dealing with the effects of the air raids on the British Isles in a speech at Harvard University, Winston Churchill in the expression of a forceful thought affirmed "the superiority of man over the forces that can destroy him." May I say that man is superior to all destructive forces with the exception of those which shake his faith in God, destroy his trust in his fellow man and take away his confidence in himself. We cannot rise above the things that make us feel impotent. That is why so many thousands of Canadians are fearful of the "system". They have almost despaired of private enterprise and they wish to build up something all-powerful -- even an all-absorbing, socialist state that will dictate their every movement -- to come between them and the earning of a decent living. Therefore those of us who believe that the hunger of the early 30's was not necessary, who feel that it could and should have been avoided, who are against socialism, and who wish to apply the knowledge gleaned from war to our industrial, agricultural and other activities when war is done, those of us who feel thus must plan without fear in the positive knowledge that full employment can be maintained.

We Must Prepare Openly.

But we must prepare openly. Our intentions must be known. Our sincerity must not be doubted. Our ability to do the things we undertake must be realized by the Canadian people. Our plan must be comprehended, our programme accepted. We cannot succeed in our efforts to maintain full agricultural and industrial activity after the war unless the people of Canada believe us now. It is our duty to convince the people that we are in earnest, that we are confident, and that we are determined to succeed regardless of the price,- for no price can equal the suffering of a decade past and the humiliation and shame and degradation that went with it.

Credit Expansion.

There is much confusing talk today of money; of what it is, and what it can do and how it should be created. While speaking of money I warn against inflation. If inflation took possession of us during the period of transition it might be fatal to the things we have in mind. But I say to you now - speaking both of inflation and of the maintenance of full

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employment - that there is legitimate cause for an expansion of credit at any moment when we are threatened with lack of industrial production, and in consequence a lack of full employment. The circumstances of the times would determine whether this expansion of credit should be accompanied by adequate taxation or Government borrowing. To those who shrink from every suggestion of credit expansion may I point out that for many years in the season when our western wheat is harvested, there has been an expansion of credit so that the huge wheat crops can be bought and paid for and transported to the markets of the world. The analogy is not perfect. But the credit expansion for the selling of our wheat is a pointing of the way. And so I repeat -- if unemployment threatens -- production and consumption can be increased through credit expansion by the Central Bank. We lost that opportunity in the 30's, but we should determine that we will never let it pass again if the necessity should arise.

Labour.

We cannot speak of full employment without thinking of the position of labour in the field of secondary industry. I've never been able to understand the deep-rooted opposition to labour unionization and collective bargaining that so often prevails. The lately proclaimed order-in-council establishing a Wartime Labour Relations Board, and setting out the requisite regulations, has been generally well received both by Labour and by Industry. This is the most hopeful sign that has appeared on the industrial horizon for a long time. I hope the goodwill that's now apparent will extend into the days of Reconstruction when the pressure of the war will not be felt.

Fundamental Changes.

I hope this because in order to make certain of proper employment after the war, fundamental changes in our system will be necessary. There must be established, for instance, a new and true relationship between Industry and Government. But the term "Industry" must include not only capital and management, but also Labour,- and I mean Labour in its organized form. Industry is social and Labour is social. Community responsibilities attach to both, and the community responsibility of Labour can be fulfilled best when Labour is properly organized.

Cartels.

International cartels which control markets and rob the people of the legitimate benefits of inventions must be ruthlessly destroyed by Government.

Free Enterprise for the Ordinary Small Man.

I am in favour of free, competitive enterprise. But the ordinary man, the labourer, the farmer, and the small business man, are as much entitled to the benefits of free, competitive enterprise as those who invest money in large industrial operations. And may I point out here that in the past the farmer has not very often been given a proper return on his invested capital either in actual money return or in decency of living conditions. And in addition to invested money the farmer gives his whole life and that of his wife and children to his enterprise.

Our Complex Constitution.

You perhaps are wondering why I'm saying nothing of our complex constitution and the problems which it presents. Our constitution sometimes has been a stumbling block for reformers.

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C182243

It has national weaknesses because it permits a preying upon local prejudices; and it has democratic strength because it keeps much of our government close at home to our people. But, after all, the war has taught us that the way to reach an objective in spite of stumbling blocks is for the Canadian people to set their hearts upon the wanted goal. If the things that I am striving for are the things the people of Canada really want, I'm sure they will be obtained; for our democratic self-consciousness is now so aroused that our true objectives will be realized.

Human Dignity.

As the war comes gradually to a close let us all remember that the post-war reforms that some of us are asking for are all based on the doctrine of human rights and human dignity, derived from God, which no business and no State has the right to take away. The whole Axis strength is based upon a debasement of this human dignity and a denial of the rights of man. Man's true position in the world cannot be reached until Hitler and all his aides are crushed and their countries over-run by United Nations troops. But when the war is won man's true position must never again be denied him. And we Canadians must determine to make this true in Canada.

Conclusion.

In concluding may I speak of a matter that is dear to the heart of every member of this Canadian Club,- the place in Canadian post-war life of the members of our armed forces and the Merchant Navy who will still be with us when the war is done. How gladly the returning soldiers of the last great war were welcomed back, but how easily were they forgotten!

We paid tributes of words and monuments to the "memory of the immortal dead who brought us Honour and Peace". But in the days of peace we lost our honour and we dishonoured the memory of our dead by our treatment of their living ones at home and of their comrades who fought with them to the end, but came back home from the edge of the grave itself.

Human Values.

In the days between the wars we thought more of money and taxation than of human values. In our proud boastfulness of our attainments during the war, we forgot that the added glory that was ours rested upon a foundation of broken hearts and shattered lives and our immortal dead. Canadian Clubs and soldiers' organizations and churches, all of us must act together to make sure that this can never again take place. I once heard our Prime Minister say that he often asked himself whether he was worthy of the sacrifices of our youth in war. What a wonderful question! If only everyone in Canada would ask himself that question!

And when the heroes of this war come back let us remember it is not a matter of how much we owe them. We cannot owe them anything, because everything that we have is theirs. They have saved us and our institutions from destruction. They are our spirit. They are Canada itself. To those of them who return, and to the dependents of those who don't, all Canada's resources will be available so that they will have social security and a high standard of living through employment fitted to their skill and ability; and if because of the rigours of war they cannot work, then they must have the same social security and high standard of living through a proper system of pensions and allowances.

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Mr Turnbull

OFFICE OF THE PRIME MINISTER

for 212

MEMORANDUM

FOR THE PRIME MINISTER: C182244

re Bill to establish
Department of Reconstruction

Attached are the notes supplied by Mr. Turgeon for use in connection with the debate on the bill.

Mr. Turgeon also left a copy of his recent address to the Canadian Club of Toronto on Post-war Reconstruction, which is attached.

J. W. P.

March 25, 1944.

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Suggestions re Speech. C182245

The Speech from the Throne closing the 1943 Session mentioned the study given during the session by select committees of both houses to the problem of full employment after the war. The Speech then said "My ministers have given close attention to the recommendations of the select committees and to other investigations in the fields of post-war reconstruction and social security."

The report presented by me on June 23, 1943 referred to a previous report in which we said "the most immediate reconstruction problem confronting Canada is the creation of employment for and the proper settlement of men and women released from the armed forces, our merchant navy and our war industries.

The Speech from the Throne opening this Session has the following paragraph:-

> "While giving to the needs of the war precedence over all else, my Ministers are resolved that, so far as the future can be foreseen, Canada will be in a position to meet the difficult situations which will have to be faced when victory is won."

Our report strongly recommended studies and action designed to bring about utilization and conservation of natural resources to bring about post-war industrial development and settlement.

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We then stressed the need for the rehousing of our people and the elimination of slum conditions in cities, towns and rural areas. A paragraph in the Speech from the Throne opening this Session reads as follows:-

> "The maintenance of full employment will require, in the period of transition from war to peace, a rapid and efficient conversion of war industries, the enlargement of markets at home and abroad, intensified research into new uses of our natural resources, programmes of national and regional development, including housing and community planning."

Later on, the Speech said that "a measure to amend and supplement existing housing legislation will be introduced." In the meantime the Housing Administration has made arrangements in some communities for assistance in the building of individual homes (some of them pre-fabricated) which will go into the post-war period.

In that June report we urged the Government "to take the necessary steps either by the establishment of some body, to be organized under ministerial responsibility, or otherwise to provide for the carrying out of works such as those contemplated in the preceding portions of this report." The establishment of the Department of Reconstruction is a positive response to that recommendation.

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We accompanied this recommendation with the statement that "the chief and most immediate duty is to make certain of the State's ability to maintain full employment immediately following the end of the war when industry is being re-organized for peace-time work, and when men and women are being discharged from the armed forces and the merchant navy."

The wording of several sections of the Bill are identical in purpose with the wording of many sections of our two reports of last Session. The objectives of the new Department, therefore, will be the conclusions reached by the Committee in two Sessions of work and study.

Our last report expressed concern with the position of agriculture in the post-war world. We recommended immediate and constant study of agricultural markets, both domestic and international, by the Government and by secondary industry. We mentioned your statement that in the post-war period a floor will be put under prices of farm products, and pointed out that this would require a study of the cost of equipment and other things which farmers must buy and of the various factors that enter into such cost. We recommended that agriculture should be provided with new credit facilities. The Bill sets out consultation with representatives of primary producers (as well as with others) as one of the

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means of carrying out the Department's objectives; and an official statement in the House by the Department of Finance said that new agricultural credit arrangements were under consideration by the Cabinet. (The same statement was made with reference to financing arrangements for housing).

Our report also said "the relationship of agriculture to industry must be changed and improved. Industry must build to a greater extent than before upon agricultural research and must be prepared to advance potential production by providing extending markets. The possibility of establishing small industries in farming communities must receive proper study and consideration. All of this should be encouraged by positive governmental action."

The establishment of the Industrial Development Bank could have been built entirely on these suggestions and certainly could be so handled as to assist in theestablishment of small industries in farming areas. It certainly is "positive governmental action." This Industrial Development Bank, the creation of agricultural credits, new financing arrangements for housing, the setting up of the Department of Reconstruction, the expressed desire in the Bill for co-operation with the provinces -- all of these things are essential steps in active response to the Committee's definite

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statement that "it is well within the power of governments and industry to maintain full employment for all Canadians during the period of transition from war to peace-time activities."

As pointed out before, our Committee welcomed the Prime Minister's statement with reference to floor prices under agricultural products. When he made that statement he was warning seriously against inflation. The continuance of the Government's successful battle against inflation will be absolutely necessary for the carrying out of the Committee's recommendations concerning full employment and decent living conditions during the transition period.

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Memorandum for the Prime Minister

re: Financial Powers of Department of Reconstruction under proposed Bill

Section 4 - Sub-Section (c) - imposes on the Minister the duty "to formulate plans .... and with the authorization of the Governor in Council, to assist in carrying out such plans."

Section 7 - Sub-Section (2) - refers to "proposals involving financial assistance by the Department of Reconstruction" thereby implying that the department will have an appropriation from which to provide such assistance.

Section 13 - provides that "... any expenditures to be made by the Department ..... shall be met out of the War Appropriation or moneys appropriated by Parliament for the purpose."

Presumably Section 13 envisages that while the department is being established and pending a specific appropriation for Reconstruction, its expenditures shall be met out of the War Appropriation, but that a special appropriation will be made at the present Session to cover the programme of the department.

If politically feasible it would be desirable that the Reconstruction Appropriation should have two characteristics of the Mutual Aid Appropriation:

1) It should not be tied down to specific items, like ordinary estimates

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2) It should not expire at the end of the fiscal year but should be carried on for a long enough period to permit long-range planning of public works and developments.

The Bill as drafted appears to give all the powers required for spending by the department on whatever scale the government desires and Parliament approves.

J. W. P.

March 26, 1944

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P.M.O.
C-315
1944

FOR THE PRIME MINISTER P-652-2
1944

FOR COUNCIL: March 27th, 1944.

SUBJECT: Department of Reconstructinn Act.

REMARKS: Copy of draft Bill as circulated to Ministers attached;
Memorandum from Mr. Power attached;
The Prime Minister has memorandum from J.W.P. re financial provisions.

CONSIDERED BY COUNCIL: March 27th, 1944.

ACTION TAKEN: Council referred the Bill for further examination to a Cabinet Committee (Mr. Mackenzie, Convener, Mr. Power, Mr. Howe and Mr. St. Laurent) in the light of the criticisms offered by various Ministers. Revised Bill to be ready for introduction in the House immediately following Easter Recess.

DISPOSED OF: Mr. Mackenzie advised on March 27th, accordingly.

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C182253

OFFICE OF THE CLERK OF THE PRIVY COUNCIL

MEMORANDUM

March 28, 1944.

Mr. Turnbull

Mr. Turgeon's suggestions were considered by the Cabinet Sub-committee on the Department of Reconstruction Bill this morning which felt that certain changes being made in the Bill in the way of extension and insertion of definitions would meet in substance the points raised by Mr. Turgeon.

JRB

J.R.Baldwin

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Re Reconstruction Bill
suggestion by Mr. Laurent

(2) Ottawa, 25th March 1944

C182254

Memorandum to the Rt. Hon. W. L. MacKenzie King.

Subject: Bill.. An Act respecting the Department of Reconstruction.

I have taken the liberty of suggesting certain modifications to the Reconstruction Bill after consultation with Mr. St. Laurent.

The modifications consist:-

(1) In inserting definitions in the Act, and particularly a broad definition of Reconstruction;

(2) In defining the duties of the Minister as those concerned with reconstruction as defined;

Objection could be taken to the clause in the Bill which we have been studying as stressing employment to too great an extent. I believe the emphasis should be placed on Reconstruction generally, otherwise the Minister will be burdened with innumerable demands to relieve individual unemployment.

(3) Clauses 4,5 and 6 remain as is.

(4) Clause 7 is taken out altogether.

It could be argued (a) that the constitution of a Board of Reconstruction limits the authority and power of Privy Council, and on the other hand seriously restricts the authority of the Minister. It would be better it seems to me to set up by order-in-council a Body somewhat similar to that now mentioned in the Bill whose real duty it would be to act as a kind of an Arbitrator as between the Minister of Reconstruction and other Ministers with whose Departments he might have some dealing.

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The remainder of the Bill would be pretty much as submitted.

There might be and probably should be inserted in the Bill a provision whereby the Minister of Reconstruction would be empowered to spend a sum not exceeding one billion dollars during the period of reconstruction on projects of reconstruction either formulated by him or carried out by other Departments after allocation by him.

It could be said to the House that it was impossible to say how much would be required and certainly only a comparatively small portion of this amount would be required now and until the termination of the war, because it could not be spent anyway. That authority should be given so that the Minister might prepare plans, or rather a master Plan, to carry out the intention of Parliament.

Charles J. Power

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5th Session, 19th Parliament, 8 George VI, 1944

C182256

THE HOUSE OF COMMONS OF CANADA

BILL

An Act respecting the Department of Reconstruction.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title

1. This Act may be cited as THE DEPARTMENT OF RECONSTRUCTION ACT, 1944.

INTERPRETATION

Definitions:

2. In this Act, unless the context otherwise requires:-

"Department"

(a) "Department" means the Department of Reconstruction;

"industry"

(b) "industry" includes merchandising, manufacturing, engineering, construction or building operations, the operation of public utilities, transportation and the production of all natural products including the products of farms, forests, mines and fisheries and also any other undertaking by any person including His Majesty in right of Canada or of any province requiring the employment of persons during reconstruction;

"Minister"

(c) "Minister" means the Minister of Reconstruction;

"order"

(d) "order" means an order of the Governor in Council made under this Act;

"reconstruction"

(e) "reconstruction" means the reorganization of industry and the re-establishment in civil life on demobilization of the men and women of the armed services and the remobilization of persons released from war industries, in order to provide maximum

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production and full employment during and following the change over from wartime production of industry to peacetime production, and includes every undertaking by Dominion, provincial or municipal authority or by any corporation or other person which may contribute to such reorganization;

"regulation" (f) "regulation" means a regulation of the Governor in Council made under this Act;

"period of reconstruction" (g) "period of reconstruction" means the period beginning on April 1st 1944 until the end of the Session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan.

DUTIES OF THE MINISTER

Object of the Minister. 3. The Minister shall prepare, formulate and coordinate plans and projects for reconstruction.

Duties of the Minister 4. It shall be the duty of the Minister:-

(a) To inform himself fully of the needs for new employment of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs as war production declines and as men and women are demobilized from the armed forces;

(b) To co-ordinate the actions of other departments and agencies of the Government of Canada so as to ensure that the transition from a wartime to a peacetime economy shall be effected as quickly and as smoothly as possible;

(c) to formulate plans for industrial development and conversion, public works and improvements, housing and community planning, research and the conservation and development of natural resources, and with the authorization of the Governor in Council, to assist in carrying out such plans;

(d) to correlate information relating to plans for reconstruction.

Powers of the Minister 5. The Minister, to enable him to perform the duties imposed upon him by this Act, may:-

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(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council, appoint a person to conduct any necessary inquiry and a person so appointed shall have the authority of a commissioner appointed under Part 1 of the Inquiries Act, and the provisions of the Inquiries Act shall apply in respect of any such inquiry;

R.S., c.99

(b) require of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of primary producers, industry, science and labour upon any question connected with reconstruction;

(d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act;

(e) inaugurate conferences of representatives of primary producers, industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan;

Report to Parliament

6. The Minister shall submit annually a report to Parliament in such form as may be prescribed by the Governor in Council.

Civil servants transferred from other departments.

7. Any member of the Civil Service transferred to this Department from some other Department shall not forfeit any rights because of such transfer and, on ceasing to be employed by the Department of Reconstruction for any reason other than misconduct, he shall be eligible, without loss of seniority or pension or other rights, for assignment to a position in the Civil Service of the class held in this Department, or to any other position for which he may have qualified.

REGULATIONS

Orders and Regulations.

8. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:-

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(a) To transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) To provide for the proper and efficient administration of this Act.

OFFENCES

Information not to be disclosed

9. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

Offence.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

Refusing to comply with request of the Minister

10. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister, shall be guilty of an offence against this Act.

Penalty

11. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars,and, if a corporation, to a fine not exceeding five thousand dollars.

EXPENSES OF ADMINISTRATION

Expenses

12. The expenses of administration of this Act and any other expenditures to be made by the Department shall be met out of the War Appropriation or moneys appropriated by Parliament for the purpose.

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DURATION

duration

13. This Act shall ontinue in force during the period of reconstruction.

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C182261

House of Commons
Canada

Ottawa, Ontario.
March 24th, 1944.

Right Hon. W.L. Mackenzie King, M.P.,
Prime Minister of Canada,
Ottawa, Ontario.

Dear Chieftain:

I have sent Mr. Pickersgill a memo of suggested changes in the Bill creating the Department of Reconstruction. The Bill is good. My changes are designed to make it appealing to the electorate because they would more easily understand and appreciate the full intention of the Bill. In addition, while the authority which the Bill in its original form proposes to give to the Department is clearly expressed legally, the suggested changes, without unduly enlarging the scope of the new Department, pick up most of the thoughts expressed by the Committee on Reconstruction and Re-establishment in their reports to the House.

As you know, this Committee numbers 35, which is one-seventh of the House. So far I have been able to keep the Committee's attention directed to main objectives and all reports to the House have been accepted unanimously, in spite of the much-divided political complexion of the Committee. It is an excellent Committee and I feel sure the Bill as suggested would please most of them.

I have also sent him a memo showing attention given by the Cabinet to recommendations of the Committee on Reconstruction and Re-establishment as indicated in speeches from the Throne and official statements in the House during this session.

With kindest personal regards,

Yours faithfully,

Gray Turgeon

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Memo re Bill:

"An Act respecting the Department of Reconstruction"

Section 3. The Minister shall prepare and co-ordinate plans and projects to provide maximum employment and production during the period of reconstruction, to conserve and use natural resources, to expand communication services, to stimulate trade, to increase marketing facilities, to increase purchasing power, to promote a better-balanced national economy and generally to permanently improve living conditions and standards.

Sect. 4 (a) to inform himself fully of the needs for new employment of the men and women in the armed forces and merchant navy and in industry and of the opportunities that will be available to meet those needs as war production declines and as men and women are demobilized from the armed forces and the merchant navy.

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Section 4 (e) to recommend effective measures to prevent restriction and monopolistic industrial practices which limit production and employment or exploit consumers or workers.

Memo: Pg. 4: National Liberal Federation Resolutions.

also Prime Minister's speech Oct. 9/42 -- "Labour and the War"

Section 4 (f) to undertake with the co-operation of the Provincial Government a study of economic conditions in any province with the object of advising and helping in the taking of any steps that will bring about an improvement in the economic life of the people of the province.

Memo: Pg. iv of Reconstruction report of January 26/44.

Section 5 (b) demand of any person in Canada a return of information which the Minister may require relating to reconstruction;

Section 5 (c) consult with representatives of primary producers, industry, science and labour and with Dominion, Provincial and Municipal authorities upon any question relating to reconstruction or for the purpose of bringing about co-operation in any study or action relating to matters that come within the general terms of this Act;

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Section 5 (e) inaugurate conferences of representatives of primary producers, industry, science and labour as well as representatives of Dominion, Provincial and Municipal authorities upon any question relating to reconstruction or for the purpose of bringing about co-operation in any study or action relating to matters that come within the general terms of this Act;

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31st March, 1944. C182265
GG/MG

MEMORANDUM FOR MR. PICKERSGILL

Attached is a further letter from Mr. Ritchie to Mr. Wrong on the operation of Lord Woolton's office. It gives, I think, some useful information on the actual practice in the United Kingdom.

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Left of Reconstruction
re Operation of Lord Woolton's office

A.405/16/1 C182266

OFFICE OF THE
HIGH COMMISSIONER FOR CANADA
CANADA HOUSE
LONDON, S.W.1.

24th March, 1944.

Dear Mr. Wrong,

I had an opportunity to-day to have a talk with Mr. M.R. Metcalf, of Lord Woolton's office, which while it does not add much to what we had already gathered about the functions of the office, may be of sufficient interest to report to you.

Metcalf quite agreed with Baster and any other well informed people with whom I have talked about this subject, that no difficulty has arisen over inadequate machinery for dealing with the questions involved. He pointed out that ground plans for dealing with any specific aspect of reconstruction were worked out at meetings of the War Cebinet Committee on Reconstruction, of which Lord Woolton is Chairman. The committee consisted of all the members of the War Cabinet, with the exception of the Prime Minister and Mr. Eden. The difficulty is to secure a sufficient number of meetings of this Committee, owing to the heavy pressure on the time of the members of the War Cabinet. There is meeting weekly - every Monday - and it is hoped to increase these meetings to three or four a week. Other Ministers who are not members of the War Cabinet, but whose departments are involved in reconstruction plans, are called in to join in discussions in which their own department is involved, and are asked to produce detailed papers setting out the points of view of their own department.

Under the Ministerial Committee there is a Sub-Committee on Reconstruction composed of Government officials who, of course, do a great deal of the detailed work. Once plans have advanced beyond the blue-print stage and legislation is being drafted, Lord Woolton's office acts in a co-ordinating capacity. This means in practice that draft legislation dealing with different aspects of any reconstruction scheme, e.g. housing, would be drawn up in the various Government departments, that the drafts are gathered together and in many cases the final text of the proposed legislation drafted in Lord Woolton's office after further consultation with the departments. As is to be expected, Lord Woolton's office plays a much larger part in dealing with those subjects which do not already fall within the definite sphere of activity of a Government department. For instance, the very controversial White Paper on the Uthwatt Report on the utilisation of land is now occupying the attention of Lord Woolton and members of his staff.

Yours sincerely,
C.S.A. Ritchie

H. Hume Wrong,Esq.,
Department of External Affairs,
Ottawa.

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1.

OFFICE OF THE PRIME MINISTER

MEMORANDUM C182267

Department of Reconstruction

Implementing Speech from Throne

Matters of Policy. ~~The Government~~

(1) In a series of measures already planned ~~by~~ to ensure ~~maximum~~ employment ~~facilities~~ ~~employment~~ on the ~~Federal~~ level and ~~Provincial~~ ~~Municipal~~ ~~Railway~~ ~~Capital~~ Works already ~~planned~~ ~~Standpoint~~ ~~Economic~~ of 1926 - 1941 - ; (e.g. War Value)

(2) Series of steps already taken. e.g. Post-war planning

Bill to ~~amending~~ ~~a~~ include post-war ~~Veterans~~ Veterans Land Act, Veterans Insurance, Rehabilitation, Re-establishment in civil employment, Industries, Annuities, etc

Measures to provide an agency of the Federal Government which will ~~have~~ ~~power~~ ~~to~~ ~~carry~~ ~~out~~ ~~all~~ ~~such~~ ~~recommendations~~, co-ordinate effort, institute necessary measures of assuring necessary action

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The Belgian Ambassadress.
" Chinese " . (twice)
" Rev Dan Burnett. C182268
Mr R. Robertson.
" S. Heeney.
" W. Turnbull.
" H. B. L. Heeney
" J. Pickersgill.
" E. Pardy.
" Arthur King. (three times)
Mrs Ball. (twice)
" J. C. Patteson. (twice)
The Rev Mother Superior. Jeanne d'Arc. (twice)
Mr J. S. Nicol.

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C182269

House of Commons
Canada

20-6-44

Chieftain

You were very kind
in your reference to the
House Committee.
I know it will help
the Committee by keeping
up the numbers &c.

Gray

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C182270

The Right Honourable
The Prime Minister

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Urgent

C182271

Confidential

Memorandum for the Prime Minister.

re RECONSTRUCTION BILL

In reading over the debate I came across a passage in Mr. Quelch's speech, which might appropriately be referred to on section 13 of the Bill.

I have written out a reply in which I have tried to weigh every word very carefully. It really says nothing that you did not say to the A.F. of L. in Toronto, that Mr. Ilsley did not repeat to the Trades and Labour Congress in Quebec, that is not in the Liberal Federation Resolutions and (at least by implication) in the Speech from the Throne. In other words it is simply a statement of accepted government policy.

What I have tried to do is to phrase it in such a way that it will provide Liberals and others who are vaguely uneasy about what the demagogues call "orthodox finance" with a complete and Liberal answer to the "monetary magicians."

Some one is sure to raise the question of finance on section 13 and it might be better to anticipate the questions by making such a statement as soon as the section is called, if you feel that it is appropriate and would be helpful.

J.W.D.

24th June, 1944.

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C182272

Department of Reconstruction Bill

Clause 13.

I should like, on this section which relates to the financing of Reconstruction, to refer briefly to a passage in the speech delivered on Thursday last by the hon. Member for Acadia (Mr. Quelch). The passage, which will be found in the Unrevised Hansard of June 22nd at pages 4192 and 3, reads as follows:

> "For example, in 1940 shortly after Dunkirk when there was a good deal of fear throughout the country as to what the final outcome of the war might be, the Prime Minister then gave the country leadership by making a declaration in no uncertain terms that no financial restriction of any kind would be allowed to impede the war effort. The only limit to the war effort would be the men and materials that were available for executing a total war. I would urge the Prime Minister to make a similar declaration to-day, so that we shall know the framework within which reconstruction will be carried on, and so that this department may know along what lines reconstruction will be organized, so that the department may know that no financial restriction of any kind will be allowed to impede the post-war effort."

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I appreciate the reference the hon. Member made to the leadership I was able to give in 1940. I should like to point out the reason I was able to give such leadership with full confidence that it would be accepted. The reason was that the country was united in its resolve to prosecute the war to the utmost. Without national unity, such a pledge would have been but an idle boast.

In prosecuting the war, we have learned that there need be no financial limitation on what it is physically possible for the Canadian people to accomplish. The only limitation is their readiness to put forth the required effort.

The government's financial methods may not be those which some hon. Members advocate, but we are convinced that in peace time no less than in war, there need be no financial limitation on what it is physically possible for the Canadian people to accomplish, so long as they remain united in their willingness to make the necessary effort to achieve their goal.

After listening to the debate on the present Bill, I am more convinced than ever that the people of Canada are united in desiring to achieve the first objective of reconstruction. I refer, of course, to the maintenance of the highest possible level of useful employment for the Canadian people - or what is popularly called "full employment."

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The Canadian people, I believe, are substantially united in their desire to prevent the recurrence of mass unemployment and, what is more important, in their willingness to accept the measures required to prevent that evil. Believing that, I do not hesitate to say that so long as I remain at the head of the administration, and continue to enjoy the confidence of Parliament, no financial restriction will be allowed to impede the effort of the administration to maintain the high level of useful employment, which is usually called full employment.

I wish to add that it is my hope and belief that, if the right policies are followed in our own and other countries, and we do not seek an illusory salvation in economic isolation, the great bulk of employment will be provided by our great industries, primary and secondary, by commerce, in transport and other occupations and professions. The task of the government will, in that case, be confined to seeing that there are no serious gaps in employment.

But what I want to emphasize is this: the present government believes that it will be the duty of the government to see that all necessary steps are taken to

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keep the gaps filled and the level of employment high. I have no hesitation in saying that, if this government is entrusted by the people with responsibility in the post-war period, we do not intend to permit financial obstacles to prevent us from discharging that task.

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C182276

OFFICE OF
THE MINISTER OF MUNITIONS AND SUPPLY
OTTAWA, CANADA

October 3rd, 1944.

CONFIDENTIAL MEMORANDUM ON THE DEPARTMENT OF RECONSTRUCTION.

In considering ways and means of organizing the Department of Reconstruction that will bring favourable public reaction, I have thought of the following:-

(1) Acting Deputy Minister - Alex. Skelton.

Skelton has acted as Secretary for the Committee on Inter-provincial Conference and has been working on problems that will be associated with this Ministry. He will be a link with the Finance Department and the Bank of Canada which, in my opinion, will be essential. After the election, he can, if necessary, be replaced.

(2) Director-General of Research and Development - Dean C. J. MacKenzie.

Dr. MacKenzie would also continue in his post as President of the National Research Council, assuming that General MacNaughton is not returning to the Council. The new Minister would replace MacKinnon as Chairman of the Research Council. This would make the staff of the Research Council available to the new Ministry and bring research more closely in touch with Canada's production problems. Plans are already under way to place all mining and forestry research under the Research Council and this move is essential to the functioning of the new Department.

(3) Director-General of Air Development - R. A. C. Henry.

Mr. Henry will continue as Chairman of the Air Transport Board, the work of that Board being closely associated with the work of the new Department.

(4) Director-General of Industrial Reconversion - either H.J. Carmichael or J. H.Berry.

Mr. Berry is now Chairman of the Crown Assets Allocation

.....

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Position Lieson on economic conditions

Committee and, if appointed, would continue in this position. Disposal of war assets will be moved to the new Department.

Legislation for the new Department carries with it no real authority and no funds. It is essential for the work of the Department that all special appropriations for reconstruction be made to the Department to be allocated by the Department to other branches of Government, as they are made responsible for carrying out individual projects.

The Minister of Reconstruction can succeed only if he has the complete support and backing of the Prime Minister. The position carries with it inevitable friction with other Colleagues and without the Prime Minister's support, can quickly be impossible of administration.

Speaking personally, I am very reluctant to assume this responsibility and can only consider doing so if the Department can be organized so that it can make a real contribution. Three British Cabinet Ministers have told me that Lord Woolton has ceased to have any influence in the British Cabinet, giving as the reason that he can only operate through other Cabinet Ministers. I must keep in mind that his legislation is almost exactly parallel to our Canadian legislation.

I can only accept the position with a promise from the Prime Minister that, if and when I present my resignation from the post, that resignation will be accepted. In saying this, I can promise that I will do all I can to make the Ministry effective. Should the Ministry become ineffective, as it may very well do under present legislation and without the full support of all Colleagues, I will insist on retiring.

C D Howe

s

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Accept as amended by Mr. C. 13. by W. L. M. K.

C182278

Reconstruction

The appointment of ..... to the newly-created position of Minister of Reconstruction was announced today by Prime Minister W. L. Mackenzie King. At the same time announcement was made of the appointment of .... deputy minister of the Department.

When the Prime Minister introduced the bill to set up the Department of Reconstruction, he stated that the problem of reconstruction would involve the re-employment of nearly 2,000,000 Canadians now in the armed forces or engaged in war industry. Canada's great industrial plant created for war purposes would have to be transformed to meet the new demands of peacetime activity. New markets would have to be discovered and retained. Railways, highways and other capital equipment, which had suffered from the strain of war, would have to be reconstituted. Civilian aviation and other new means of transportation would have to be developed. Public works, conservation and development projects would be required, particularly until private industry was reconverted to peacetime operations. A new housing program, both urban and rural, would greatly improve existing facilities and at the same time contribute to employment and improve the standard of living of the Canadian people.

With the creation of a department of reconstruction, the Dominion government has taken a long step forward toward the fulfilment of this basically important program.

The new department will have direct responsibility for the National Housing Administration, formerly administered by the Department of Finance; the National Research Council, administered by the Department of Trade and Commerce; the Crown Assets Allocation Committee, and War Assets Corporation, administered by the Department of Munitions and Supply; and civil aviation, administered by the Department of Transport.

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The new set-up will involve close relationships between the Department of Reconstruction and other governmental departments, particularly that of Munitions and Supply, on questions of reconversion; Transport on matters pertaining to railway and waterway transport; Mines and Resources, and Public Works. The prime function of the Department of Reconstruction is to animate and co-ordinate. As such it is vitally interested in Dominion-provincial arrangements on financial and constitutional matters. To guarantee the closest possible co-ordination between departments, the new minister is to be the chairman of a small committee of the Cabinet, which will include the ministers of Finance, Justice and Labour. Other ministers will participate as members of the committee where their particular departments are concerned.

The life of the new department is limited to the period of reconstruction which will end in the fourth year after the cessation of hostilities.

One of the first problems confronting the new minister is the position of Canada's coal industry. In this connection a Royal Commission has been appointed to inquire into and report on that industry. The commission is composed of: Mr. Justice W. F. Carroll, Halifax, Chairman; Mr. Angus J. Morrison, Calgary, and Mr. Justice C. C. McLaurin, Calgary. The Commission will report directly to the Minister of Reconstruction.

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C182280

Health and Veterans Affairs

Prime Minister W. L. Mackenzie King today announced the appointment of ..... as Minister of Veterans Affairs and ..... as Minister of National Health and Welfare.

(Name also two deputies)

The functions of these newly created departments were previously carried on by the Department of Pensions and National Health, but because of the great increase in importance and magnitude of those functions they have been divided between the two new departments.

The Department of Veterans Affairs will be responsible for the care, training, and re-establishment of veteran members of the armed forces, and for the care of their dependents.

The Department of National Health and Welfare will be responsible for all matters, within federal jurisdiction, relating to the health, social security and welfare of Canadians in general.

Thus the creation of the two new departments means the immediate disappearance of the Department of Pensions and National Health. The Staff of the old department has already been transferred to its successors.

In addition to the functions formerly performed by the Department of Pensions and National Health, the Department of Veterans Affairs will take over the Soldiers' Settlement Board, the administration of the Veterans' Land Act and the Veterans' Insurance Act.

Veterans' hospitals will be operated under the supervision of the new department. To insure speedy and efficient completion of the government's hospital program, priority is being given to necessary materials and labour.

In addition to other provisions for the rehabilitation and re-establishment of veterans, already in operation, the Department of Veterans Affairs will also administer the re-establishment Credits provided under the War Service Grants Act.

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The Department of National Health and Welfare will administer the Family Allowances Act, which will come into operation on July 1, 1945, as well as the duties which have been carried on to the present by the health branch of the Department of Pensions and National Health. Furthermore, the Department of National Health and Welfare will continue preparatory work already under way on the scheme of national health insurance for the Canadian people.

When the new department is able to take on additional functions, it will take over the federal administration of old age pensions and pensions for the blind, both of which are at present administered by the Department of Finance.

The department will also continue the government's present program of research into health and nutrition problems.

Continued co-operation will be maintained with provincial governments with the object of achieving an integrated system of national health and social insurance programs.

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MD/13

P.C. 5993

C182282

D-34-D
1945
(engl)

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 3 OCTOBER 1945

PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that the resignation of Mr. R.A.C. Henry as Deputy Minister of Reconstruction be accepted, effective the first day of October, 1945.

A. P. Henry.

Clerk of the Privy Council.

Noted L.B.

The Right Honourable
the Prime Minister

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CANADA

MD P.C.5994 C182283 D-34-D (Conf)

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 3 OCTOBER 1945

PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that, effective the first day of October, 1945, Vincent William Scully, Esquire, Vice-President (Administration), National Research Council, be appointed Deputy Minister of Reconstruction, with salary of $12,000 per annum.

A. D. P. Heeney.

Clerk of the Privy Council.

Noted J.L.

The Right Honourable
the Prime Minister.

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C182284

PRIME MINISTER:

You wished to be reminded to speak to Mr. HOWE on the following matters:

1) A line of steamships to Australia (Mr. D.C. Coleman had spoken to you re).

2) Branch lines in British Columbia &c (Mr. W.M. Neal, Vice-Presidet of the CPR spoke to you re).

3) Department of Reconstruction: relationship with Department of Transport

4) Hull developments (Weston proposals).

J.A.Gibson

Feb. 12/46

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MD/17

P.C.1513

W.32-1
1946

C182285

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 16th day of APRIL, 1946.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister and under and by virtue of the Public Service Rearrangement and Transfer of Duties Act, Chapter 165 of the Revised Statutes of Canada, 1927, is pleased to order as follows:

1. All powers, duties and functions remaining in the Minister of Finance under -

(i) the Central Mortgage and Housing Corporation Act,

(ii) the Housing Acts, as that term is defined in the Central Mortgage and Housing Corporation Act,

(iii) Order in Council P.C.7499 of 28th December, 1945, transferring to the Central Mortgage and Housing Corporation the home conversion scheme and all Orders in Council referred to therein,

(iv) Order in Council P.C. 7502 of 28th December, 1945, transferring the administration of the Emergency Shelter Regulations to the Central Mortgage and Housing Corporation, and

(v) Order in Council P.C. 6496 of October 12th, 1945, and Order in Council P.C.719 of February 28th, 1946, relating to the Integrated Housing Scheme,

are hereby transferred to the Minister of Reconstruction and Supply on the 16th day of April 1946.

2. The appropriation or appropriations of Parliament available and payable under the supervision and control of the Minister of Finance for the purpose of the administration of the Acts and Orders in Council above mentioned shall continue to be payable and available on and after the 16th day of April 1946, for the same purposes under the supervision and control of the Minister of Reconstruction and Supply.

Asst Clerk of the Privy Council.

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D 34-11
1946

MEMORANDUM FOR MR. GORDON ROBERTSON:

Mr. J. H. Berry, President of War Assets Corporation, 'phoned at 1.25 today in regard to attached telegrams from Dauphin, Manitoba.

Mr. Berry stated that two of the buildings concerned had been sold to the Village of Roblin, and two buildings to the Province.

The remaining buildings were sold to Housing Enterprises to dismantle and make the material available for the national building program. Mr. Berry added that although Housing Enterprises is a private corporation, he understands that it is operating under the direction of the government.

Mr. Berry states that Mr. Howe knows all about this situation if it is brought up in council; that Mr. Howe's office received similar telegrams from the groups in Dauphin and that he understands that Mr. Howe's office is replying. (I tried to check Mr. Howe's secretary, Mr. R. W. MacLean, regarding this but he had just gone to lunch).

Mr. Berry added that it looked like a question of general policy, whether in such cases the material be offered to the local municipalities or be used for the national housing program.

PA

P. A.

(P. ACLAND)

20/11/46

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D-34-11
1946

Referred to the Minister of Reconstruction & Supply

C182287

Ottawa, November 20, 1946.

A. Oliphant, Esq.,
President, Dauphin Board of Trade,
Dauphin, Manitoba.

Dear Sir:

I am directed to acknowledge the telegram which you addressed to the Prime Minister on the 19th of November on behalf of the Dauphin Board of Trade, concerning the sale of buildings at No. 10 Airport.

At Mr. King's direction, your communication has been brought to the attention of the Rt. Hon. C. D. Howe, Minister of Reconstruction and Supply, who is the responsible Minister. It is understood that Mr. Howe has received similar representations, to which he is making a reply.

Yours sincerely,

AEH:RB

G. J. Matte,
Private Secretary.

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D-34-1
1946

Referred to Minister of Reconstruction & Supply

C182288

Ottawa, November 20, 1946.

J. E. Burton, Esq.,
President,
Dauphin Branch No. 20, Canadian Legion,
Dauphin, Manitoba.

Dear Sir:

I am directed to acknowledge the telegram which you addressed to the Prime Minister on the 19th of November on behalf of Dauphin Branch No. 20 of the Canadian Legion, concerning the sale of buildings at No. 10 Airport.

At Mr. King's direction, your communication has been brought to the attention of the Rt. Hon. C. D. Howe, Minister of Reconstruction and Supply, who is the responsible Minister. It is understood that Mr. Howe has received similar representations, to which he is making a reply.

Yours sincerely,

AEH:RB

G. J. Matte,
Private Secretary.

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C182289

D-34-11
1946

Referred to the Minister of Reconstruction & Supply

Ottawa, November 20, 1946.

Fred S. Zaplitny, Esq., M.P.,
Dauphin,
Manitoba.

Dear Mr. Zaplitny:

The Prime Minister has asked me to acknowledge the telegram which you addressed to him concerning the sale of buildings at No. 10 Airport.

At Mr. King's direction, your communication has been brought to the attention of the Rt. Hon. C. D. Howe, Minister of Reconstruction and Supply, who is the responsible Minister. It is understood that Mr. Howe has received similar representations, to which he is making a reply.

Yours sincerely,

AEH:RB

G. J. Matte,
Private Secretary.

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C182290 D-34-4 1946

Referred to the Minister of Reconstruction and Supply.

Ottawa, November 20, 1946.

William Cruise, Esq.,
Reeve, Rural Municipality of Dauphin,
Dauphin, Manitoba.

Dear Sir:

I am directed to acknowledge the telegram which you addressed to the Prime Minister on the 19th of November on behalf of the Rural Municipality of Dauphin, concerning the sale of buildings at No. 10 Airport.

At Mr. King's direction, your communication has been brought to the attention of the Right Honourable C. D. Howe, Minister of Reconstruction and Supply, who is the responsible Minister. It is understood that Mr. Howe has received similar representations, to which he is making a reply.

Yours sincerely,

AEH:rb

G. J. Matte,
Private Secretary.

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C182291 D 3 4 - 11
1146

Referred to the Minister of Reconstruction and Supply

Ottawa, November 20, 1946.

His Worship W. L. Bullmore,
Mayor,
Dauphin, Manitoba.

Dear Sir:

I am directed to acknowledge the telegram which you addressed to the Prime Minister on the 19th of November on behalf of the Council of the town of Dauphin, concerning the sale of buildings at No. 10 Airport.

At Mr. King's direction, your communication has been brought to the attention of the Right Honourable C. D. Howe, Minister of Reconstruction and Supply, who is the responsible Minister. It is understood that Mr. Howe has received similar representations, to which he is making a reply.

Yours sincerely,

G. J. Matte,
Private Secretary.

AEH:RB

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PROPOSED REFERENCES TO DEPARTMENT OF RECONSTRUCTION AND SUPPLY IN THE SPEECH FROM THE THRONE 1947.

Excellent progress has been made in winding up the war activities of the Department of Reconstruction and Supply, successor to the Department of Munitions and Supply. Settlement of terminated contracts and renegotiation of contractors' profits promise to be completed within the current fiscal year.

Disposal of war surpluses, under the direction of War Assets Corporation, has resulted in substantial recoveries to the Crown, and is being concluded with all possible dispatch.

The reconversion of plants engaged in war production has been largely completed without serious unemployment or economic disturbance.

Housing continues as a major government activity, and progress is being made in meeting housing needs. The target of 60,000 housing units for 1946 has been substantially accomplished in spite of shortages of critical materials due to labour-management disputes. Steps have been taken to increase supplies of building materials, and the housing target for 1947 has been advanced accordingly. Special attention will be directed to encouragement of private building, and particularly

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privately owned rental housing. Government sponsored projects will be initiated where special needs exist. The Emergency Shelter programme, in co-operation with the municipalities, will continue to look after cases of distress or hardship.

My Government will propose steps to assist in the assembly and servicing of land for new residential development. Measures will also be proposed to encourage privately owned housing at moderate rental levels.

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MD/10 P.C.1284 C182294 D-34-D 1948

PRIVY COUNCIL

CANADA

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 6 MAY 1948

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that Maxwell Weir MacKenzie, Esquire, be appointed Deputy Minister of Reconstruction and Supply, without salary additional to that being paid to him as Deputy Minister of Trade and Commerce, effective the fourth day of May, 1948.

A.D.P. Heeney.

Clerk of the Privy Council.

Miss Gibson.

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Collateral - Dept of Reconstruction & Supply

C182295

QUARTERLY

SUMMARY

October 1st, 1946 to December 31st, 1946.

THE DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Honourable C. D. Howe, Minister.

C O N F I D E N T I A L

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DEPARTMENT OF RECONSTRUCTION AND SUPPLY

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ADMINISTRATION BRANCH

COMMUNICATIONS & TENDER OPENING DIVISION

COMMUNICATIONS SECTION

During the quarter the Communications Division received, despatched and distributed an average of 1,703 messages per day made up as follows:

	Quarter ending Dec. 31, 1946	Quarter ending Dec. 31, 1945	Quarter ending Sept. 30, 1946
Teletypes	1,576 per day	1,702 per day	1,475 per day
Cables	22 " "	38 " "	26 " "
Telegrams (Out)	44 " "	58 " "	45 " "
Telegrams (In)	61 " "	82 " "	70 " "
	1,703 " "	1,880 " "	1,616 " "

The quarterly report ending December 31, 1946 shows a decrease of 177 messages per operating day over the quarterly report ending December 31, 1945, and an increase of 87 messages per operating day over the preceding quarter ending September 30, 1946.

At the end of the quarter under review the teletype circuits to Windsor, Hamilton, St. Catharines, Oshawa, Quebec City and Valcartier were discontinued, leaving only the Montreal and Toronto circuits still leased by the Department. Generally speaking, this reduction in service was effected as a result of the reduction in the volume of traffic.

In view of the above, the staff was reduced from 63 to 30 employees.

TENDER OPENING SECTION

During the quarter ending December 31, 1946, the Tender Opening Section of the Communications Division received, opened and distributed an average of 48 tenders per day as follows:

Quarter ending December 31, 1946.	Quarter ending December 31, 1945.	Quarter ending September 30, 1946.
48 per day	74 per day	73 per day

During the quarter the following activity has taken place with respect to telephone installations, etc.

Service	Number
Telephones Transferred	217
New Installations	Nil
Locals Cancelled	14
Extensions Cancelled	13
Wiring Plans Cancelled	2

RECORDS DIVISION

FILES

Number of files on record total 1,272,359 an increase of 59,639 for the quarter.

Various branch offices, controls and district purchasing offices, whose activities were terminated, shipped their records to Ottawa. It was decided to discontinue the recording of files not already under the Departmental filing system and as a result it was possible to effect a considerable reduction in staff.

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Due to continued operations of some of the controls, it was decided to maintain branch registries with only sufficient staff to carry on current work. The work of recording and tying-in of old files has been discontinued.

The Follow-up Section consisting of two clerks examined 38,571 files and located 147 files, which were listed as missing.

Action was taken to get into the registry as many files as possible, which were not in current use. The result has been an enormous number of files, which have to be put away by the records division. Various branches and divisions have also sent to the records division a large volume of loose correspondence, which will have to be attached to the relative files.

The following is a summary of some of the work carried out in the main and branch registries during the quarter:

Current mail, requisitions, applications, etc.	88,963
Papers indexed and files (P.A.'s)	256,740
Files created and/or recorded	59,639
Files handled (charged out and put away)	65,124
Pass slips recorded	2,746
Files repaired	8,876
Files brought forward	671
Telephone enquiries	17,809
Files transferred to Storage (cases)	1,224

STORAGE SECTION

The Storage Section has been consolidated into the basement of the New Supreme Court building and all records have been transferred out of buildings #3 and #4.

Inasmuch as the records division was instructed to discontinue the listing and recording of files and other records transferred to storage, the staff was decreased by approximately 60%.

The Storage section receives daily an increasingly large number of enquiries concerning the records sent in by Crown and management-fee companies.

Numerous Crown and management-fee companies terminated their activities and shipped their records to Ottawa. Arrangements were also made to receive the records of Defence Industries Limited and this company state that they have approximately 6600 cases ready for shipment.

DESTRUCTION OF RECORDS

During the month of December, schedules were submitted to the Departmental Committee for Destruction of Records, on which were listed the contents of approximately 3500 cases. About 2500 cases have already been authorized for destruction and these records have been disposed of through the Florence Paper Company.

MAIL

Daily volume of incoming mail average 1,445 (by envelope count) as against 1,408 in the last quarter, and 2,313 in the corresponding quarter in 1945.

Outgoing mail average 2,230 per day (by envelope count) against 1,852 in the last quarter, and 2,710 per day in the corresponding quarter in 1945.

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EXPRESS AND FREIGHT

414 pieces of express weighing 4,070 lbs. were handled during the quarter.

MESSENGER SERVICE

Messenger calls in Buildings 1, 2 and 3, average 233, 93, and 78 per day respectively. 1,417 by hand messages were delivered outside the four buildings, an average of 19 per day.

ORGANIZATION SECTION

During this quarter the organization survey of the Purchasing branch was continued and detailed reports on divisions 1 and 2, comprising in all six purchasing sections, were completed. To date the majority of the recommendations have been carried out.

With the exception of the Building Materials Branch and the Financial Executive (both newly organized Branches) all branch organization charts have been currently revised and distributed during this past quarter.

In addition data for a new departmental chart have been compiled and the draft chart submitted for approval. It is anticipated that the new departmental chart will be issued around February 1, 1947.

MAIN POOL

A statement of the work performed by the main pool is attached as "Appendix A". As of December 1, 1946 the stenographic pool of the Economic Research Branch was amalgamated with the main pool.

EQUIPMENT AND STATIONERY DIVISION

A statement of the work performed by the Equipment and Stationery Division is attached as "Appendix B".

PERSONNEL DIVISION

A statement of the work performed by the Personnel Division is attached as "Appendix C".

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C182300

MAIN POOL PRODUCTION

QUARTER ENDING DECEMBER 31/46

DICTAPHONE SECTION				TYPING SECTION				PURCHASING SECTION					DUPLICATING SECTION
No. of Operators	Days Absent	No. of Cylinders Transcribed	No. of Lines Produced	No. of Operators	Days Absent	No. of Jobs Typed	Lines Produced	No. of Operators	Days Absent	No. of Accept.	No. of Amend. Typed	No. of Tenders Typed	Legal Contracts Dittoed
4	21½	513	72,193	14	158	5,418	658,275	6½	47½	2,098	1,333	775	270
				* 18	44½		236,587						

* Indicates work of the Economic Research Section for month of December only.

APPENDIX "A"

APPENDIX "A"

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C182301

ADMINISTRATION BRANCH

EQUIPMENT & STATIONERY DIVISION

Quarter Ending Dec. 31, 1946.

Stationery Section			Printing Section	Duplicating Section	Reproduction Section			Equipment Section												
											Telephone Requisitions			Cancellations		Typewriter Repairs				
No. of Requisitions to Kings Printer for Stationery Supplies	Rubber Stamps Purchased	Impression Production	Stencils & Masters Run	Blueprints Processed	Photostats Processed	Furniture Requisitions to Public Works Dept. for Ottawa Use.	Furniture Requisitions to Public Works Dept. for Outside Ottawa Use.	Machines Ordered or released	Telephones Transferred	Installations	Locals	Extensions	Wiring Plans	No. of repair Calls	No. of Overhauls	Machines Checked to go out	Cost of parts Purchased	Cost of Parts Used		
307	2	1160739	4,188	772	4,869	--	---	---	Note-Telephone Report now submitted by Communications					201	11	45	56.62	17.82		

Appendix "B"

Appendix "B"

APPENDIX "C" - PAGE 1

PERSONNEL DIVISION

STATEMENT ON STAFF, OCT. 1 - DEC. 31, 1946

The staff of the Department was reduced by 224 during the quarter. Total staff on December 31 - 1533: Salaried staff on December 31 - 1482. Estimate of total staff for January 31, 1947 (not including pending Purchasing developments) - 1373. Of these 113 are on loan to other Government branches.

ADMINISTRATIVE AND SERVICE BRANCHES

Decrease of 108 during quarter. Increases were shown by:-

FINANCIAL EXECUTIVE'S OFFICE - 28 and OFFICE OF RENEGOTIATION - 50

These branches were formed during December by splitting the functions of the Financial Advisor's Office, and actually a net decrease of 2 is indicated for the quarter.

SECRETARY'S BRANCH - 1

A clerk-chartist (Miss Healey) to do plans of expropriation projects.

ADMINISTRATION BRANCH

While a decrease of only 17 is shown here for the quarter, consideration should be given to the following factors:

(1) Absorption of the Hollerith section (7)
(2) Absorption of Economic Research pool (18)
(3) Releases which took place December 31 but will only take effect in January (81)

MONTREAL OFFICE - 1

Addition of a purchasing agent in October to an outstanding requisition.

SUPPLY AND CONTROLS

Decrease of 93 during the quarter. Increases were registered by:-

COAL CONTROL - 1

Transfer to Department of Reconstruction and Supply, Records, of W. T. Ridley, a permanent civil servant who is in charge of statistics group at the Dominion Bureau of Statistics. The entire group (26) is actually on loan to Dominion Bureau of Statistics.

STEEL CONTROL - 4

This was the group transferred from Wartime Prices and Trade Board, Steel & Iron Administration, in October.

PRIORITIES - 3

H. McIntosh, formerly of the Labour Liaison Office, was reassigned as Winnipeg representative. Other additions where G.G.E. Raley and Miss M.V. O'Meara formerly in Co-ordinator of Housing, and H.W.B. Swabey formerly in Purchasing. The resignation of a stenographer meant a net increase of 3.

RECONSTRUCTION BRANCHES

Decrease of 23. Increases were registered by:-

RESEARCH AND DEVELOPMENT BRANCH - 1

Appointments to open requisitions exceeded resignations and releases by one.

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RESOURCES DEVELOPMENT BRANCH - 1

Appointment of Dr. K.W. Neatby as a member of the Forest Insects Control Board in November.

GENERAL

63 Employees of the Records Division, Administration Branch, were released in December: Of these, 20 were assisted in obtaining employment elsewhere.

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RESOURCES DEVELOPMENT BRANCH - 1

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C182304

STATEMENT OF EMPLOYEES, SALARIES AND EXPENSES

OCTOBER 1, 1946 - DECEMBER 31, 1946

BRANCH	1 TOTAL STAFF SEPT.30	TOTAL STAFF DEC.31	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES SEPT.30	NON-SALARIED EMPLOYEES DEC.31	4 SALARIED EMPLOYEES SEPT.30	SALARIED EMPLOYEES DEC.31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
ADMINISTRATION & SERVICES	859	751		108	8	3	851	748	$398,180.	$170.	$1,080.	$11,584.
SUPPLY AND CONTROLS	656	563		93	27	25	629	538	319,708.	179.	2,682.	23,420.
RECONSTRUCTION	242	219		23	22	23	220	196	125,481.	198.	11,330.	14,323.
TOTAL	1757	1533		224	57	51	1700	1482	$843,369.	$177.	$15,092.	$ 49,327.

SPECIAL SUMMARY FOR MONTH OF DECEMBER

	TREASURY PAYROLL EMPLOYEES	OTHER SALARIED EMPLOYEES	NON-SALARIED EMPLOYEES	TOTAL
ADMINISTRATION & SERVICES	741	7	3	751
SUPPLY AND CONTROLS	532	6	25	563
RECONSTRUCTION	190	6	23	219
TOTAL	1463	19	51	1533
CIVIL SERVICE STATISTICS	1479			

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ADMINISTRATION AND SERVICES

BRANCH	1 TOTAL STAFF SEPT.30	TOTAL STAFF DEC.31	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES SEPT.30	NON-SALARIED EMPLOYEES DEC.31	4 SALARIED EMPLOYEES SEPT.30	SALARIED EMPLOYEES DEC.31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
MINISTER'S	18	16		2	2	1	16	15	$ 11,412.	259.		
DEPUTY MINISTER'S	31	31					31	31	23,974.	247.		$3,038.
COMPTROLLER'S	228	165		63			228	165	96,395.	179.		3,334.
CONTRACT SETTLEMENT BOARD	70	52		18			70	52	40,333.	224.		1,564.
FINANCIAL ADVISOR'S	80	-		80	3		77	-	37,286.	243.	$ 362.	1,588.
OFFICE OF FINANCIAL EXECUTIVE	-	28	28			1	-	27	5,611.	208.	268.	64.
OFFICE OF RENEGOTIATION	-	50	50			1	-	49	11,509.	235.	450.	216.
GENERAL COUNSEL	4	3		1			4	3	4,386.	399.		82.
LEGAL	16	14		2	1		15	14	8,865.	216.		77.
SECRETARY'S	6	7	1				6	7	4,842.	255.		230.
ADMINISTRATION	341	324		17			341	324	127,286.	128.		1,084.
PUBLICITY	9	9					9	9	4,350.	161.		307.
LONDON OFFICE	3	-		3	1		2	-	-	-		-
MONTREAL OFFICE	31	32	1		1		30	32	12,986.	138.		
TORONTO OFFICE	22	20		2			22	20	8,945.	142.		
TOTAL	859	751		108	8		851	748	$398,180.	170.	$1,080.	$11,584.

NOTE: 81 of the 165 employees in Comptroller's Branch are on loan to Treasury.

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SUPPLY AND CONTROLS

BRANCH	1 TOTAL STAFF SEPT. 30	DEC. 31	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES SEPT. 30	DEC. 31	4 SALARIED EMPLOYEES SEPT. 30	DEC. 31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
COAL CONTROL	104	105	1		5	5	99	100	$49,950.	$167.		$1,712.
STEEL CONTROL	11	15	4		7	7	4	8	4,138.	172.	$1,870.	1,001.
RUBBER CONTROL	12	10		2	3	2	9	8	4,665.	194.	812.	618.
TIMBER CONTROL	167	164		3	11	11	156	153	81,167.	175.		16,891.
PRIORITIES	43	46	3				43	46	25,601.	187.		867.
QUEBEC ARSENAL	65			65			65		29,644.	232.		
PURCHASING	237	209		28	1		236	209	117,023.	176.		2,331.
REQ. PUR. INV. & SUB. TO P.C.	17	14		3			17	14	7,520.	175.		
TOTAL	656	563		93	27	25	629	538	$319,708.	$179.	$2,682.	$23,420.

NOTE: 26 of the employees in Coal Control are on loan to the Dominion Bureau of Statistics

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C182307

RECONSTRUCTION

BRANCH	1 TOTAL STAFF SEPT.30	DEC.31	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES SEPT.30	DEC.31	4 SALARIED EMPLOYEES SEPT.30	DEC.31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
AIR DEVELOPMENT	19	14		5	2	2	17	12	$ 5,365.	$141.		$ 551.
ECONOMIC RESEARCH	104	93		11	4	4	100	89	47,117.	161.	$ 277.	755.
PUBLIC PROJECTS	31	31			2	2	29	29	25,246.	287.		948.
CO-ORDINATOR OF HOUSING	8	6		2			8	6	5,312.	253.		101.
RESEARCH & DEVELOPMENT	39	40	1		3	3	36	37	25,530.	220.		6,473.
RESOURCES DEVELOPMENT	8	9	1		1	1	7	8	5,536.	241.		96.
FOREST INSECTS CONTROL BOARD	16	16			7	8	9	8	5,336.	213.	1,027.	2,855.
ROYAL COMMISSION ON COAL	17	10		7	3	3	14	7	6,039.	195.	10,026.	2,544.
TOTAL	242	219		23	22	23	220	196	$125,481.	198.	$11,330.	$14,323.

NOTE: Employees listed under Co-ordinator of Housing are on loan to Central Mortgage and Housing.

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CLINIC REPORT

OCTOBER, NOVEMBER, DECEMBER 1946

TREATMENTS AND DRESSINGS

Cuts, Gravel burns, infections	608	
Headaches and General Malaise	302	
Colds and Sore Throats	584	
Toothaches, Earaches, and Irritated Eyes	304	
Fainted and Feeling Weak	22	
Intestinal Upsets	162	
Muscular pain and Stiffness	102	
Skin Conditions	99	
Hypodermics	38	
Rest Periods	174	
TOTAL TREATMENTS		2395

Employees sent home from work due to illness	50
Employees advised to see Doctor	123
Employees advised to see Dentist	48
No. of telephone calls	652
Employees through Clinic to be weighed	1281
No. of Medical Certificates through Clinic	531
Emergency calls outside Clinic	9
Visits made by Visiting Nurse	120

INTERVIEWS

New Employees	11	
Routine Examination of Employees	406	
Employees telephoned following treatment in Clinic	439	
Employees interviewed following illness and absence from work	674	
TOTAL INTERVIEWS		1530

J. Jones, R.N.
E. Storr, R.N.

Clinic Nurses

Total Treatments to Employees from other Departments 365

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AIR DEVELOPMENT BRANCH

A summary of the projects on which the personnel of this branch was engaged during the last three months is as follows:

(1) The tabulation of water traffic on the Mackenzie River for the Board of Transport Commissioners for Canada.

(2) Preparation of historical statistical reports of steam railways in Canada re proposed increased freight rates, also for the Board of Transport Commissioners for Canada.

(3) Completion of the study of history and growth of commercial air services in Canada, 1919 - 1944, copy of which was submitted to the Minister in November.

(4) Finalizing of study on economic characteristics of 150 cities and towns in Canada for Air Transport Board.

(5) Reports dealing with economic surveys of North Shore of St. Lawrence, Northwestern Quebec, Northwestern Ontario, Northeastern Manitoba, Northwestern Manitoba, Northern Saskatchewan, Northwest Territories and Central British Columbia, all of which were submitted to the Air Transport Board.

(6) Assisting the Air Transport Board with economic sections of review of licences in territories covered by surveys under Paragraph 5.

(7) A start has been made on reviewing the distribution of hotel registrants in the Inter-Community Travel Survey of 1945 to take care of the 40-odd new points surveyed during the year 1946.

Harold Cunningham left the Air Development Branch on November 15, having completed his historical study of air carriers from 1919 to 1944.

This will be the last report of the Air Development Branch, since its functions will be transferred to the new Bureau of Transportation Economics under the Board of Transport Commissioners for Canada in early 1947.

BUILDING MATERIALS BRANCH

During this quarter operations of the branch broadened out considerably in analyzing the problems of supply and demand; encouraging increased production; rendering specific assistance to producers of building materials and supplies. Such work was made possible through more complete knowledge of production conditions, closer co-operation with the Priorities branch and other departments of government concerned with supply and, particularly, better contact with industrial groups and individual establishments when necessary.

Much practical aid was given to industries by expediting deliveries of necessary basic materials to key producers of building materials and supplies, output of which was unduly low or for which there were extraordinary demands. In a number of instances where prices were considered a controlling factor in production, recommendations for incentive pricing were forwarded to the Wartime Prices and Trade Board for action. By the end of the quarter, favorable results of these actions were evident, particularly in the production of such short materials and supplies as non-metallic sheathed cable, cast iron soil pipe and fittings, stoves and furnaces, bathtubs and sinks, to name a few.

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A major factor which contributed to increased production during these months was the settlement of strikes at the steel plants and with such firms as American Anaconda Brass Company Ltd., Amalgamated Electrical Corporation and Canada Wire and Cable Company Limited.

INFORMATION SERVICES

Throughout the year factual information on production and supply became increasingly important. As required, basic reports, prepared by the Economic Research branch, were changed to provide information in the most practical way for working purposes. Special reports and surveys were developed to give up-to-date information respecting individual industries whose production was considered inadequate. This all helped to make it possible to render the aids, referred to above, in solving many production problems.

Toward the end of the quarter figures were obtained on production forecast for 1947 and, although the information was preliminary, specific action has already been taken in planning the distribution of basic materials needed for 1947 production.

The following is a list of basic reports prepared by the Economic Research Branch:

Basic Reports:

1. Monthly Report on "Supply of Building Materials".
2. Chart Book "Production of Selected Building Materials".
3. "Estimated Domestic Production of Building Materials Compared to Estimated Requirements of Building Materials for a 60,000 Unit Housing Programme".
4. Summary of Production of Selected Building Materials - Monthly Averages for 1944 and 1945 and Month by Month Production during 1946.
5. Production Forecast for 1947 - Preliminary.

Special Reports and Surveys:

Prepared during the quarter covered the following subjects:

1. Analysis of 1947 Production Forecast.
2. Soil Pipe and Fittings - Production and Usage.
3. Non-Metallic Sheathed Cable - Production and Basic Material Requirements of the Industry.
4. Electrical Fittings - Production and Reports on Requirements.
5. Stoves and Furnaces - Production and Material Requirements of the Industry.
6. Brick and Tile - Production and Industry Demands for Assistance.
7. Multi-Wall Paper Bags - Industrial Requirements for 1947.
8. Gypsum Products - Detailed Breakdown of Production.
9. Analysis of MacLean's Building Reports.
10. Exports to the United States - Selected Basic Materials.

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PROBLEMS OF SUPPLY - GOVERNMENT ACTION

Cement and Cement Products:

Production continued at approximately the same rate as in the third quarter, but well above the first half of the year, however, demand was at a scale which prohibited setting up any stocks. Encouragement for greater production in 1947 was given to this industry, by arranging for an increased supply of multi-wall paper bags required for packaging cement. It was estimated that production, in 1946, would be approximately 10,585,000 barrels compared with less than 8,000,000 barrels in 1945, and reports from the industry point toward a 10% to 15% increase during 1947.

Clay Products:

The output of building brick continued to increase during October and November, although no figures are available for the full quarter. Mild weather contributed materially and the majority of plants which would normally close down in November were producing well on into December. A number of producers, large and small, carried on with plant rehabilitation which should bear results in 1947. As a result of representations by the industry, that low prices and resulting lack of labor were the major causes of low production, an analysis was made of the existing price structures. On the recommendation of this Department, adjustments in prices were made by the Wartime Prices and Trade Board to alleviate this situation.

Vitrified flue linings continued at a low production level due to the fact that there was no output, as hoped for, from the National Sewer Pipe Company plant at Hamilton. The estimated total production in 1946 of vitrified flue lining will total only approximately 40% of the requirements for construction of 60,000 housing units.

Production of clay sewer pipe totalled only slightly more than the footage estimated as being needed for 60,000 housing units, having no consideration for the requirements of other essential construction and repairs.

Lime for Construction:

Reports of shortages in Eastern Canada were investigated and confirmed. To relieve the situation, Gypsum, Lime and Alabastine, Canada, Limited, plan increased production at Hespeler. Also, work is now under way to obtain greater output at Joliette, Quebec. These operations should provide adequately for Ontario, Quebec and the Maritime Provinces.

Rock Wool Products:

Production continued at an increased rate over the third quarter, and approximately 75% above the monthly rate during the first half of the year.

Gypsum Products:

The main products, namely, wallboard, lath and plaster, reached a high level in October and November, well above the previous monthly averages for the first part of the year. Despite this, demand far exceeds production. The industry will benefit considerably as a result of the action taken to provide for additional quantities of multi-wall bags for packaging plaster in 1947. Gypsum, Lime and Alabastine also are spending approximately $400,000, for new equipment and plant rehabilitation which will result in better balanced production in 1947.

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Multi-Wall Paper Bags:

To study the reported shortages of bags for building materials and other supplies, meetings have been held with representatives of the Wartime Prices and Trade Board and the industry to assess the potential supply available and arrange for distribution in 1947. A report on requirements for building materials, specifically, has been placed before the W.P.T.B. on which to base allocations. Examinations have been made into the possibilities of increased bulk shipments or the use of substitute containers such as barrels, cartons, etc. Since these involve increased costs it is felt they should only be sponsored in the face of unduly short supplies of bags. For 38 companies producing building materials, 1946 allocations were 52,300,000; 1946 usage totalled 58,457,000; 1947 requirements, from latest estimates, are 62,000,000. These are specifically for building materials and exclude requirements by the same companies for fertilizer, chemicals and other non-building materials.

Iron and Steel Products:

Cast iron soil pipe and fittings, following a decline to an average of 1,841 tons per month during the third quarter, increased during October and November to a high level for the year. A major step to develop increased production by 14,000 tons in 1947, is an incentive bonus plan for Anthes-Imperial Limited at their St. Catharines and Winnipeg plants. The program has been under consideration by the company for several weeks. Assistance has already been given to the firm by way of housing accomodations for additional labor at St. Catharines and by arranging for special production equipment at both plants. In addition, an analysis of production costs resulted in a recommendation for relief to the Wartime Prices and Trade Board. The latter has already made adjustments which should enable this firm to produce at a reasonable profit.

The British Columbia Tube Works in Vancouver had, by the end of the quarter, practically completed its new installations and arrangements have been made to provide adequate supplies of scrap. This company reports that it will be in operation in January 1947, and estimates production of 3,500 tons of soil pipe and fittings during the year. This office is far from satisfied with its efforts to obtain increased production of soil pipe and fittings. If an early satisfactory agreement with Anthes-Imperial Limited cannot be reached it might be necessary to recommend and establish Government operation.

Wire Nails and Spikes:

This production advanced from a low monthly average of 2,769 tons during the third quarter to approximately 3,000 tons in October and 6,000 tons in November, the latter, which can be considered a maximum, being on a par with monthly attainment during the first half of the year.

Sanitary Ware:

Due to production in the third quarter being adverse for comparison, the monthly average for the first six months and the estimated average for the last quarter are taken. The increases are as follows:-

Bathtubs	4,406 to 6,120 units
Sinks, flat rim and rolled rim	6,060 to 7,749 units
Sink and drainboard combination	1,539 to 2,109 units

These figures include the production by Alliance Wares in Vancouver which, during October and November, averaged over 1,300 units of pressed steel tubs.

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Stoves and Furnaces:

Meetings were held with the Industry Advisory Committee to estimate potential production and discuss requirements for supplies of raw materials, higher prices and adequate labor. A submission for increased supplies of sheet steel and pig iron, is in the hands of the Steel Control to assess their relative needs compared with demands for other essential production.

Allocations have been made and directives have been issued on the supplies.

In later discussions, the Industry Advisory Committee estimated potential capacity of the industry as follows:-

> From 63 plants producing foundry type warm air furnaces, 60,000 units; from producers of all steel furnaces, 15,000 units, the latter being mainly for use in gas producing areas. To this total of 75,000 units should be added production of hot water heating equipment and heating stoves, on which no estimates were given.

It was pointed out that approximately 27 plants manufactured both furnaces and stoves and, for balanced production in these plants, it was necessary to manufacture both heating and cooking stoves in proper ratio and therefore consideration of the provision of steel, pig iron and scrap is necessary in making over-all allocations of materials.

An important factor in this picture is the necessity of replacement for reason that comparatively little had been done during the war years and it was estimated that from the total production of warm air furnaces alone, some 20,000 units would be needed for replacement purposes, leaving 40,000 for priority construction and for the open market.

In the light of the housing target of approximately 75,000 units during 1947 it is obvious that additional steps are necessary to stimulate even greater production than that estimated by the industry.

Non-Metallic Sheathed Cable:

During the summer, production of 14/2 cable fell from 2,871,000 feet per month during the first half of the year to 2,265,000. The industry was called together to determine the reasons for this condition and to work out a program of increased production. The main causes for low output were given as strikes, lack of cotton and thermo-plastic insulation, high production costs and non-profit sales.

A survey of production facilities of each plant, showed that the industry was capable of turning out up to 5,000,000 feet per month. Steps were taken to obtain additional thermo-plastic and more cotton. In individual cases price increases were awarded and, later on in the quarter, an overall incentive pricing program was recommended to take 14/2 cable out of a non-profit condition.

These actions and the co-operation of the industry brought production, in October, to 3,683,000 feet of 14/2 cable and 1,219,000 feet of 12/2 cable. November figures were comparable and the average monthly production for the last quarter is estimated at 3,766,000 feet of 14/2 and 1,001,000 feet of 12/2 cable.

Electrical Fittings.

Shortages in these supplies constituted a serious bottleneck in completing the housing units. This condition was particularly bad

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in the case of switches, outlet boxes, receptacles, pole switches and panels, which largely resulted from strikes at Anaconda American Brass Company and Amalgamated Electric and Steel Company, plus the reluctance on the part of some manufacturers to produce items which were non-profitable.

An analysis of the production capacity of the industry indicated its ability to meet demands. Each major producer was contacted to find out the specific reasons for low production and measures have already been taken to assure adequate supplies of such materials as steel, copper etc., necessary for required production. Price adjustments will be recommended shortly after the new year.

Window Glass:

In the over-all supply picture Canadian production is estimated at no more than 3,000,000 sq. ft. per annum and this, being of relatively low grade, is not suitable for housing construction except in an emergency. Canada therefore is dependent upon imports. For 1946 these will approximate 40,000,000 sq. feet compared with 39,804,000 sq. feet in 1945. To the end of October the breakdown of imports were as follows, from: United Kingdom 47.5%; United States, 42.0%; Belgium 6.3%; Czechoslovakia, 4.2%. Supplies were satisfactory during last four months of 1946. Increased imports scheduled in 1947 should adequately meet the greatly increased demands.

Lumber and Lumber Products:

Production of sawn lumber went upward during the Quarter and is expected to reach a total of 5,000,000 feet in 1946. Steps taken by the Timber Control, to relieve the main bottlenecks were: substantial price increases for doors and millwork, to compensate manufacturers for increased costs of materials and labor; and lifting certain restrictions on hardwood flooring.

GENERAL ACTIVITIES

Conditions of Demand for Building Materials:

A close watch is kept on this situation in the field through co-operation with the information services of the Priorities branch, the Controls, the Wartime Prices and Trade Board, industrial associations and the distributive and construction trades.

Executive Committee on Materials:

Regular meetings of the Committee and special meetings, as required, have been held to deal with matters of production and supply. Actions on recommendations by the Committee are carried out by the responsible branches of this department or other departments of the Government.

Canadian Construction Association:

In December the Advisory Committee on Materials, C.C.A. submitted their report on recommendations to the Government during the first half of 1946. This has been reviewed and a related report covering action taken by the Government is being prepared. This will be made public at the Annual Meeting of the C.C.A. on January 15, 1947.

Imports and Exports:

In the light of short supplies of building materials constant attention has been given to imports and exports. Since the establishment of the Executive Committee on Materials and the Building Materials branch, major appeals for export are referred to the Committee for an opinion on the condition of supply. The materials which have been

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imported or exported in any quantity, during the first 10 months of 1946 are as follows:

Material	Unit	Imports	Exports
Cement	Bbl.	202,696	113,439
Building brick	M.	662	5,352
Sawn lumber	M.Ft.B.M.	45,727	1,632,999
Rockwool batts	Sq.Ft.	6,623,130	-
Interior plaster	Tons.	3,714	825
Roofing-asphalt shingles	Squares	10,381	4,063
Glass	Sq. Ft.	32,898,878	-
Paint, etc.		7,740,314	3,420,750
Heating furnaces	No.	1,124	-
Cast iron radiators	Sq. Ft.	5,089	-
Rough hardware (nails)	Tons.	447	1,269
Steel, in all forms	Tons.	594,369	108,706

With the exception of lumber practically all exports have been in the form of token shipments to traditional buyers, which are in extremely short supply, such as Newfoundland and the West Indies. On the other hand, every effort has been made to increase imports of materials.

Labor:

General complaints continued on the grounds that prices were not adequate to provide for wages to obtain labor needed for increased production. The main groups which have expressed themselves are the brick and tile, stove and furnace, soil pipe and electrical industries. Action has been taken to provide relief by means of individual price increases or through the plan of incentive pricing where industrial groups are involved.

RECLAMATION

During the last quarter of 1946 reclaimed materials contributed considerably to the supply picture in tight housing construction areas. To illustrate this, a number of the major items, suitable for house construction, reclaimed during the three months as follows:

Material	Unit	Total Reclaimed to September 30.	Total Reclaimed to December 13.
Doors and Frames	No.	2,920	15,823
Windows and Frames	No.	9,776	40,027
Lumber	F.B.M.	8,130,633	20,976,066
Wallboard	Sq.Ft.	1,095,467	3,932,021
Plumbing Pipe	L. Ft.	52,525	235,420
Plumbing Fixtures	No.	730	4,578
Plumbing Fittings	No.	-	112,035
Electric Outlets	No.	9,547	34,966
Electric Wire	L. Ft.	637,713	1,365,581
Nails	Lbs.	34,151	246,032
Insulation	Lbs.	24,770	293,800
Galv. Iron	Sq. Ft.	268,197	458,198

SELECTED MATERIALS IN SHORT SUPPLY OR IN PARTICULARLY HEAVY DEMAND

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Material	Units	Requirements for 60,000 Housing Units	1946 Estimated Production
Cement	Bbls.	3,607,350	10,775,000
Building Brick	M.	258,871	260,000
Vitrified Flue Linings	Ft.	2,384,000	939,000
Vitrified Clay Sewer Pipe	Ft.	2,761,000	3,009,000
Rockwool	Sq. Ft.	97,435,000	53,763,000
Gypsum Plaster	Tons.	93,296	106,000
Gypsum Wallboard	Sq. Ft.))	240,000,000	195,991,000
Gypsum Lath	)		86,517,000
Soil Pipe and Fittings	Tons.	24,833	25,000
Wire Nails and Spikes	Tons.	10,054	60,000
Warm Air and Hot Water Furnaces	No.	51,262	61,000
Non-Metallic Sheathed Cable - 14/2	Ft.	26,000,000	35,000,000
Bathtubs	No.	59,550	52,000
Wash Basins	No.	59,550	72,000
Window Glass	Sq. Ft.	11,482,212	40,000,000
Paint		4,994,000	56,537,000

C O M P T R O L L E R ' S B R A N C H

During the quarter two Crown companies, (National Railways Munitions Ltd., charter not surrendered, and Research Enterprises Ltd., charter in hands of Secretary of State), were wound up for accounting purposes, bringing the total number of closed Crown companies to twenty-two (22). Seven of the remaining eleven (Polymer Corporation, Canadian Arsenals Ltd., Park Steamships Ltd., Wartime Housing Ltd., Veterans Housing Project (Ottawa) Ltd., Veterans Housing Project (Toronto) Ltd., and Eldorado Mining and Refining (1944) Ltd.) are expected to continue operations for some time, and the following gives a description of the status of the remaining four which are to be wound up as soon as possible.

Acro Timber Products Limited

All logging operations have been completed and final settlements made with all but two timber owners, one of which settlements may possibly involve court action. No salaries are being paid and only very minor administration charges are being incurred. Officials of the company anticipated the winding-up as at December 31, 1946, but no definite word has been received as to whether it will be possible to meet this closing date.

Melbourne Merchandising Company Limited

This company is rapidly disposing of all wool stocks and arranging settlement of outstanding claims etc. preparatory to winding up. The managing director advises that every effort is being made to complete operations by January 31, 1946. It is expected that, after having taken all losses on special sales etc. into consideration, the company will still show a net surplus on all operations to date of approximately $400,000.

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War Supplies Limited

At the present time, the company is chiefly concerned with the handling of two major contracts and the processing of some nine termination claims. No official closing date has as yet been set, although it is expected that the last of the current contracts will be complete by February 28, 1947.

Wartime Shipbuilding Company Limited

The company is still working on the completion of several ships for account of War Assets Corporation, which were in various stages of production at V.J. Day. The head office staff has been considerably reduced and every effort is being made to have the various companies under the supervision of Wartime Shipbuilding terminate their affairs as speedily as possible. At present the best estimate of the date of final wind-up is March 31, 1947.

WINDING-UP OF CROWN PLANTS

Considerable progress was made by the branch during the quarter ended December 31, 1946, with respect to effecting clearances required in order to reduce the balances outstanding in Treasury Records representing investment in plant and equipment - Crown plants.

The following statement gives some idea of the volume of work handled as evidenced by the large reduction in dollar value of the total outstanding balances. (Figures used are per Treasury Records and represent the total for all Crown plants).

	No. of Plants	Capital Investment
Total Original Investment in Plant & Equipment (Dec. 31/44)	105	$384,593,996.42
Balances outstanding at September 30, 1946	75	$181,492,579.21
Less:		
Clearances effected during quarter ended Dec. 31, 1946.	17	$ 65,821,960.12
Balances outstanding at December 31, 1946	58	$115,670,619.09

It should be noted that the balance outstanding of 115 million includes approximately $70 million investment in projects whose operations are being continued, such as Canadair Limited; Defence Industries Limited, Chalk River; Hamilton By Products Coke Ovens Limited; A. V. Roe Canada Limited and Defence Industries Limited, Cherrier and de Salaberry. Cherrier and de Salaberry are presently being transferred to Canadian Arsenals Limited, and Defence Industries Limited, Chalk River, to the Atomic Energy Commission. The net balance remaining to be cleared is, therefore, reduced to approximately 45 millions representing balances uncleared in some 52 plants.

With reference to those plants which have been in receipt of working capital advances, the following statement indicates the progress made with regard to the reconciliation of project's operating accounts and recovery of working capital advances during the period October 1 to December 31, 1946.

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	No. of Plants	Amount of Advances
Total value of Production Advances originally made. (Dec. 31/44	53	$415,937,923.73
Balance outstanding as of September 30/46	31	83,344,304.23
Less: Plants closed-out in quarter ending Dec.31/46	20	73,657,969.39
Balance outstanding at December 31, 1946	11	9,686,334.84

CAPITAL ASSISTANCE DIVISION

As of September 30, 1946, there were 132 capital expenditure contracts uncompleted for various reasons, i.e. Cost Audit Reports from Cost Inspection and Audit Division of Treasury were lacking. Final billings from contractors had not been received. Inventories were incomplete.

Since September 30, 1946, a total of 62 contracts have been cleared and finalized thereby leaving a balance of 70 as of December 31, 1946, still to be cleared.

It is expected that during the month of January the documents required for finalizing a substantial number of these contracts will come to hand as requested.

WAR SUPPLIES LTD. ACCOUNTING DIVISION

The position of the outstanding War Supplies' contracts as at December 31, 1946, is as follows:

6 Contracts. Shipments complete, Cost Audit report is now with the Financial Executive for arbitration.

4 Contracts. Shipments complete. Cost Audit report is now with the Financial Executive for arbitration and Termination Claim with Contract Settlement Board.

4 Contracts. Shipments complete. Termination claims now with Contract Settlement Board.

1 Contract. Shipments complete. Dispute as to freight charges, an early decision is expected.

1 Contract. Shipments complete. Report on material and termination charges with Cost Inspection and Audit Division of Treasury.

1 Contract. Shipments complete. Final Cost Audit now in hand reveals a further payment due contractor. Contractor to bill.

1 Contract. Shipments complete. Termination claim approved but billing to Washington held pending advice from War Assets Corporation re credit from sale of scrap. Approximately $20,000 credit.

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1 Contract. Shipments complete. Cost audit report is expected shortly.

1 Contract. Shipments complete. Further termination charges to come.

3 Contracts. Shipments complete. Billings from contractors are being withheld for various reasons. (Prices not established).

7 Contracts. Shipments not yet complete.

Total 30 Contracts of which 25 are old contracts, 3 are new and 2 are contracts which have been reopened.

Billings to Washington and payments to Canadian suppliers are up to date.

CENTRAL INVENTORY RECORDS DIVISION

During the quarter-year October 1 to December 31, 1946, the progress made by this division with respect to clearance of inventories and investment in plant equipment and property may be summarized as follows:

	Investment and Assets Cleared	
2008 Credits processed	$ 68,588,608.53	(Capital)
2008 " "	12,312,566.74	(Production)
Capital loss write-Offs.	3,836,410.08	
Transfers to Canadian Arsenals	16,182,246.68	
	$100,919,832.03	

With the week commencing November 11, 1946, inspectors of this Division have been making personal contact with private contractors with a view to speeding up the clearance of their inventories. The progress made to date is as follows:

Toronto Area

Number of contractors visited		121
Number of inventories reduced to a "nil" balance.	60	
Number of inventories in process of clearance.	61	121

Montreal Area

Number of contractors visited.		78
Number of inventories reduced to a "nil" balance.	40	
Number of inventories in process of clearance.	38	78

Ottawa Area

Number of contractors visited.		27
Number of inventories reduced to a "nil" balance.	11	

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Number of inventories in process of clearance.	16	27
Vancouver Area		
Number of Contractors visited.		32
Number of inventories reduced to a "nil" Balance.	9	
Number of inventories in process of clearance.	23	32
RECAPITULATION		
Contractors visited.		258
Inventories cleared.	119	
Inventories in course of clearance	139	258

C O N T R A C T S E T T L E M E N T B O A R D

There has been a further falling-off in the number of termination notices and claims for final payment received during the last quarter of 1946. The total number of prime contractors' claims outstanding and unsettled at December 31 was 182, as compared with 329 such claims outstanding at September 30, 1946.

During the quarter there were 174 final claims of prime contractors and 165 final claims of sub-contractors approved, in addition to which 38 settlements with Crown companies and management-fee projects were recorded.

In line with the falling-off of the work of the Board, we have made a substantial reduction in staff and two sections of the Settlement Division have been consolidated. The total staff now numbers 50, distributed as follows:-

Administration	4
General office	6
Settlement division	33
Inspection division	4
Property transfer division	3
	50

Claims from the three automotive companies have now been received. The claim of General Motors of Canada Limited has been reviewed and will be submitted shortly to the Board for consideration. There is still a substantial amount of work to be done in reviewing the claims of Ford and Chrysler.

Claims from several of the shipyards are still awaited. These have been held up for various reasons, but, in most cases, have been promised for submission to the Board in January or February.

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D E P R E C I A T I O N C O M M I T T E E

1. (a) The following table shows the net number of Certificates issued during the quarter and the capital expenditure represented thereby:-

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	29	$ 4,913,647.75
Prince Edward Island	1	9,600.00
New Brunswick	94	3,417,443.03
Quebec	286	44,958,375.36
Ontario	475	79,264,637.71
Manitoba	26	992,687.95
Saskatchewan	8	983,503.98
Alberta	19	2,042,988.30
British Columbia	84	19,661,743.00
Totals	1022	$156,244,627.08

(b) The following table shows the net number of Certificates issued to December 31, 1946 and the capital expenditure represented thereby:-

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	111	$ 13,055,146.23
Prince Edward Island	7	143,867.00
New Brunswick	181	8,825,107.54
Quebec	1241	160,848,067.83
Ontario	2112	301,690,778.23
Manitoba	114	4,707,933.89
Saskatchewan	45	1,741,986.25
Alberta	94	6,018,852.94
British Columbia	362	61,722,673.17
Totals	4267	$ 558,754,413.08

(c) During the quarter, the only change in policy was a reversion to the normal method of screening applications. The decision of last July to refuse certification to projects which had been started or completed was thus abandoned and otherwise eligible applications which had been turned down were rescreened and approved.

The Committee was reconstituted and members who had left the Department or had ceased to be associated with the work of the Committee were replaced.

The number of projects certified during the quarter was 50% greater and the dollar value was double that of the previous high which was in the second quarter of 1946.

2. CONTROLS

The following Controller's Orders were issued.

No. Coal 25A	dated October 24, 1946
No. Coal 26	dated October 24, 1946
No. Coal 27	dated December 31, 1946

The latter rescinds every unrescinded Order, regulation, permit etc., issued by the Coal Controller.

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E C O N O M I C R E S E A R C H B R A N C H

1. FORECASTING STUDIES

Early in the fourth quarter, the second report dealing with the outlook on national income and employment for 1946 was finalized and distributed among senior government officials.

A preliminary statement covering the outlook with respect to national income and employment for 1947 was prepared and distributed to members of the interdepartmental forecasting committee. The statement has been submitted to the Department of Finance for use in connection with budgetary preparation and other economic policy formulation. A further statement of the outlook is to be prepared in February when the results of the survey of investment intentions by business enterprises and Government expenditure estimates become available. Preparatory work for this statement is proceeding.

Following the initial development work pertaining to concepts, purpose and general procedure for a forecast of imports, arrangements have been made with the Import Division of the Department of Trade and Commerce for the commencement of an import forecast. The initial coverage will be limited to some dozen key industrial materials.

2. AREA STUDIES

A preliminary memorandum on "The Regional Approach to Employment and Income Policies" was prepared and the reorganization of the Division was carried out along the lines set out in this statement.

The regular monthly reports were prepared. In addition to the survey of economic conditions, the reports for October and November contained a review of the revised procedure in area studies and a survey of investment intentions of business enterprise in 1946 by regions and localities. The December issue sets out a detailed analysis of the results of the fourth Employment Forecast Survey.

A special memorandum on the basic problems of Quebec City was prepared for the Interdepartmental Committee on Foreign Trade Zones. A report on the conditions and prospects in Sorel, P.Q. was prepared for the Publicity Branch of the Department.

Attention was given to a revision of the monthly area study reports both as to an extension of the contents and the manner of presentation.

3. INDUSTRY STUDIES

A draft report on the Canadian Automobile Industry was completed, outlining its development, importance in the Canadian economy and prospects. Preliminary outlines for a study on the foundry industry and for various sections of the rubber industry were prepared. Statistics for a study on the agricultural implement industry were compiled and the tabular material used in the draft report on the shipbuilding industry was revised.

During the quarter the Secretariat began a survey of industrial economic information available in federal government departments and agencies represented on the Interdepartmental Committee on Industry Studies. A preliminary report on the survey is being prepared.

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4. MONTHLY SUMMARY OF ECONOMIC CONDITIONS

The regular monthly summaries of current economic conditions were issued during the quarter. The most recent report reviewed the recovery of production following the strikes and set out in general terms the economic outlook for 1947 with specific reference to domestic and foreign demand.

5. CAPITAL INVESTMENT BY BUSINESS ENTERPRISES

Questionnaires were sent out to approximately 15,000 establishments in connection with the report "Capital, Repair and Maintenance Expenditures of Business Enterprises, Forecast 1947". At the end of the year some 5,000 of the questionnaires had been returned and it is expected that the results of a preliminary tabulation will be available by the end of January.

Organization of the sample survey of actual capital, repair and maintenance expenditures in 1946 was completed with questionnaires being mailed to over 900 establishments. To the end of the year approximately 400 returns had been received.

6. RESEARCH SURVEY

The draft of the statistical White Paper "Research and Scientific Activity, Canadian Federal Expenditures, 1938-46" has been completed. The paper includes a conceptual treatment of the economic significance of research in the natural and physical sciences and indicates the extent of the effort of the Dominion Government in the research field in terms of expenditures and employment provided. The report has been circulated among a number of economists and natural scientists for their comments. After taking account of these comments, it is expected to forward the study to the King's Printer in January for printing. Approval for publication of the study has been given by the Deputy Minister.

7. PUBLIC PROJECTS

The major work during the quarter was the preparation of the second periodic report on the Current Public Construction Program of the Dominion Government. The draft of this report was completed and circulated to other branches of the Department for comments. It is expected that this report will be issued to senior government officials early in January.

The results of two surveys, conducted in co-operation with the Department of Finance, were used to prepare statements, the first, on expenditures made during the first half of the current fiscal year on those construction projects approved in the 1946-47 Estimates and the second, on the present distribution of the 1946-47 program as revised by the transfer of allotments.

A memorandum on the definition of Reconstruction Projects and the use of the Reconstruction Vote was prepared for submission to the Department of Finance, preliminary to a recommendation being made to the Cabinet Committee.

Recording was commenced of those construction projects being forwarded by federal departments and agencies for review by this Department prior to submission for the 1947-48 Estimates.

Analysis of those construction projects approved for inclusion in the Federal Reserve Shelf of Public Projects was continued.

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Periodic statements on the various aspects of the public construction programs were prepared for the offices of senior government officials.

8. PUBLIC INVESTMENT AND CAPITAL FORMATION

Preliminary tabulations were completed for all the major component tables for the years 1941 to 1945. This work is being done in co-operation with the Central Planning Staff of the D.B.S. and particular attention is being given to obtaining uniformity of concept and measurement in the investment series published in D.B.S. National Accounts and in this study. As an outcome of recent meetings, additional refinements are to be made in a number of the tables. However, the major portion of our report is now completed.

9. SPECIAL DEPRECIATION

Applications for special depreciation allowance under P.C. 8640 of November 10, 1944, as amended by P.C. 1449 of April 11, 1946, amounting to $183,900,000 were approved during the final quarter of 1946 as compared with $38,740,000 in the previous quarter.

To December 31, 1946, approved applications totalled over $555,000,000.

10. HOUSING AND BUILDING MATERIALS

The regular monthly reports on the "Supply of Building Materials" were issued. Part "A" of these reports covered data on the flow of building materials and items of current interest on building activity in Canada. Part "B" contained up-to-date tabular statements on priorities issued, by types of priorities and by provinces. Also included in the September issue was a summary of the effects of strikes on production of selected items of building materials during the first nine months of 1946.

A preliminary forecast of production intentions for 1947 of firms producing basic and building material was prepared. As a result of information contained in this survey it has been possible for the Co-ordinator of Building Materials to take action to improve the flow of certain items which appeared to fall far short of meeting the 1947 construction requirements. Work on a revision of this forecast in the light of more recent information is under way.

Work on the preparation of inventory statistics of selected building material items was commenced and a number of series for 1946 were completed.

The chart book on production of a selected group of key building materials was brought up to date on a monthly basis.

A number of inquiries for statistics by the Co-ordinator of Building Materials, the Steel Controller, Priorities Branch and the Committee on Materials of the Canadian Construction Association were filled.

11. GENERAL STATISTICS

A questionnaire dealing with problems of reconversion and modernization being encountered in Canada, submitted to the Department of External Affairs by the Belgian Department of National Re-equipment, was referred to and answered by this Branch.

Statements on the economic outlook for 1947 and on some aspects

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of world economic conditions and their effect on international trade in agricultural commodities were prepared for use at the Dominion-Provincial Agricultural Conference.

Compilation of key statistics needed for interpretation of current economic conditions continued throughout the quarter. To the end of the year, 115 charts were prepared, showing retail and wholesale prices, production, retail sales and inventories, employment, exports and imports, financial statistics, etc. This series is intended for use within the Branch. Distribution of the Branch Chart Book has been discontinued.

The last issue of the series of employment and payroll charts, formerly prepared by W.P.T.B., was issued early in the quarter. This work is being taken over by the Dominion Bureau of Statistics.

The advanced monthly reports on employment based on special tabulations of the Dominion Bureau of Statistics were issued.

The monthly memoranda on employment in the base metal mining and refining industry were prepared.

Assistance was provided to the Dominion Bureau of Statistics in compiling inventory data essential to interpretation of current business conditions.

Development of the second survey on the progress of reconversion, modernization and expansion in selected Canadian industries is under way with questionnaires mailed to 674 establishments.

A report, prepared in this Branch for the Interdepartmental Committee on Enemy Patents, was submitted to the Cabinet.

The recommendations contained therein were approved.

12. WAR PRODUCTION

The report on "Canada's Industrial War Effort, 1939-1945" was completed in draft form by the end of the quarter.

13. LIBRARY

Reference work during the quarter continued at a high level with circulation totalling 3,678.

During the period 81 new books and 14 new periodicals were received.

14. CONFERENCES, ETC.

A member of the staff attended a conference held in New York under the auspices of the National Bureau of Economic Research on Research in Income and Wealth.

A staff meeting was held with industrial economists on the outlook for 1947.

Members of the staff attended a number of interdepartmental committee meetings including the committees on foreign trade zones, enemy patents, the Agricultural Conference, professionally-trained personnel, Newfoundland, St. Lawrence waterway project, defence research and China credits. Meetings were also held with representatives of the Institute of Patent Attorneys, the U.S. Patent Commissioner and Custodian and with Canadian industrialists, reviewing the German patents held in Ottawa.

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At the regular staff meetings held during the quarter, papers were presented and discussed by members of the staff, dealing with Canada's interest in postwar problems, recent developments in economic forecasting, the present stage of public investment planning and the first postwar year in Great Britain and the U.S.

A speech was prepared for the Minister for delivery at Osgoode Hall.

Discussions were held with Swedish and American newspaper representatives on economic problems.

O F F I C E O F T H E F I N A N C I A L E X E C U T I V E

LIQUIDATION OF ADVANCES

Winding up of Crown-owned management fee projects

The progress made in the winding up of Crown-owned Management Fee Projects during the last three months is set out in the following comparative table:-

	As at September 30	As at December 31
Continuing operations	6	3
Winding up	37	20
Advances reconciled and final balance sheet taken off	25	45
Total	68	68

Winding up of Crown Companies

Only one Crown Company, Research Enterprises Limited, was cleared during the quarter. The situation at the end of the quarter as compared with the beginning is as follows:-

	As at September 30	As at December 31
Continuing operations	5	5
Winding up	5	4
Advances reconciled and final balance sheet taken off	21	22
Total	31	31

The four companies in the process of winding up are as follows:-

Aero Timber Products Limited
Melbourne Merchandising Limited
War Supplies Limited
Wartime Shipbuilding Limited

Recovery of Working Capital advances to private contractors

Recoveries made during the quarter amounted to approximately $30,116,000 leaving a balance of about $165,124,000. In comparing this balance figure with that at the beginning of the quarter, it should be noted that advances of approximately $49,000,000 on account of Aircraft Overhaul & Repair Contracts which were not previously reported by Air Treasury, are now included.

In respect of some of the larger advances, the situation is as follows:-

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Canadian Car & Foundry - During the past two or three years, audit reports have been issued covering production costs of Hurricane Aircraft. These reports were qualified to the extent that the cost of surplus material arising out of modifications and over-purchases had not been determined. No action was taken on these reports. The cost of the surplus inventory is now known and a schedule is being prepared by the Cost Inspection & Audit Division to distribute this cost over the various contracts. Upon receipt of this report, we will take action to close out the contracts involved which will account for $59.5 million of accountable advances.

Minesweepers - Negotiations were continued with five small boat manufacturers in respect of the production costs of two minesweepers at each shipyard. Firm prices had been established on the basis of submitted costs but certain information came to the attention of this office suggesting that these costs might be inaccurate. An audit was carried out and our negotiations should result in a substantial recovery over the fair and reasonable cost plus a fair and reasonable profit. Settlement in principle has been achieved.

Fairchild Aircraft Limited - Five contracts have been forwarded to the company for signature to effect a final settlement which will account for approximately $49 million of outstanding accountable advances.

Government Guaranteed Bank Loans

The balance of the guarantees authorized by P.C. 3542 were cancelled at the end of October, 1946.

The guarantee of one coal loan, that with respect to Standard Coal Company Limited, remains in effect having been extended to April, 1947. Repayment of this loan, which amounts to only $2,500, is slow.

Negotiations in respect of the guarantee of a loan of $730,000 to Acadia Coal Company Limited were still in process at the end of the quarter but it is expected the agreement will be executed in January, 1947.

OTHER SPECIAL MATTERS

Canadair Limited - The plant was attended each working day, or arrangements made by which Mr. Howe's instructions of September 13, 1946, regarding counter-signature of cheques over $2,000 and approval of purchases and sales over $25,000 could be efficiently carried out.

Assistance was given to Clarkson, Gordon & Company, in carrying out their audit, and in particular, an analysis of the Private Bank Account and Oklahoma purchase was prepared, the large liability in connection with duty on imported aircraft for conversion, and deficiencies in the company's method of allocating overhead were pointed out.

In conjunction with the Cost Inspection & Audit Division, Clarkson, Gordon & Company and the Comptroller's Division, work was carried out with a view to completing billings on wartime contracts so that a revised balance sheet at September 14, 1946, would only show expenditure on DC-4M and Commercial work.

The office worked together with Mr. Macfarlane and other officers of Canadair Limited in order to produce a budget with more information than previously given, and also to show "actual" results as against "anticipated".

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Federal Aircraft Limited - In conjunction with Auditor-General's Department and Mr. Gordon Hunter of the Comptroller's Division, adjustments were made preliminary to final Balance Sheet as at June 30, 1946. (This has now been finally passed by the Directors of Federal Aircraft Limited and the Auditor-General.)

Massey-Harris Limited - Conferences were held regarding finalization of production contracts with Federal Aircraft for Anson Wings and Spars. (Finalization is anticipated in the New Year upon completion of audit by the Treasury).

Termination Claims - Assistance was rendered to the Contract Settlement Board with regard to all aircraft contracts such as Canadian Car & Foundry Company, Fleet Aircraft Limited, Reliance Industries Limited, Nuclear Enterprises Limited.

SPECIAL INVESTIGATIONS, CONTROLLERSHIPS AND OTHER SPECIAL MATTERS

Satisfactory arrangements for repayment of monies due to the Crown were completed with Bloctube Controls of Canada Limited and the Controllership was revoked.

Further investigations were initiated in respect of Atlas Radio Corporation et. al., which made it necessary to appoint counsel and to request the assistance of the R.C.M.P.

Other matters, under this category, are developing satisfactorily At the end of the quarter, the following special investigations were still in process:-

United Steel Corporation Ltd. (Farand & Delorme Division)
Millwork Industries Limited
Atlas Radio Corpn. Limited
Livingstone Wood Products Ltd.

While Controllerships still in effect were:-

Port Carling Boat Works Limited
J.V.M. Corpn. of Canada Ltd.
Electric Tamper & Equipment Co. of Canada Ltd.

SPECIAL GRANTS IN LIEU OF TAXES

There are on hand only two requests from Municipalities for financial assistance, one from the Municipality of Rolph Buchanan, Wylie and McKay on account of the Chalk River Project which has been referred to Defence Industries Limited for additional information; the other from the St. Laurent School Commission on account of Canadair which is under active consideration. Eight other requests have been dealt with during the quarter.

SETTLEMENT OF CONTRACTS

750 contracts were settled as compared with 1,080 in the second quarter and 1,681 in the first quarter.

1,365 contracts remain to be settled, made up as follows:-

Purchasing Branch		
Government audit contracts	80	
Self audit contracts	8	
Negotiation contracts	449	537
Office of the Renegotiation Executive		
Contracts to be included in overall renegotiations		828
Total		1,365

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DEPARTMENTAL & INTER-DEPARTMENTAL LIAISON IN CONNECTION WITH TREASURY COST AUDITS & OVERALL RENEGOTIATION

Cost Audit Reports

Approximately 88 Audit Reports were received during the quarter. The scrutinizing and distributing of these audits and reporting the refunds established thereon is being kept up-to-date.

Liaison with Service Treasuries

There were 89 inquiries from the Service Treasuries regarding the finalization of individual contracts, and final amendments were issued on 750 Acceptances of Tender.

Liaison with the Comptroller's Branch & Treasury

282 Requests for Collection of Refund were passed to the Comptroller's Branch during the quarter and 75 were referred back to this office due to difficulties encountered in making collection or requests by the contractor for an extension of time in making payments. Collection of the refund was effected or terms of payment arranged on 53 of the settlements referred to this office.

Allocations were provided for $36,222,000 during the quarter of which $8,945,000 was actually available for distribution.

Certificates of Necessity

There were 12 applications for Certificates of Necessity and 8 Certificates were issued.

DESTRUCTION OF FINANCIAL RECORDS COMMITTEE

The Committee reviewed and recommended for destruction 19 Companies' accounting records without permanent value.

STAFF

As a result of the leaving of Mr. F.H. Brown, on December 2nd, 1946, the Office of the Financial Adviser was re-organized into the Office of the Financial Executive, headed by Mr. E.C. Grundy, and the Office of the Renegotiation Executive, headed by Mr. J.A.D. McCurdy. The former immediate staff of Messrs. Brown and Grundy constituted the Office of the Financial Executive, while that of the former Renegotiation Division of the Office of the Financial Adviser constituted the Office of the Renegotiation Executive.

L E G A L B R A N C H

1. The volume of work shows little net change.

2. Instructions were received during the quarter for the preparation of 302 contracts.

3. (a) Atlas Radio Co. Ltd., et al - Investigation

George Bagwell K.C. of Toronto has been instructed as Counsel to assist the investigator in completing this inquiry.

(b) H.R. Barbe - Attempted Bribery

The accused has been committed for trial at the next assizes

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at Rimouski, to be held in May,1947.

(c) Rex vs. Brown (Canada Comforter Company)

The appeal in the habeas corpus application has been dismissed by the Supreme Court of Canada and the question of proceeding against White and Mayotte is being considered by Counsel.

(d) Canadian Arsenals Limited - Theft of Equipment, Nitro, Quebec.

Langevin and Leduc paid their fines and costs. The charge of theft against Tetrault was dismissed, partly on the ground that the goods in question were not marked and could not be identified as those missing from C.A.L. It is proposed to discuss the question of marking with C.A.L.

(e) S. Chalifoux Limited

A first and final dividend of 10% has been declared and paid by the Trustees in this bankruptcy matter.

(f) Eldorado

The criminal proceedings have been adjourned to January 15, 1947. The civil proceedings have been standing pending the result of suggestions of settlement made by the defendants.

(g) Livingstone Wood Products

Counsel and the Department of Justice have advised against prosecution, and the matter has been referred back for renegotiation on the basis of the investigator's report.

(h) J.R. Proctor et al - Thefts from Canadian Arsenals Limited - Cherrier Plant.

Convictions have been made and sentences imposed as follows:

Proctor - 2 days in jail, $275. and cost - paid.
Robinson - 2 days in jail - $250. and costs - paid.
Rochette - 1 day in jail - $250. and costs - paid.
Loiselle - 2 years suspended sentence (on account of illness)

4. ORDERS IN COUNCIL AND ORDERS RELATING TO CONTROLS

During the quarter 4 Orders in Council and 3 Controllers' orders were drawn.

M O N T R E A L O F F I C E

OCCUPATION OF FLOOR SPACE

No changes have taken place in the occupation of office space since the last monthly report.

The following are the Offices and Branches represented in the Montreal Office -

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1) Anthracite Regional Coal Control (Quebec)
2) Central Inventory Records Division
3) Priorities Branch
4) Timber Control (Wood Fuel Division)
5) Contract Settlement Board (Mr. C.A. Warren)
6) Research and Development Branch (Mr. R.A. Frigon)
7) Purchasing Branch
8) Real Estate Branch

STAFF

The following are comparative figures of the personnel under the jurisdiction of this office at different dates.

	April 1946	June 1945	Jan. 1946	Oct. 1946	Nov. 1946	Dec. 1946
M&S officers	70	51	22	30	29	28
Stenos & clerks	57	59	30	26	25	24
Male clerks	9	22	12	9	9	9
	136	132	64	65	63	61

OFFICE EQUIPMENT

Changes in office equipment are entered in the inventory and reported regularly to the Director of Equipment and Stationery at Ottawa.

TELEPHONE

No changes were made in telephone installation. Equipment is at present as follows:-

Switchboard	1
Trunk Lines	10
Locals	29
Switches WP 203	3
Switches WP 150	1

IMPREST FUND

During the month of December the office issued nine (9) cheques amounting to $657.25. Since the fund was opened on April 7th 1943, we issued 1923 cheques for a total amount of $114,869.51.

P R I O R I T I E S B R A N C H

G E N E R A L

Each month of the fourth quarter saw the volume of work in the Canadian Division continuing at an unusually high level and the year ended with the volume unabated. Reasons for this are given below under the heading "Canadian Division".

Activities in the United States Division showed a gradual decline due to actions in Washington; trends here are outlined below under the heading "United States Division".

At the end of 1946, staff in Ottawa and in four Regional Offices (Vancouver, Winnipeg, Toronto and Montreal) had increased to 47. (Total was 43 when the quarter opened). During the quarter, the Prairie Regional Office of the Branch was re-opened after being closed for some two years. This was done to better serve this area - particularly in speeding the completion of veterans' homes and in assisting manufacturers of building materials to increase production.

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C A N A D I A N D I V I S I O N

During the quarter, a nation-wide survey was made of veterans' homes the construction of which was being held up because a relatively small number of essential items remained undelivered - in spite of priorities assistance extended. Following up on information obtained from this survey, a tremendous amount of work was done in extending special assistance to make such homes ready for occupancy.

Every member of the Branch, including the staff of both Divisions, concentrated on this special assignment during November and December. Wherever possible, personal visits were made - by regional representatives and officers from head office - to suppliers and producers who held the rated purchase orders which constituted the bottleneck items in completing construction. This work resulted in many additional homes being completed. This special work is continuing as 1947 gets underway.

The many personal visits to offices of firms in the building industry also resulted in a better understanding of and compliance with Priorities Officer's Order No. P.O. 11A, the Order which prescribes the uses of formal priority ratings for veterans' housing.

During the quarter steps were taken to make Order No. P.O. 11A even more effective and it is expected that an amended Order (P.O. 11B) will be issued early in the now year. Administrative officers of the Branch have also been busily engaged in lining up the overall plans for priorities assistance to the housing programme during 1947.

The Priorities Officer made a number of personal visits to gatherings interested in home building and worthwhile results were forthcoming. Such personal contacts continue to stimulate better co-operation from producers and distributors in helping to lick the housing problems.

The effects of serious strikes in Canadian industry carried over into the fourth quarter. The Canadian Division continued busy locating sources of supply and directing distribution of materials to keep essential industries and services operating at highest possible peak. New successes were recorded in assisting producers of building materials to expand their activities.

Issuance of formal priorities (APH) ratings, to assist veterans' home building, continued at a high level during the quarter although a seasonal decline was registered as Winter weather set in. During the three-month period, a total of 3,605 ratings were authorized, representing assistance to 7,710 housing units. This compared with a total of 3,908 in the third quarter - representing 10,379 units. A break-down of APH authorizations for the quarter follows:

Form HB-1046					
(Homes at least 50% complete)	2989	representing	2989	housing	units.
Department of Veterans Affairs	523	"	523	"	"
Housing Enterprises Limited	4	"	351	"	"
Wartime Housing Limited	21	"	1510	"	"
Integrated Housing Development	28	"	528	"	"
Miscellaneous	39	"	1759	"	"
Prefabricated houses	1	"	50	"	"
Total certificates issued	3605		7710	"	"

Oil-burner-programme - Shipments of ignition transformers, for the oil burner programme, for the past three months were:

September - 6532
October - 7973
November - 7825

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These figures compare favourably with August production of 3775 units which was attained before our control over the distribution of magnet wire took effect.

During the past quarter, a reallocation of production of fine magnet wire was made to take care of the requirements of the automotive industry. The amount of wire diverted to that industry was balanced by Canada Wire and Cable Company coming back into production and, as a consequence, the oil burner programme did not suffer. As the emergency demands for magnet wire for the burner programme now seem to have been met, the control over the distribution of such wire ended as of December 31, 1946.

Reports show that 3000 tons of steel were shipped by the Steel Company of Canada Ltd. by December 31 out of an allocation of 9000 tons which was set up for the fabrication of basement fuel oil storage tanks. This 3000 tons represents the equivalent of 20,000 tanks and, as 23,000 tanks were fabricated during the four month period ending October 31, from steel which came from sources other than the allocation, the balance of 6000 tons allocation is being cancelled.

U N I T E D S T A T E S D I V I S I O N

Difficulties continued so far as participation in U.S. priorities assistance was concerned; however, with Washington rapidly revoking various remaining control orders and priorities regulations, the need is diminishing for formal assistance to effect delivery of goods and materials from across the border.

At the quarter's end, the United States had less than a dozen "Limitation" orders on the books and only some fifteen "Conservation" orders were still restricting the peace-time movement of supplies.

In mid-December, Washington announced that various reconversion control agencies had been amalgamated under a single head (Office of Temporary Controls - OTC) as another step in the return to normal business operations. This amalgamation saw the end of the Civilian Production Administration (CPA) as an independent unit. Since CPA was the agency with which the Priorities Branch dealt when seeking U.S. priorities assistance (there being a Canadian Division of CPA with an office in Ottawa), it was expedient that the Branch acquaint itself with the new control officials in Washington - in the interests of any continuing priorities arrangements between the two countries. To this end, the Priorities Officer visited Washington and held profitable conferences with the chief of the new OTC and other officials.

Washington's policy on U.S. priorities assistance for the production of building materials in Canada was firmly in the negative during the quarter. During October, November and December, the branch failed to receive any assistance from United States priorities in obtaining steel, castings or pig iron for the production of building materials, nor was any U.S. assistance forthcoming in the procurement of equipment where the end use was the manufacture of building materials. However, the problem became a less serious one as time went on and recovery was made from strikes - on both sides of the border.

During the fourth quarter, the branch was successful in having CPA issue a Priorities Policy Decision granting Canada a quantity of high tenacity rayon yarn amounting to 478,971 pounds. However, no ratings were granted and the tire producers in Canada will have to procure the material through regular trade channels on the basis of certified purchase orders.

Canada also had a Western and Ponderosa Pine Lumber allocation of 1,500,000 feet per month for the fourth quarter but, although ratings were assigned to Canadian individual applications, they proved to be little more than a hunting license.

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Another decision during the fourth quarter made by the CPA in favour of Canada was an amendment to Priorities Policy Decision #61 granting Ayerst, McKenna & Harrison Limited, Montreal, and Connaught Medical Research Laboratories, Toronto, MM ratings for the procurement of U.S. equipment for Streptomycin production. A request for an allocation of 500 grams of Streptomycin, as such, was also granted by the CPA during the quarter.

There will be no further applications through the Cotton Administration for broad woven cotton fabrics as the U.S. regulations covering this type of material are being revoked in their entirety.

A contemplated change in Priorities Regulation #28, the Order governing the granting of CC ratings for civilian use for limited and emergency requirements, is indicated in a circulation which came out the latter part of December. Should this proposed change in the Regulation take place, it will result in a further curtailment of ratings granted to civilian users.

U.S. CPA-541A Applications - During the quarter, a total of 156 "541A" applications were received; this compares with 230 in the third quarter. Of this number, plus a carry-over of 5 from the third quarter, 102 were approved by CPA and 59 were denied, returned for more information, cancelled for various reasons or carried forward for 1947 processing. Grand total of this type of application received to date stands at 53,752.

For the period being reported, there were 1056 submissions made for cotton textiles from the United States and all were approved. Cotton textile applications received to date total 5,133.

A total of 192 interim adjustment reports on cotton textiles were processed during the three-month period, as compared with 668 during the third quarter. Such reports to date total 4,384.

U.S. Special Forms - New submissions on special U.S. forms for the quarter totalled 85; with a carry-over from the third quarter of 96 (applications held up while U.S. policy was clarified), a total of 56 requests were approved by CPA and 125 were denied.

The volume of special forms in 1947 is likely to fall off sharply as more U.S. control orders are revoked.

P U B L I C I T Y B R A N C H

DEPARTMENTAL RELEASES: Fourteen press releases were issued during the quarter as compared with 16 in the preceding quarter.

AIR TRANSPORT BOARD: Eleven press releases were issued during the quarter on behalf of the Air Transport Board as compared with 13 during the third quarter.

ADVERTISING: On behalf of the Coal Control, one advertisement of 776 lines was placed in the English and French daily newspapers in Ontario, Quebec, and the Maritime Provinces, announcing the "New Regulations Governing Supply of Household Fuel" -- an amendment to Coal Controller's Order No. 25 -- at a cost of $4,410.33. This advertising was handled through the agency of R.C. Smith and Sons Limited, Toronto.

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CLIPPING BUREAU: This bureau continues to maintain a newspaper clipping reference file for the information of the various units of the Department. During the quarter, 1,313 clippings from the daily press of Canada, magazines and house organs were filed, all of which were sent to the Minister's office. In addition, 24 clippings were sent out by special request, and 1,883 were circulated to other Branches. The total circulation of press clippings was 3,220 as compared with 3,125 in the last quarter.

FEATURES: On November 20 a member of the Branch conducted a party of 35 on a press tour of Debert Military Camp which was undergoing demolition under the reclamation scheme to provide materials for veterans' homes. Attended by members of the press, Board of Trade officials, representatives of municipal governments and of the Nova Scotia provincial government, the tour served to correct misunderstandings as reflected in editorial comments. A National Film Board photographer was present and the resulting photographs were distributed to the daily and trade papers. An account of the operations was also carried over the C.B.C. News Roundup on November 20. The project was photographed in motion pictures by the Associated Screen News for screening on the regular newsreel circuits.

A member of the staff attended the annual meeting of the United States Army Ordnance Association in Washington on behalf of Colonel Malcolm P. Jolley, President of Canadian Arsenals Limited, who was present by invitation to address the meeting. A news story based on Colonel Jolley's speech was distributed to the Washington newspapers and U.S. news services as well as to representatives of foreign news services in Washington. The member of the Branch also succeeded in establishing friendly relations with the Army Ordnance Association executive which should result in mutual advantage.

MISCELLANEOUS: Distribution of reports published by the Economic Research Branch and an extensive card index of distribution coverage was taken over by this Branch in order that there should be no overlapping of the functions between the branches. This was done following discussions between the heads of both branches. It was the opinion of the Director General of Economic Research that the library staff would thereby be enabled to devote this considerable portion of time toward library functions, whereas it was felt by the Director of Publicity the distribution of such reports and records pertaining thereto were a proper function of the Publicity Branch.

In order to bring the general press release mailing list up to date, a circular letter was sent out and the replies thereto showed a continued wide interest in the Department's activities.

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At the request of General A.G.L. McNaughton, this Branch provided him with a collection of published material concerning Canada's part in the development of nuclear energy including early articles on Eldorado at the time when radium was considered its most important product.

A member of the staff assisted the Honourable the Minister at the opening of the exhibit "Design in Industry" at the National Gallery. The Branch has been requested by the editor of the Canada Year Book to bring the chapter on Reconstruction up to date, and this material is now being prepared.

On behalf of Polymer Corporation two addresses by A.P. Mechin, manager, were distributed. The following addresses by the Minister were distributed:

1. Irrigation in Western Canada
2. Progress of Reconversion in First Year of Peace
3. Radio Address
4. Address before the Osgoode Hall Legal and Literary Society.

Distribution was made of two reports prepared by the Economic Research Branch; "Capital, Repair and Maintenance Expenditures of Business Enterprises in Canada, Forecast 1946," and "Manpower and Material Requirements for a Housing Program in Canada."

PHOTOGRAPHS: During the quarter 40 photographs were distributed by the Photo Services Branch of the National Film Board covering special requests from the press and trade publications. In addition the Board distributed mats and pictures of "Nobel Lumber for Veterans' Homes" to 120 daily newspapers. Arrangements were made by the Branch to photograph the presentation of the Howe Trophy and R.A. Trophy to winning members of the Department's golf tournament.

ENQUIRIES: A total of 853 enquiries for information of a publicity nature was attended to as compared with 776 in the preceding quarter. This figure included 644 telephone calls, 109 letters and 100 personal visits on the part of newsmen and others to the Publicity Office.

P U B L I C P R O J E C T S B R A N C H

1. During the quarter, procedures for screening of construction items in the 1947-48 estimates were set up and approved, and a large proportion of the actual screening work was completed.

Officers of the branch, in cooperation with those of the Economic Research and Resources Development Branches and of the Cabinet Committee on Reconstruction, prepared material intended for inclusion in the letter from the Minister of Finance regarding handling of construction and resources development projects which sponsoring departments intended to put forward for inclusion in the 1947-48 estimates. It was later decided to include this material in directions issued by the Cabinet Committee on Reconstruction subsequent to the distribution of the letter from the Minister of Finance, setting out general instructions with respect to the 1947-48 estimates.

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The letter from the Minister of Finance was sent out on November 6, 1946, and the detailed directions of the Cabinet Committee on Reconstruction were issued by the Minister on November 19, 1946. By the end of the quarter, screening of all construction items of seven departments has been completed, and if those Schedules "A" which have not yet been received are submitted without delay, a complete report can be submitted to the Cabinet Committee on Reconstruction before the middle of January.

At the end of the quarter, no Schedules "A" for construction items to be included in the 1947-48 estimates had been received from the Department of Public Works, the Department of Veterans Affairs, Department of Transport - Air Services Branch, Department of Agriculture - Prairie Farm Rehabilitation Administration, and the National Harbours Board.

2. The Treasury Board, during the quarter, decided where construction items approved in 1946-47 are concerned, to refer applications for "Transfers between Allotments" to this Department for screening before such transfers are approved. Where a transfer is proposed, the Branch checks to ascertain whether any increase in the use of critical materials and labour will be involved by the transfer. Such proposals are referred to the Cabinet Committee on Reconstruction only where the items affected have not previously been so referred.

Investigations of proposed "Transfers between Allotments" involving construction items amounting to more than $12 millions in the aggregate were completed during the quarter.

3. The official reserve of registered public projects fully planned and deferred for execution to a time of regional or national unemployment now numbers 77 projects involving a total estimated cost of approximately $14,200,000. Sixty-one projects worth a total estimated cost of approximately $6,500,000 were sent forward for registration during the quarter.

During the month of December, the entire staff has been almost completely occupied with the 1947-48 estimates, and this condition will continue throughout the month of January. Consequently, little progress is being made at the moment towards increase of the total reserve of public projects, except with respect to one type of multiple project, referred to in a later paragraph.

4. Officers of the Branch, throughout the quarter, continued their search for departmental projects which, without adding greatly to the load now being carried by departmental engineering staffs, could be made ready and brought forward for registration in the reserve of public projects. The Minister, in his letter of November 19, 1946, once again urged all departments and agencies to accelerate preparation in advance of plans and specifications for public investment items which are not considered to be of immediate urgency, but which it is felt should be implemented when possible; and to forward these plans and specifications for incorporation in the reserve of public projects.

The search referred to above has achieved some useful results, the most significant being with respect to several standard types of construction for units to be built in the future by the Department of National Defence (Army). Plans and specifications for one type of unit have now been received and will be put forward for registration next month, thereby increasing the total reserve to approximately double its present estimated value.

5. Officers of the Branch, during the quarter, interviewed 34 technical persons whose qualifications were suited to our activities. One of those interviewed, Mr. I.M. Marshall, formerly construction engineer with the National Research Council joined the staff of the Branch on November 18, 1946, as Technical Officer Grade 5; the

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first technical person to be taken on in eight months.

Two others amongst those interviewed are still indicating some interest in employment with this Branch, one having qualifications for a Grade 3 classification, the other for a Grade 5.

It continues to be extremely difficult to secure the services of technical persons for positions in the public service, and practically impossible to interest any one in the age group between 25 and about 40.

6. A rough survey was made by officers of the Branch during the quarter, of designing staff requirements for completion of advance planning of a national reserve of public projects of minimum proportions. An estimate was also made of the total number of technical persons and technicians in Canada experienced in this field. The results of the investigation, which do not indicate a very promising situation, were reported to the Deputy Minister at the end of the quarter.

P U R C H A S I N G B R A N C H

The activities of the Purchasing Branch for the quarter ended December 31, 1946, were largely those of procurement and to a decreasing extent certain outstanding work involving Contract terminations and settlement of contracts which are subject to price adjustment. There has been a slight decrease in the number of contract demands and requisitions received by the Branch in Ottawa over the corresponding quarter in the previous year, as indicated by the following figures:-

1945	1946			
	First Quarter - 1,782		Third Quarter - 2,154	
Fourth Quarter - 1,898	Second " - 1,763		Fourth " - 1,780	

The number of acceptances of tender and local purchase orders issued by the Branch in Ottawa and district purchasing offices declined to some extent in the final quarter of the year, as follows:-

1946

First Quarter -	16,921	Third Quarter -	11,789
Second " -	12,913	Fourth " -	10,605

During the same period the number of amendments declined, viz:

1946

First Quarter -	12,556	Third Quarter -	4,101
Second " -	5,798	Fourth " -	4,048

The total value of acceptances of tender, local purchase orders, stores transfer orders and overseas requisitions placed by the entire Branch by quarters is as follows:-

1946

First Quarter -	$17,570,463	Third Quarter -	$26,778,672
Second " -	$27,976,543	Fourth " -	$18,401,899

Incoming contract demands and amendments received in the Branch at Ottawa for processing during the past quarter were as follows:-

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Service	Number	New C.D. Value	Amendments Involving Increases No.	Amendments Increases Amount	Amendments Involving Decreases No.	Amendments Decreases Amount
Navy	336	$945,156	74	$525,627	74	$356,770
Army	241	5,174,351	105	902,172	49	225,078
Airforce	97	5,167,518	37	803,046	13	265,500
M&S Reqns.	-	-	2	481	-	-
Mutual Aid	-	-	13	2,093,270	18	1,961,982
Inspection Bd.	3	1,208	-	-	2	77,469
TOTAL:	677	$11,288,233	231	$4,324,596	156	$2,886,799

Continued progress is reported in the matter of unsettled contracts. At the end of the year those outstanding totalled 1,365, being a net reduction of 685 for the past quarter. The usual details are given in the regular report submitted to you through the Financial Executive.

The Purchasing Activities of the various Purchasing Sections may be summarized as follows:-

PURCHASING DIVISION NO.1

SECTION "B"
AIRCRAFT & ELECTRICAL EQUIPMENT:

The approximate total value of contracts placed by this Section during the quarter was $2,795,693. This includes 5 Stores Transfer orders valued at $9,346 and 20 overseas requisitions valued at $67,802. The larger items were:-

Design and construction of aircraft	$1,500,000
Repairs and overhaul of aircraft, storage, etc.	706,698
Aircraft spares	214,494
Parachutes and harness	146,494
Electrical equipment	143,532
Wireless equipment	12,312
Miscellaneous items	71,196
Batteries	10,002

During the quarter a contract was entered into with A.V. Roe Canada Ltd., for the design and construction of Gas Turbine Aero Engines. This replaced the contract previously held by Turbo Research Ltd. Expenditures under the contract are expected to reach approximately $650,000 to the end of the present fiscal year with two to two and a half million dollars earmarked for the next fiscal year. A contract was also entered into with the same Company for the design and construction of Jet Fighter Aircraft for which $1,000,000 has been provided by the R.C.A.F.

SECTION "C"
MEDICAL, NAVAL, M.T. & GENERAL STORES:

The approximate total value of contracts placed by this Section during the quarter amounted to $706,553. Of this amount $667,131 was covered by Acceptances of Tender; $34,950 by Overseas requisitions and $4,472 represented stores transfer orders. Some of the larger items were:-

Miscellaneous Medical Supplies	$35,873
Miscellaneous Naval Stores	77,972
Miscellaneous General Stores	94,352
Earth Movers for Coal Mines	52,982
Wiping Rags	23,030
Machinery	29,740
Miscellaneous Industrial Equipment	
Spares and Tires	107,475
M.T. Spares	96,080

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PURCHASING DIVISION NO. 2

SECTION "A"
CLOTHING & TEXTILES:

The approximate total value of Acceptances of Tender placed by this Section during the quarter amounted to $434,721. Stores transfer orders were made to the value of $21,561, making a combined total of $456,282. Among the larger purchases for this period were:-

For the Army:

16,000	Pairs boots and shoes	$90,896
325,000	Yds. of ribbon silk medal	52,812
640	Parka coats and trousers and	
500	Pairs boots mukluk for cold weather exercises	25,307
13,200	Shirts, cotton khaki	23,628
31,958	Pairs gloves woollen khaki	15,340

For the Air Force:

8,650	Pairs of overalls combination black and brown	32,004
3,240	pairs shoes leather black	16,848

For the Navy:

78,000	Cap ribbons lettered "HMCS" with name of ship and shore establishment	23,780
1,000	Coats waterproof naval	18,000

This Section is presently arranging for the supply by the Royal Canadian Mint of 658,000 campaign stars which it is estimated will cost $329,000. These medals are for issue to the three armed services and the Merchant Marine for service in World War II. The dies and tools necessary to make these medals were obtained by the Department of National Defence from the Royal Mint in England. 110,000 yards of various medal ribbons are required for these medals and due to heavy commitments already made upon limited Canadian production, it may be necessary to import some of it from England.

SECTION "G"
CONSTRUCTION:

The approximate value of construction contracts placed by this section during the quarter amounted to $824,806. This included 36 new contracts amounting to $724,742 and 26 additions to contracts amounting to $100,064. Some of the important projects follow:-

ARMY:

Construction of crib and concrete wall, Squaw Point Rifle Range, Charlottetown, P.E.I.	$16,980
Construction of roads, paving and surface drainage, health & Occupational Centre, Senneville, P.Q., for the Dept. of Veterans Affairs.	$11,655

NAVY:

Construction of laboratory, etc., magazine establishment, Bedford Basin, N.S.	423,065
Alterations to Torpedo and Gunnery School, HMCS " STADACONA", Halifax, N.S.	33,350

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	Construction of retaining walls, HMC Deckyard, Halifax, N.S.	31,507
	Alterations to Electrical and Signals Bldg., HMCS "STADACONA", Halifax, N.S.	30,900
AIR FORCE:		
	Construction of new water main, Trenton, Ont.	30,885
	Runway and taxi strips repairs, RCAF Station, Trenton, Ont.	17,503

SECTION "J"
COMMISSARY & LAUNDRY:

The total value of foodstuffs purchased during the quarter for Military District No. 3; tea and coffee, etc., for Supply Depots throughout the Dominion and the requirements of Laurentian Terrace, amounted to $283,943.

During the quarter a contract was awarded to R. Smith & Co. Ltd., for the messing of R.C.A.F. personnel and civilians at Dawson Creek, B.C. for the period December 1, 1946 to March 31, 1947, at an estimated cost of $13,500.

Generally, there is at present little possibility of any improvement in food supplies until the 1947 crop has been harvested. The domestic shortening supply is still critical, but an early improvement is anticipated. The policy of arranging through the Wartime Prices and Trade Board for the allocation of foodstuffs, which are in short supply, must be continued for the present to ensure that the Armed Forces obtain their requirements, and until such time as sufficient supplies become available.

SECTION "R"
PETROLEUM PRODUCTS, FUEL, LUMBER & PAINT:

The approximate value of purchases made by this section during the quarter amounted to $2,289,478. The principal items were:-

Petroleum products	$1,621,828
Coal	281,654
Paints, varnishes, etc.	100,545
Lumber	68,031
Rental of machines (I.B.M.)	44,196
Barrack equipment	42,926
Paper products	31,747
Plastic sheets	24,468
Soaps, cleansers, polishes, etc.	15,450
Defence containers	14,379
Sporting goods	14,667
Musical instruments	12,295
Furniture	8,969

PURCHASING DIVISION NO. 4

SECTION "P"
AMMUNITION & RAILWAY ROLLING STOCK:

The approximate total value of contracts placed by this Section during the quarter amounted to $290,009; 8 stores transfer orders amounting to $165,713 and 10 overseas' requisitions amounting to $133,374 making a grand total of $489,096. The larger items were:-

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2,000,000 rounds of S.A. .303 ammunition-Canadian Arsenals Ltd. $163,036

Repairing and reforming cartridge cases-Canadian Arsenals Ltd. $16,000

25 Pdr. S.P. tracked vehicles - War Assets Corporation - $39,990

Disposal by drawning of ammunition - John Harrison & Son Ltd. $14,250

Disposal by drowning of ammunition - Marine Industries Ltd. $10,744

SECTION "P"
GUNS, INSTRUMENTS & SMALL ARMS:

During the quarter this section placed 21 acceptances of tender with a value of $33,207; 4 stores transfer orders valued at $175,429 and 40 overseas requisitions valued at $121,581, making a grand total of $330,217. The largest individual item was a contract with Canadian Arsenals Ltd. for 20,300 back sights assemblies MK.IV for No. 4 Rifles for the Army - $31,570.

Considerable progress was made in consolidating existing old outstanding contracts.

SECTION "P"
A/S SIGNALS AND ANTI-SUBMARINE:

During the quarter this section placed 91 acceptances of tender valued at $227,747 and 40 overseas requisitions valued at $127,039, making a grand total of $354,786. The larger items were:-

Shoran ground beacons (R.C.A. Victor Co.)	$59,400
Cataloguing and production of lists for various signal equipment (Mecco Limited)	47,000
Production of identification lists for Radar and associated equipment (Richardson, Bond & Wright)	32,000
Airborne Shoran installations (R.C.A. Victor Co.)	22,680
Morse code printers (Press Wireless Manufacturing Corp.)	22,500
Maintenance and operation of a plant for production and/or repair of A/S oscillators (Dept. of Mines & Resources)	12,500

The majority of the overseas requisitions covered Radar parts for the Royal Canadian Navy.

The most important programme handled during the quarter was that for Shoran, Airborne and Ground Stations required by the R.C.A.F. This unit is a highly technical plotting mechanism guaranteed accurate within twenty-five feet at a range of one hundred miles. This is the first of this type of equipment ordered by the Services and will probably form a continuing requirement.

WASHINGTON OFFICE:

During the quarter 11 acceptances of tender were issued largely on behalf of the Army at an estimated expenditure of $260,000. The major items

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were as follows:-

646,250	Rounds of 76 and 37 MM ammunition	$214,787
46	Gliders Hadrien Type CG4A	23,000
24	Gliders Hadrien Mk. II	12,000
372	Marquee tents	10,024

It should be interesting to note that the procurement cost to the U.S. Government for the 646,250 rounds of the 76 and 37 MM ammunition was $4,285,887 plus actual packaging and handling charges which are presently estimated to be $30,700.

Early in September last the officer in charge of our Washington Office learned that the U.S. Ordnance had a considerable quantity of V.T. fuses surplus to their requirements and which the U.S. Government proposed to scrap at a cost of $1.00 to $2.00 per fuze. Inquiries revealed that they were a type used by the Canadian Forces. The procurement cost of these Fuzes to the U.S. Government ranged from $19.00 to $25.00 each. Through informal negotiations between our representative and the U.S. War Assets Administration, it is quite possible we may be able to obtain 230,000 of these Fuzes for a nominal total fee of $1.00, thereby saving the U.S. Government the cost of scrapping them. Negotiations have proceeded to the point where we have been requested to make a formal requisition for these fuzes through the U.S. State Department and this step is now in progress.

DISTRICT PURCHASING OFFICES

A summary of the purchases made by District Purchasing Offices across Canada for the quarter is as follows:

LOCATION	COMMISSARY PURCHASES	EQUIPMENT PURCHASES	VALUE OF TOTAL PURCHASES
Halifax, N.S.	$ 253,413	$316,165	$569,578
Quebec, P.Q.	11,799	141,857	153,656
Montreal, P.Q.	55,574	234,107	289,681
(Ottawa, Ont.	-	51,449	51,449
(C.S.R.D.E. (Sub Office)		14,269	14,269
Toronto, Ont.	236,110	163,990	400,100
Winnipeg, Man.	120,583	95,580	216,163
Calgary, Alta.	111,344	155,783	267,127
Vancouver, B.C.	85,450	101,160	186,610
Victoria, B.C.	222,674	93,134	315,808
TOTAL:	$1,096,947	$1,367,494	$2,464,441

SUMMARY OF EXPENDITURES

PURCHASING DIVISION NO. 1

Section "B"	- Aircraft & electrical equipment	$2,795,693
" "C"	- Medical, Naval, M.T. & general stores	706,553
		$3,502,246

PURCHASING DIVISION NO. 2

Section "A"	- Clothing & Textiles	456,282
" "G"	- Construction	824,806
" "J"	- Commissary and laundry	283,943
" "R"	- Petroleum products, fuel, lumber & paint	2,289,478
		$ 3,854,509

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PURCHASING DIVISION NO. 4

Section "P" - Ammunition & railway rolling stock	$589,096
" "P" - Guns, instruments and small Arms	330,217
" "P-A/S"- Signals and anti-submarine	354,786
	$1,274,099

WASHINGTON OFFICE	$ 260,000

DISTRICT PURCHASING OFFICES

Commissary -	$1,096,947	
General -	1,367,494	$ 2,464,441
✱ GRAND TOTAL:		$ 11,355,295

✱ Of the grand total of $11,355,295; $10,494,028 was spent on new purchases: $376,521 on stores transfer orders and $484,746 on overseas requisitions.

During the quarter the staff of the purchasing branch was reduced as follows:

	1st October, 1946	31 December, 1946	Decrease
Ottawa	188	165	23
Districts	62	56	6

R E N E G O T I A T I O N E X E C U T I V E

The following figures include the latest reports received from Vancouver office (Mr. N. Wilks);-

As at September 30, total of refunds arranged was shown as -	$421,530.110
Added October 1 to December 31 - - - - - - - - - - - - - - - -	20,461,551
Total to December 31 1946 - - - - - - - - - - - - - - - - - - -	$441,991,661

During the quarter, 1,240 cases were dealt with and completed as follows:-

Refunds established -	239
Settled on basis of no refund after examination of financial statements -	258
No renegotiation seemed to be required after preliminary investigation -	634
No war business reports accepted - - - - - - - - - - - - - - - -	109
TOTAL - - -	1,240

The quarterly total of refunds established by overall renegotiation and covered by Crown Companies and Purchasing Branch on ceiling price contracts and through voluntary refunds was $20,461,551 which is made up as follows;-

Refunds established by renegotiation (239 cases) - - - -	$17,765,866
Recoveries on ceiling price contracts and voluntary refunds to Crown Companies and Purchasing Branch - - - - - - - - - -	2,695,685
Total for quarter - - -	$ 20,461,551

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Up to the end of December, 6,966 companies or individuals have been approached and 3,300 individual files have been opened. Individual files are only opened when preliminary investigation indicates the need for more comprehensive review.

It is interesting to note that the average earnings of 1,387 cases, where refunds were not required, was 3.96 percent of cost, while that of 1,350 cases where refunds were obtained was reduced to 6.93 percent from reported average earnings of 13.04 percent of costs. These figures are cumulative and to the end of December, 1946.

RESEARCH AND DEVELOPMENT

Further changes to the staff have taken place during the quarter. Messrs. T.A. Joyce, G.H.D. Martin, D. Dworkin and A.J. Donahue resigned during the quarter to accept positions considered by them to be more to their advantage. The positions of Western Supervisor and Ontario Supervisor have been deleted and it is intended that supervision of all Representatives will be provided by the Director of Representatives and such assistants with head-quarters in Ottawa as are required.

Mr. W.J. Ahearn assumed his duties as representative for Eastern Ontario October 11. Mr. M. Burrows and Miss E. Rabkin have been appointed technical officers at the Technical Information Service and will report for duty on January 2 and 3 respectively.

TECHNICAL INFORMATION SERVICE

The total of inquiries to December 31 is 2,585 of which 640 were received during this quarter. The total of inquiries for the calendar year 1946 was 2267 and the totals by quarters were 462,541, 624 and 640 respectively. A breakdown of the sources of inquiries by provinces is as follows:

The quality of the inquiries is improving steadily with increased familiarity on the part of the field staff regarding what the Technical Information Service can and cannot do and as a consequence of this and increased experience of the members of the T.I.S., the replies are rendered more useful to the inquirers and an increasing number of people are advising the officers of the Technical Information Service regarding the benefits obtained from the information supplied by them.

The representatives still have instructionsto relieve the T.I.S. of as much work as possible by obtaining from local sources the answers to as many inquiries as is practical. Every effort is being made to secure additional suitable staff for the T.I.S. and if this can be accomplished, it will be possible to release the representatives from these restrictions on their activities which will result in increased service to the industrial community.

BUILDING RESEARCH

Further progress has been made in the investigation of the application to housing of the sandwich construction technique developed by the aircraft industry. Some difficulty has been experienced in obtaining suitable materials for the experimental work but supplies for these purposes are now on hand.

A new clear rubber-base adhesive has been tested and the results have been quite surprising. Under artificial aging, i.e; controlled oxidation, temperature and moisture, adhesives tested previously tended to

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disintegrate but under similar tests this new adhesive shows progressive increase in strength as aging proceeds.

In October, Mr. W.J. Cox of the National Research Council and D.C. Simpson visited the U.S. Forest Products Laboratory at Madison, Wis., to examine the work being done there and discuss problems with the professional staff at this laboratory. As a result, new core materials are being further investigated and there seems no doubt that several materials will answer all structural requirements. It is now a question of determining which will be the most economical from the standpoint of first cost, thermal and vapour barrier characteristics, fire resistance, etc. Some of the materials are new and cost in mass production is not immediately available.

Further investigations and study have resulted in refinement of details for doors, windows and other openings and progress has been made in designs for mechanical cores and heating arrangements. Further models to illustrate the flexibility of the modular system have been completed except for painting and furnishing.

R E S O U R C E S D E V E L O P M E N T B R A N C H

PERSONNEL

No additions or deletions to personnel were involved during the period October 1 to December 31, 1946, inc.

The Acting Co-ordinator returned from Europe on October 3, 1946.

ADMINISTRATIVE

A statement of the functions and activities of the Resources Development Branch and Forest Insects Control Board was prepared and forwarded to the Publicity Branch during the period under review.

COMMITTEES AND CONFERENCES ATTENDED BY THE ACTING CO-ORDINATOR

Montreal October 18	- Joint Administrative Committee - Pulp and Paper Research Institute
Ottawa November 5	- Meeting re Reconstruction Vote - Deputy Minister's Office
Quebec City November 6 & 7	- Meeting of the Quebec Association of Forest Engineers
Ottawa November 18	- Meeting with Mr. C.D. Mallory, Trade and Commerce, re Swedish investments in new paper mills - Canada
Ottawa November 19	- Meeting with the Director-General, Economic Research, re Reconstruction Vote
Ottawa November 21	- Meeting re East Slopes of the Rocky Mountains
Montreal November 25	- Meeting of the Executive Committee, Canadian Forestry Association
Ottawa December 2	- Meeting with the Director-General, Economic Research, re Projects
Ottawa December 2	- Meeting Canadian Society of Forest Engineers

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AIR SURVEYS

285-9-9 INTER-DEPARTMENTAL COMMITTEE ON AIR SURVEYS

During the period under review, considerable correspondence was exchanged between the Acting Co-ordinator and the Deputy Minister in connection with the programme of air mapping and surveys, as recommended in the report of the Inter-departmental Committee on that subject.

Estimated annual costs approximated $3,672,000 and provision was made for a long term project to include vertical air photography, tri-camera photography and oblique photography, the latter particularly for national forest inventory purposes.

The Cabinet Committee on Reconstruction ruled that the Minister of Mines and Resources be again requested to ascertain whether the provincial governments supported the proposed forest inventory programme and to what extent they might be willing to assume responsibility for costs incurred in this connection should the Dominion government decide to proceed with the inventory.

285-25-2 AIR FIELDS - PROPOSED GASPE AIRPORT

Exchange of correspondence between the Acting Co-ordinator and the Co-ordinator, Public Projects, re a request by Consolidated Paper Corporation Limited for construction of an airstrip at Gaspe, Quebec.

Investigation reveals that there does not appear to be any economic justification for construction and operation of an airfield at this point by the Dominion government. A request by the municipality of Gaspe for a grant in aid might be given consideration.

285-26-1 AIRFIELDS - BRAEBURN AND MINTO - YUKON TERRITORY

In accordance with the special procedure provided by Order in Council for use in the absence of a formal meeting of the Cabinet Committee on Reconstruction, an advance of $95,000 for preliminary work in connection with the construction of airstrips at Braeburn and Minto in the Yukon Territory, to improve the safety factor of the Whitehorse - Dawson City flying route up to the standard set by the Department of Transport, was approved on the understanding that Treasury Board would decide whether these funds might best be allocated from the reconstruction vote or from some alternate source.

ESTIMATES

285-6-10 ESTIMATES 1947-48 - PUBLIC INVESTMENTS

During the period under review, considerable correspondence was exchanged between the Acting Co-ordinator and the Co-ordinator Public Projects, relative to public investment items included in 1947-48 estimates.

A draft of proposed schedule "C" for resources development services was prepared and approved.

285-7 EXPENDITURES - GENERAL

A report on the 1946 survey in respect of capital, repair and maintenance expenditures of business enterprises in Canada was received from the Economic Research Branch.

EQUIPMENT PROCUREMENT

285-15-2 DON CAMERON EXPLORATION COMPANY LIMITED

During the period, correspondence was exchanged between the

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Acting Co-ordinator and officials of the Don Cameron Exploration Company Limited with reference to a request for the extension of a loan of photographic equipment by the R.C.A.F. to the Department of Reconstruction and Supply for the use of that company. This matter is still under consideration.

FORESTRY

285-50-2 FOREST INSECTS CONTROL BOARD

(a) Quarterly Report of the Forest Insects Control Board follows this summary.

(b) Forest Insect Disease Laboratory, Sault Ste Marie, Ontario.

At a meeting of the F.I.C.B. held in Ottawa on November 15, 1946, dissatisfaction was expressed with the progress being made in the preparation of plans and commencement of construction for the disease laboratory to be located at Sault Ste Marie. The Board advised the Acting Co-ordinator that it had been pressing for progress for many months on this project and requested that all possible steps be taken to prevent any further avoidable delay.

Recent exchange of correspondence indicates that concrete action is presently under way and it is expected that the Department of Public Works will be in a position to allot a contract for construction in the very near future.

Advice was received by the Acting Co-ordinator of the decision of the Department of Agriculture to reject an offer of temporary accommodation at Port Arthur by the Department of Public Works.

MINING

285-39-7 AERO SERVICE CORPORATION

During the period under review, correspondence was exchanged between the Acting Co-ordinator and the Director Mines and Geology Branch, Department of Mines and Resources, relative to a proposal to conduct a magnetometer survey in Canada by the Air Service Corporation and a recommendation to the Chairman, Air Transport Board, that the application of the company be granted.

285-87 PROJECTS - GENERAL

Considerable correspondence was exchanged between the Acting Co-ordinator, the Director-General Economic Research and the Deputy Minister, in regard to the definition of various reconstruction projects, expenditures from Reconstruction Vote and reimbursement policy.

WATER POWER

285-75-3 PRAIRIE PROVINCES ADVISORY WATER BOARD

Exchange of correspondence between the Acting Co-ordinator, the Acting Deputy Minister, Department of Mines and Resources, and the Deputy Minister Department of Mines and Resources, Province of Manitoba, re a suggested meeting of appropriate Dominion officials and members of the Prairie Provinces Advisory Water Board, to discuss the question of proper development and use of the water resources of the Saskatchewan - Nelson river systems.

The matter of this meeting is still under consideration, a decision being expected in the near future.

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285-9-14 UNITED NATIONS SCIENTIFIC CONFERENCE ON RESOURCE CONSERVATION AND UTILIZATION

During the period, correspondence was exchanged between the Acting Co-ordinator and the Deputy Minister's Office, relative to the proposal to call a United Nations Scientific Conference on resource conservation and utilization during the second half of 1947, primarily to deal with the value to Canada of federal and industrial representation at such a conference.

FEDERAL AND PROVINCIAL PROJECTS

291-4-3-9-2 FEDERAL RESEARCH BUILDING, VANCOUVER, B.C.

Exchange of correspondence between the Acting Co-ordinator and the Director Lands, Parks and Forests Branch, Department of Mines and Resources, relative to a proposal for the construction of a federal research laboratory at Vancouver, B.C. (Not finalized)

291-4-14-10-1 GREAT BEAR RIVER, PORTAGE ROAD - NORTH WEST TERRITORIES

The Acting Co-ordinator reviewed and exchanged correspondence with the Administrator of the North West Territories and the Deputy Minister of the Department of Reconstruction and Supply, relative to the road project from St. Charles Rapids on Great Bear River to Great Bear Lake.

It was particularly noted that while original construction estimates were in the vicinity of $200,000, advice has been received from the Department of Mines and Resources that expenditures have now reached a considerably higher figure. It was recommended by the Acting Co-ordinator that the matter be referred to the Atomic Energy Control Board before further action be taken.

291-4-15-2-1 SEWERS AND WATER MAINS NOVA SCOTIA - CAPE BRETON HIGHLANDS NATIONAL PARK - WATER SUPPLY FOR FIRE PROTECTION

The Acting Deputy Minister, Department of Mines and Resources, was advised by the Acting Co-ordinator that the Cabinet Committee on Reconstruction had approved the expenditure by Mines and Resources of $16,500 for the erection of water storage tanks and the purchase and installation of a water main in connection with the tanks at Cape Breton Highlands National Park.

F O R E I G N I N S E C T S C O N T R O L B O A R D

MEETINGS

Two regular business meetings of the Forest Insects Control Board were held during the period October 1 to December 31 inc.

The meeting of October 11, 1946, was held in British Columbia to allow the members the opportunity of inspecting the more accessible forest areas of the Mainland of British Columbia and Vancouver Island.

A special meeting of the Forest Insects Control Board, members of the Dominion Entomological Laboratories of British Columbia and the Forester in Charge of the Economics Division B.C. Forest Service, was held during the forenoon of October 11 in the Minister's Room, Court House, Vancouver, B.C.

The Agenda comprised:

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(a) Discussion on forest insect conditions in British Columbia --

(1) Presentation of a brief on this subject by the Officer in Charge of the Dominion Entomological Laboratory, Vernon, B.C., dealing with forest insect conditions and problems in the interior of British Columbia.

(2) Presentation of a brief on forest insect conditions on the coast of British Columbia by the Officer in Charge of the Dominion Entomological Laboratory, Victoria, B.C.

(b) General discussion of the present insect survey and anticipated staff and establishment requirements for the future.

The meeting of November 15, 1946, was held in Room 1218, No. 2 Temporary Building, Ottawa, Ontario.

ADMINISTRATIVE

Dr. K.W. Neatby, Director Science Service, Department of Agriculture, was appointed a Member of the Board, effective November 5, 1946, by Order in Council P.C. 4557.

PROGRESS REPORTED

(1) Forest Insect Disease Laboratory, Sault Ste Marie, Ontario.

Exchange of correspondence between the Deputy Minister of the Department of Reconstruction and Supply and the Deputy Minister of the Department of Public Works, indicates that plans and specifications for the building were expected to be completed late in December. Six district contracting firms have been contacted to prepare estimates and it is expected that the Department of Public Works will be in a position to award a contract to one of these firms in the near future.

(2) Scientific and Technical Staff Requirements

The board reviewed the estimated staff requirements for the Science Service, Department of Agriculture, as presented by the representative of that department.

Superimposed on existing established positions, the following recommendations were endorsed by the board:

Grade	Number of Positions Established	Estimated Requirements	Increase
Scientist, Grade 8	- -	1	1
" " 7	1	3	2
" " 6	2	8	6
" " 5	1	15	14
" " 4	5	20	15

(3) Report on Forest Insect Problems for 1946 - Prairie Provinces

The representative of the Department of Agriculture presented for the information of the board, a report on forest insect problems in the three Prairie Provinces for 1946 and some of the work being conducted in connection with them. The report indicated that the present jack pine budworm and larch sawfly infestations, which appear to be centered in the Sandylands of Manitoba, were in danger of again spreading to Ontario. It was recommended that such remedial measures as are taken in one province should parallel action taken in other provinces.

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(4) Forest Insect Situation - Province of British Columbia

At the meeting of the board held in British Columbia, the representative for British Columbia presented for the consideration of the board a review of the forest insect control situation in that province together with some recommendations designed to develop a service that will be better able to deal with the forest insect problem west of the Rocky Mountains.

The report has been referred to the Chief of Forest Insect Investigations, Department of Agriculture, for study.

The member for British Columbia conducted the members of the board on an inspection trip comprising:

(a) Inspection of Green Timbers Nursery located in the vicinity of New Westminster, B.C.

(b) Inspection of the Shipyards of the B.C. Forest Service and headquarters of the B.C. Forest Protection Service.

(c) Inspection of the Comox Logging and Railway Company operations on Nanaimo Lakes and the truck and tractor operations of the H.R. MacMillan Company at North West Bay, Vancouver Island.

(d) Inspection of the Forest Service Nursery at Campbell River.

(e) Under the direction of the Acting Dominion Forester, several members of the Board carried out inspections of the Yoho and Banff National Parks for the purpose of viewing forest insect control measures taken in these areas by the Dominion Entomologists in respect of recent bark beetle infestations.

(f) Inspections were also made of the forest areas in the vicinity of the Dominion Government Experimental Station at Kananaskis, Alta., where sylvicultural studies of Lodgepole Pine and Spruce stands have been conducted by the Forest Service for the past twelve years.

(5) European Study

From information gathered and presented by the Chief of Forest Insect Investigations, Department of Agriculture, a study was made of the European situation summarized as follows:--

(a) Co-operation and understanding of the outstanding problems was found to be excellent at all the main institutions visited.

(b) Authorities in Europe, without exception, agree that in the light of the present insect infestations in Canada, it would be a very good thing to institute intensive investigations in all places in Europe where there is any hope of obtaining results such as:--

The Schwarzwald,
The Harz Mountains,
The Forests of Czechoslovakia
and - The Wiener Wald

An estimate of costs, as submitted to the Department of Agriculture, would indicate that the present appropriation of $25,000 by that department for European research will be sufficient for this year's operations.

A meeting was held on Saturday morning December 14, 1946, in the office of the Dominion Entomologist, Confederation Bldg., Ottawa, for the purpose of determining the organization for carrying out those

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phases of biological control measures which can only be conducted in Europe, as recommended by the Forest Insect Investigations Unit of the Division of Entomology, with particular emphasis on forest insect disease.

A copy of the minutes of this meeting was forwarded to the chairman of the Forest Insects Control Board for presentation at the next board meeting.

(6) Meeting of the Advisory Committee of the Woodlands Section of the Canadian Pulp and Paper Association

A meeting of the above committee was held in Montreal on December 12, 1946, the Forest Insects Control Board being represented by the Chairman and the Executive Secretary.

The chairman presented a brief on the activities of the board and an expression of his views on sylviculture as an aid to the control of forest insect problems.

NEXT MEETING

The board arranged to hold its next meeting in Ottawa on Friday and Saturday, January 10 and 11, 1947.

S E C R E T A R Y ' S B R A N C H

General administrative work carried out by this branch during the last quarter may be summarized as follows:

REQUISITIONS, PURCHASE INVESTIGATION AND SUBMISSIONS DIVISION

General:

The volume of work in each section of this division shows a considerable reduction as compared with the preceding quarter. Staff was reduced from 17 to 14. Figures for each section are given below.

Requisitions

	This Quarter	Previous Quarter
New requisitions	2	8
Amendments	66	75

Purchase Investigation

Reports dealt with	421	557

Submissions to Council

Submissions: General	141	176
Special (A)	66	62
Special (B)	74	105
	281	343

Note: - Special submissions (B) are prepared outside of, and processed through, this division to Privy Council.

INSURANCE

Insurance Committee.

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Meetings of the committee were held to deal with enquiries from War Assets Corporation, Canadian Arsenals, Limited, Eldorado Mining and Refining (1944) Limited, and from branches of the Department, in regard to fidelity insurance, automobile insurance and other miscellaneous insurance matters.

Fidelity Insurance

Coverage of all signing officers was deleted in respect of Turbo Research, Limited, Regina Industries, Limited, Canada Cement Company, Ltd. and Montreal Alkalate Operators, Limited, being management-fee companies whose Government-owned bank accounts were closed.

General

Certain Crown Companies which had been carrying their own policies are now taking advantage of the saving in premiums obtainable by coming under the different departmental blanket policies.

CROWN COMPANIES AND PROJECTS

Canadian Arsenals Ltd., requested information on all agreements, leases, etc., including siding agreements, easements for power lines, sewers, water and gas mains and other services at Quebec, Lindsay, Longueuil, Long Branch, Cherrier, de Salaberry, Leaside and Shawinigan Falls in connection with what are now its divisions in order that it would know its rights and obligations. A review was made by this branch and 18 copies of documents were forwarded to the company. Welland Chemical Works, Ltd. which was under its jurisdiction having been sold by War Assets Corporation, arrangements were made by this branch for termination of all railway siding agreements at the project as of the date of sale.

War Assets Corporation, Throughout the quarter the Real Estate Division assisted War Assets Corporation in regard to properties in the company's custody for disposal by procuring necessary information to assist in its proper sale and by preparing or procuring plans, descriptions, title papers and agreements, all in respect of property with which this department and the Department of Munitions and Supply were concerned.

Wartime Housing, Limited, The Secretary of the company reviewed with this branch problems in regard to settlement of its outstanding expropriation matters, including those in which action is being taken by Justice Department on the instructions of this Department. All Exchequer Court matters and settlements as between the Company and Justice Department were handled through this branch rather than directly between Justice and the company. Orders-in-Council and Letters Patent were applied for on behalf of the company covering lands acquired by the company for a nominal consideration from the municipalities of Amherst, N.S., Fort Erie, Ont., Sault Ste. Marie, Ont., and Prince Rupert, B.C., which lands are not needed by the company and are being returned to the respective municipalities.

LETTERS PATENT

Letters Patent conveying land from His Majesty to purchasers were applied for to the Department of Justice and the Secretary of State on behalf of War Assets Corporation and checked before being signed by the Deputy Minister of Reconstruction and Supply, in regard to 40 properties sold by War Assets Corporation. Correspondence, telephone calls and interviews with the Legal Branch of War Assets Corporation and with Justice and the Secretary of State Departments were necessary in settling the terms of these Letters Patent.

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RECORD OF CONTRACTS EXECUTED

During the quarter 188 contracts were submitted to this branch for execution by the Deputy Minister and the Departmental Secretary on behalf of the Crown. These contracts were submitted by the Legal Branch and General Counsel of this Department, by Wartime Housing, Limited and by Wartime Shipbuilding, Limited. The execution of each of the above contracts has been recorded in this branch under the name of the contractor, type of agreement, file, P.C. and F.E. numbers, etc., and date of execution.

CONTRACTS

Negotiations by interview and correspondence were carried on with certain Contractors in cooperation with the Legal Branch, Financial Executive, Surplus Property Officer and Comptroller's Branch towards settlement of the terms of formal contracts.

GOVERNMENT EMPLOYEES' COMPENSATION ACT

The Government Companies Operation Act which came into force on August 1, 1946, places officers and other employees of certain Crown Companies under the Government Employees' Compensation Act. On behalf of some Crown Companies under this Department's jurisdiction, advice of General Counsel was obtained and this branch is co-operating with Mr. C.E. Stevens of the Department of Transport, who administers the Government Employees' Compensation Act, in the preparation of a new basis of assessment or contribution for certain of our Crown Companies, including Polymer Corporation, Limited.

TAX ASSESSMENTS AGAINST THE CROWN

City of St. John's Newfoundland: L'Air Liquide Society operates the Government owned plant on Cashin Ave. under contract No. M.P.2690 for production of oxygen. City claims plant being used for commercial purposes as the contractor buys oxygen from the Crown and sells it privately. Particulars of the contract and of the possible sale of the plant to L'Air Liquide Society were taken up with the Department of External Affairs and that Department was advised of the actual disposition of the oxygen produced, after information was obtained from Comptroller's Branch, Purchasing Branch and L'Air Liquide Society. External Affairs is endeavouring to get the assessment reduced from 16% to 5% of the rental value, in line with other property of the Canadian Government in that city.

The Department of Public Education of Quebec Province and the School Commission of the Parish of St. Laurent requested continuance of a yearly grant of $2,000.00 plus an extra $1,000.00 towards maintenance of the school erected by Wartime Housing Ltd. for the Vickers and Noorduyn Plants' workers. Particulars including the number of workers' families now using the school as compared with the war period and the number still working on the Canadair project were obtained for the Financial Executive's Office, in order that a decision could be made as to continuance or discontinuance of the grant.

City of Toronto Business and realty tax bills were received from the city against Toronto Shipbuilding Company, Ltd., Dufferin Shipbuilding Co., Ltd. and Redfern Construction Co., Ltd. covering premises formerly used by the Canadian Government for shipbuilding purposes. In cooperation with the Legal Branch and Financial Executive's Office, a letter to the city was prepared for the Deputy Minister's signature stating that no taxes or grants in lieu of taxes would be paid in regard to the premises. This will result in a claim being made by the Toronto Harbour Commissioners if the Commissioners' land is assessed as a result of the Crown's occupancy, as the Crown has agreed to indemnify the Commissioners in such an event.

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ENQUIRIES

Many enquiries as to departmental matters and departmental policy were received from time to time by telephone and by letter during the quarter from other departments of government, from branches of this department, from Crown and management-fee companies and from private individuals and private companies. The Crown companies making enquiries included Central Mortgage and Housing Corporation, War Assets Corporation, Canadian Arsenals, Limited and Wartime Housing, Limited. Some of these enquiries were received by the Minister's office and by the Deputy Minister and were referred to the Secretary for the preparation of replies. All such enquiries were answered by this branch except in a few cases where the enquiries were forwarded to branches or departments of government having special knowledge of the matters concerned.

SIGNING AUTHORITY

The Instrument dated April 8, 1946 was completely revised after communicating with all branches and units of the department and a new signing authority was prepared and signed by the Minister under date of October 7, 1946. Transfer of certain officers from the Comptroller's Branch to Treasury during the quarter necessitated an amendment to the instrument of October 7, 1946, which amendment was signed by the Minister as of October 28, 1946. Further changes, including the placing of Dominion Arsenals under Canadian Arsenals, Limited necessitated a complete revision dated December 27, 1946 which has been submitted for the Minister's signature.

CANADA SAVINGS BOND CAMPAIGN.

The Departmental Secretary acted as organizer of the campaign in the department. The campaign extended from October 15 to November 7, 1946. The Departmental "target" was $190,000.00 divided equitably among 22 branches and controls, and the final figure was $245,550.00 of bonds sold being 129 percent of the target.

MISCELLANEOUS

Canadair and Noorduyn Plants at Cartierville Airport, Ltd.

A request has been received by this department from the Department of Public Education of the Province of Quebec for permission to tap the water and service mains constructed by Munitions and Supply in 1942 to serve the above-mentioned plants. The whole matter of these facilities was reviewed by this branch with General Counsel and with the Construction Division whose predecessor handled the construction contracts, and it was decided that such permission would result in many other requests and that there would not be sufficient capacity to insure adequate services to the two Government-owned plants. It was recommended that no action be taken in regard to the sewer and water facilities until it was known what disposition is to be made of the Canadair plant and the Noorduyn plant (the latter now being with War Assets Corporation which has leased it to Canadair Limited).

Transcona Drainage Ditch - Cordite Plant

This branch recommends abandoning this 10 mile ditch, 3 miles of which were expropriated. This was discussed with War Assets Corporation for the decision of its executive officers who approved, as the plant is being completely dismantled. Abandonment of the ditch will prevent possible claims for flooding and maintenance costs in the future. Title details will be negotiated with the various owners.

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REAL ESTATE

Exchequer Court Cases -

1. Case of Gillies Brothers Limited vs. the Crown for the timber limit expropriated by the Crown was heard in the Exchequer Court during the month of December.

2. Having failed to make a settlement with Adrien Jasmin, Cartierville, Que., in connection with land expropriated for extension of Runways at Cartierville Airport we are now awaiting a Petition of Right which Jasmin said he would file.

3. Moldaver vs. the Crown, Lot 6, Registered Plan 318, for land expropriated at Brantford for Wartime Housing Project. This case will come up in the spring.

4. Bouchard Estate vs. the Crown for land taken at Lauzon, Quebec for Wartime Housing. This case will come up in the spring.

Expropriations

1. An expropriation was filed for Part Lot 508, Parish of L'Assomption on December 19, 1946, it having been found that the area cleared and fenced by the contractor for the shell storage at Presquille Project 3X, encroached on part of Lot 508 which had not been expropriated.

2. Plan filed on October 30, 1946, expropriating part of Lot 603, Parish of St. Polycarpe, Proj. 56, A.W.S.C.

3. Received a Petition of Right from the City of Montreal claiming $1,328.45 as damages done by tanks on Sherbrooke Street. After investigation have recommended the payment of this claim.

4. Plan showing land taken at Fort Erie for Wartime Housing Limited, registered November 20, 1946, as Instrument No. 487.

5. Land at Sarnia taken for Polymer Corporation filed October 17, 1946, as Instrument No. 230.

Abandonments

Abandoned Part Lot 24, Con. 2, Township of Kingston, registered on October 10, 1946, as Instrument No. 367. Land originally taken for Wartime Housing Limited, Kingston, Ontario.

Settlements for Land

1. Rodier Estate claim for land expropriated and abandoned in connection with the Tank Testing Runway, Longue Pointe, Montreal, was settled and a Release and Acquittance obtained, registered November 5, 1946, as Instrument No. 2610.

2. Releases and Acquittances were obtained for the two properties over which easements were taken for the building of the cast iron water main along St. Laurent Road to serve Canadair Aircraft plant.

3. A settlement was made with Sylvio Pinsonneault, Part Lot 91, for land expropriated for Wartime Housing at Cherrier. The deed is now being prepared.

4. Settlement made with John Simon, Halifax, for land taken for Wartime Housing in the amount of $6,132.12. Deed being prepared.

Title Deeds Received

1. D. Gladu Estate, Lot 883 and Part Lot 882, deed to the Crown

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being part of Bouchard Project 21, A.W.S.C.

2. D. Ouimet, Part Lots 51, 55 and 56 at Proof Range, St. Louis de Terrebonne, Proj. 21 PR, A.W.S.C.

3. L. Dero, Part Lots 330, 331 and 334 at Proof Range, St. Louis de Terrebonne, Proj. 21 PR, A.W.S.C.

4. Estate of E. Pelosse, Part Lots 305, 307, 308, 309 and 310, St. Louis de Terrebonne, Proj. 21 PR, A.W.S.C.

5. H. Fortier, Part Lot 69, 215 and 190, St. Louis de Terrebonne, Proj. 21 PR, A.W.S.C.

6. Chas. McAusland, deed registered October 1, 1946, on lands taken in connection with the Pickering Shell Storage Area, Proj. 54, A.W.S.C.

7. Parish Church, Part Lot 603, Proj. 56, A.W.S.C., De Beaujeu, Quebec.

8. Deed to the Smith Estate, property taken for airport hangar at Amherst, Ontario, was completed.

9. Deed for land expropriated from Viau Investment Co. Ltd. in Montreal North was completed October 19, 1946. This was for the D.I.L. Montreal North, Small Arms Ammunition Plant.

10. Deed from Thomas Murray, Subdivision Lots 660, 661, Cad. 345, was completed November 30, 1946. This is also a D.I.L. Montreal North property.

11. Deed from Ralph H. Boake for land taken for sewer disposal plant at de Havilland Aircraft factory, North York, Ont.

12. Deed from the Canadian National Railways for land expropriated by the Crown for D.I.L. Montreal North, Small Arms Ammunition Plant.

13. McVicar Estate, deeds for land expropriated for Wartime Housing at Brownsburg were received in November.

14. Richardson deed for Lots 410, 411, Registered Plan 356, expropriated for Wartime Housing, Brantford was received.

15. Mintern, Lot 371, Registered Plan 356. Deed for land expropriated for Wartime Housing, Brantford, was received.

16. Medcalfe Estate expropriated for Wartime Housing, Kingston, Ontario. Deed for land expropriated and heard in the Exchequer Court was received from Medcalfe Estate.

17. Amadee Gregoire, Lot 302, Cad. 2358, St. Malo Extension to Dominion Arsenal.

18. Marie A. Dupont, Lots 327 and 328, Cad. 2358, City of Quebec, being land in St. Malo Extension of Dominion Arsenal.

<u>Settlements at McMurray Settlement</u> for land expropriated for Northern Transportation Company -

Alliance Trust Co., Part Lot 22, South of Franklin Avenue.

Consolidated Mining & Smelting Co. Ltd., Part Lot 22, North of Franklin Avenue.

Province of Alberta, Part Lot 21, North of Franklin Avenue Lots 22,23,33 and 34, Block 4, RP, 6344 AY, also Lots 1, 3-9, 24-30, and 32 Block 2 RP, 7518 AK.

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O.F. Cumming, Part Lots 2 and 3, Block 4, RP 6344 AY.

N. Demers, Lots 24-30, Block 4, RP 6344 AY.

Department of Mines & Resources, Ottawa, Part Lots 31-32, Block 4, RP 6344 AY.

J.A. McVittee, Lots 2, 12, 19-21 and 31, Block 2, RP 7518 AK.

A. Rafton Canning, Lots 10 and 23, Block 2, RP 7518 AK.

J.E. Williscroft, Lots 13-15, Block 2, RP 7518 AK.

Miscellaneous Negotiations

1. Edward Urbain's claim for damages due to explosion at Cherrier Project No. 3, A.W.S.C. was investigated and claim for $300.00 could not be allowed.

2. Proof Range, Project 21 PR, St. Louis de Terrebonne. Part of the expropriated lands having been abandoned, the fences were altered so as to exclude all that part of Lots 305, 307, 308, 309 and 310 lying north of the Public Road in the Parish of St. Louis de Terrebonne.

3. Easement for water main on Russell Estate, Lot 30, Proj. 24, A.W.S.C., Scarborough, Ont. Arrangements have been made with War Assets Corporation to complete the settlement for this easement with the Trust and Guarantee Company of Toronto, agents for the Russell Estate.

4. Bendl's claim for damages at Nobel, Ontario, has been settled through Mr. H.A. Palmer's office, C.N.R., Toronto, in the amount of $1,500.00. The claim was in connection with buildings on Lots 32 and 33.

5. Have investigated claim of Horace Papin, Agriculturalist, St. Paul L'Ermite, Quebec, and have decided that $1,017.15 should cover all damages and interest to December 31, 1946. The offer of settlement made by Papin was $1,000.00, plus interest at 5 percent since August 31, 1942.

6. Arranging settlement with the City of Montreal for streets and lanes expropriated at Montreal North for the D.I.L. Small Arms Ammunition Plant.

T O R O N T O O F F I C E

On December 31, 1946, the Toronto Office consisted of the following Divisions:

ADMINISTRATION BRANCH
CENTRAL INVENTORY RECORDS DIVISION
CONTRACT SETTLEMENT BOARD
COAL CONTROL
COMMUNICATIONS BRANCH
FINANCIAL ADVISOR'S OFFICE
PRIORITIES
PURCHASING BRANCH
RESEARCH & DEVELOPMENT BRANCH

The Staff is now 41 - a reduction of 11 during the last three months.

During December, the Purchasing Division issued 323 Acceptances of Tender valued at $136,091.00.
The Communications Branch during the month handled a daily average of 413 messages.

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TREASURY COST INSPECTION & AUDIT DIVISION

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS: Opening Uncompleted Audits	Number Rec'd During Month	COMPLETED: THIS MONTH NUMBER	COMPLETED: THIS MONTH VALUE IN 000's $	COMPLETED: TO DATE NUMBER	COMPLETED: TO DATE VALUE IN 000's $	CLOSING UNCOMPLETED AUDITS
A. REQUIRING SPECIFIC AUDIT:							
1. PRIME CONTRACTORS:							
(a) Ceiling *	61 -48	8	10	7,411	2,777	802,526	11
(b) Cost Plus *	84 - 5	12	32	109,058	1,031	1,110,888	59
(c) Target, Remdr. or Trial Run	1		1	1,510	162	142,887	
(d) Capital Expenditure *	10 - 2	5	7	1,612	649	55,810	6
(e) Escalator Clauses					1,852	9,742	
(f) Emergency Repair Agreements	367	5	167	4,257	9,896	53,282	205
(By Division *	14 - 2	12	6	2,685	208	632,602	18
(g) Overall: (By Co. Auditors	1				4	9,321	1
(By Division	4 -2	10	5	8,297	845	247,711	7
2. SUB-CONTRACTORS: (By Co. Auditors	2				65	5,921	2
3. SPECIAL INVESTIGATIONS *	35 -3	18	16		1,006	10,480	34
TOTAL	517	70	244	134,830	18,495	3,081,170	343
B. CONTINUOUS AUDITS: (not inc. in Sec. A.)							
1. Cost Plus-Construction	85	38	15	9,543	429	256,787	108
2. Pre-financed Government Cost	42		15	726,312	109	1,249,772	27
3. Government-Owned Companies	2				21	6,034	2
4. Automotive (with R.C.A.					4		
5. Rubber Control	12						12
6. Other Annual and Periodic Audits *	9 -2		1	172	109	28,423	6
TOTAL	148	38	31	736,027	672	1,541,016	155
C. INTERIM REPORTS COVERING SECTIONS A. & B.		2	2	86	47	73,476	
Rubber Control					36		
Progress Claims	2	311	309	7,353	9,114	965,544	4
Pre-Financed Field Forms	5	26	27	18,064	4,426	3,170,708	4
TOTAL	7	339	338	25,503	13,623	4,209,728	8
D. TERMINATIONS							
1. Specific Audits	33	25	37	29,961	379	85,146	21
2. Surveys	90	72	50	6,825	231	24,024	112
3. Questionnaires	16	20	35	3,071	839	41,676	1
4. Review-Final Settlement *	53 -53	97	97	10,080	1,168	45,035	
TOTAL	139	214	219	49,937	2,617	195,881	134

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STAFF

	Number at beginning of month	Taken on strength during month	Struck off strength during month	Number at close of month
Director	1			1
Asst. Ch. Dir.	1			1
Section Heads	4			4
Ottawa Staff	37	15	2	50
Supervisors	19		7	12
Resident Cost Accountants	78		6	72
Field Cost Accountants	79		12	67
Field Clerks and Stenographers	11	4	3	12
TOTAL	230	19	30	219

* Cancellations or Adjustments

W A S H I N G T O N O F F I C E

The controls section of the Washington office is now winding up its work for closing on January 31. Any subsequent problems which arise will be handled by the office of the Commercial Counsellor in the Canadian Embassy. After January 31 only the local office of the Purchasing Branch will remain in Washington.

C O A L C O N T R O L

1. Production

An improvement has taken place in the overall production of coal. For the nine month period April - December the increase will probably be nearly two million tons greater than for the same period last year. A slight falling off has occurred in the provinces of Saskatchewan and British Columbia.

2. Imports

(a) Bituminous

The quarterly report of September indicated a somewhat serious setback in the U.S. bituminous coal imports. At this time it is possible to report that the situation has righted itself and there should be sufficient supply to take care of requirements. Since the closing of navigation there has been a slowing up of rail movements due to car shortages and the holidays but our position is well maintained.

(b) Anthracite

The Anthracite situation is most satisfactory. Imports for the nine month period ending December 31, 1946, are approximately one million tons greater than for this same period last year. With continued all rail shipments for the balance of the winter all consumers will be well looked after. There have been a few complaints as to quality but this is chiefly due to the increased tonnage received from some of the independent producers who are not equipped to give the same preparation as that of the line companies.

British anthracite shipments are in excess of 90,000 tons for the April - December period compared with 11,000 tons for the

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nine months last year. It would appear that our estimated receipts of 100,000 tons for the full year will be exceeded.

3. United States Coal Situation

For the time being at least production is continuing at a high level both in the Anthracite and bituminous fields. There is considerable speculation as to the outcome of bituminous coal operations, whether or not the mines, now operated by the Government will be returned to the owners prior to negotiating a new contract or whether the Government will agree to certain terms and then pass the responsibility back to the operators to carry them out; the situation is anything but clear at this time.

4. Available Canadian Supply

There has been no appreciable change in our stock position. The amount of bituminous coal on docks as at December 31st was 7.5 million tons compared with 6.3 million tons last year. With continuing production and imports for the next three months there will be little to worry about.

5. Labor

Negotiations with respect to a new agreement between labor and management in District 26, United Mine Workers of America (Maritimes) are continuing. The present agreement expires January 31, 1947, and labor is emphatic that a new contract must be completed on or before that date.

6. Domestic Situation

(a) Eastern Canada

Shortages of coke throughout the Maritimes have been fairly well covered by increased movements of U. S. anthracite, British anthracite and briquettes. No distress calls have been received although the severe weather necessitated heavy deliveries during the last half of December.

(b) Central Canada

The mild weather throughout October, November and most of December did much to conserve the domestic supply of coal. This factor together with shipments of anthracite from the United States, which exceeded some half million tons for one or two months created a very satisfactory position. Anthracite production did improve in the United States by about 11 percent but the improvement in our imports amounted to over 25 percent.

Coke is available but less can be expected from United States sources due to the accelerated demand for industrial purposes.

For April to December Alberta coal to the extent of nearly 200,000 tons was also shipped for domestic use.

(c) Western Area

The continued severe weather experienced in the Prairies and westward to the Coast made heavy demands on the coal mine operators. Some are behind in deliveries to the extent of a month or six weeks though some may be duplicated orders. An occasional request has come in to meet extreme shortages. Cars are still in short supply but everyone is doing all they can to relieve this condition.

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7. Prices, Subsidies and Subventions

Some improvement is shown in the work of the pricing division and much has been accomplished in clearing up the backlog of unfinished business. Adequate staff now available are fully engaged in keeping this work up to date. Subsidies on imported fuels continue with some exceptions having been made in redefining the classification of "Consumer Goods".

8. Orders and Circulars

Order-in-Council P.C. 5236 December 19 dissolved Coal Control. The following Control Orders and Circular Letters were issued:

Order No. Coal 27 - Revocation of all unrescinded Orders dated December 31. Administrator's Order No. A-2169 - Prices of Coal Produced in the Vancouver Island District of British Columbia issued December 2. Circular letters C.C. 402, 403 and 404 are self-explanatory. All of which follows.

COAL AND COKE IMPORTS AND CANADIAN PRODUCTION
PERIOD APRIL 1 TO NOVEMBER 30

IMPORTS	1944	1945	1946
Anthracite			
United States	2,874,830	2,321,941	3,286,447
Great Britain	129,412	11,787	85,834
Total	3,004,242	2,333,728	3,372,281
Bituminous			
United States	21,005,526	18,450,245	17,956,706
Other	-	-	-
Total	21,005,526	18,450,245	17,956,706
PRODUCTION			
Nova Scotia	3,679,218	3,291,711	3,520,939
New Brunswick	234,417	240,442	246,540
Saskatchewan	767,369	863,875	806,190
Alberta	4,802,179	4,831,149	5,495,384
British Columbia	1,383,046	1,058,563	1,023,545
Total	10,866,229	10,285,740	11,092,598
EXPORTS			
Bituminous	676,805	553,782	607,505
COKE			
Imports - Petroleum	89,222	132,683	167,201
Coal	558,600	1,002,046	531,691
Production - Petroleum	64,690	49,543	48,661
Coal	2,345,953	2,298;629	2,040,833
Exports - Petroleum	13,687	14,669	10,518
Coal	29,001	24,628	31,569

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SUMMARY

Anthracite imports	3,004,242	2,333,728	3,372,281
Bituminous imports	21,005,526	18,450,245	17,956,706
Canadian coal production	10,866,229	10,285,740	11,092,598
Canadian coal exports	676,805	553,782	607,505
Coke imports	647,822	1,134,729	698,892
Coke production	2,410,643	2,348,172	2,089,494
Coke exports	42,688	39,297	42,087

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STOCKS OF COAL AND COKE IN CANADA AS AT NOVEMBER 30

		Industrial Consumers	Fuel Dealers	Dock Operators	Coke & Gas Plants	Total	Railways	Bunkers	On Bank At Mine
	ANTHRACITE								
1945	British	5,926	1,511	922		8,359			
	United States	69,010	184,709	82,149		335,868			
	total	74,936	186,220	83,071		344,227			
1946	British	3,988	5,547	-		9,535			
	United States	77,523	362,247	194,341		634,111			
	total	81,511	367,794	194,341		643,646			
1945	BITUMINOUS								
	British	-	39	-	-	39	-	-	-
	Canadian	492,137	101,728	9,457	33,175	636,497	1,036,866	162	148,052
	United States	2,487,557	575,001	1,836,701	1,360,882	6,260,141	3,201,350	73,945	-
	total	2,979,694	676,768	1,846,158	1,394,057	6,896,677	4,238,216	74,107	148,052
1946	British	-	-	-	-	-	-	-	-
	Canadian	559,643	192,186	14,285	35,895	802,009	1,185,003	310	114,682
	United States	2,888,212	614,586	1,939,463	1,622,554	7,064,915	3,362,254	32,149	-
	total	3,447,855	806,772	1,953,748	1,658,449	7,866,924	4,547,257	32,459	114,682
1945	COKE								
	Canadian	97,480	55,094	60,535	240,013	453,122			
	United States	51,093	87,386	37,115	-	175,594			
	Petroleum	76,127	236	2,332	5,193	83,888			
	total	224,700	142,716	99,982	245,206	712,604			
1946	Canadian	88,140	89,297	27,908	372,206	577,551			
	United States	95,990	84,484	27,000	-	207,474			
	Petroleum	103,203	563	-	7,298	111,064			
	total	287,333	174,344	54,908	379,504	896,089			

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R U B B E R C O N T R O L

INVENTORIES AND CONSUMPTION — Long Tons

	Crude Rubber	Buna-S	Butyl	Neoprene	All Other Synthetics	Reclaim
Inventories in hands of the Government & Processors October 1, 1946 (Actual)	4,307	7,157	1,314	250	21	3,235
PRODUCTION	-	10,776	3,170	-	-	1,158 Dec. Est.
Imports	5,506	109	-	151 Dec. Est.	8 Dec. Est.	2,282 Dec. Est.
Consumption (Dec. Estimated)	4,487	5,335	1,020	285	14	3,731
Exports *	-	8,580	3,025	-	-	-
Inventories in hands of the Government & Processors December 31, 1946 (Estimated)	5,326	4,127	439	116	15	2,944

* Exports by Countries

Buna-S (GR-S)

Argentina	1,007,730
Belgium	1,375,969
Chile	335,938
Denmark	443,137
France	3,180,384
Italy	5,738,832
Mexico	711,927
Austria	727,949
U.S.A.	430,029
Norway	447,956
Poland	671,937
Sweden	1,081,783
Czechoslovakia	1,542,743
Switzerland	243,071
Spain	1,279,018
	19,218,403

Butyl (GR-I)

Belgium	3,225
Switzerland	20,040
Brazil	2,175
Uruguay	67,150
Venezuela	33,600
U.S. Rubber Reserve	6,596,600
Finland	11,020
Chile	33,590
Italy	8,925
	6,776,325

SUPPLY POSITION

Figure - Crude - at 2000 long tons per month
GR-S - at 1900 long tons per month
GR-I - at 460 long tons per month
Neoprene - at 120 long tons per month
All other Synth. at 15 long tons per month
Reclaim - at 1400 long tons per month

Above figured on May total poundage milled adjusted to current R.C. Orders.

Crude Rubber	2 1/3 months' supply
GR-S	2 months' supply
GR-I	1 months' supply
Neoprene	1 months' supply

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SUPPLY POSITION (Cont'd)

All Other Synthetics	1	months' supply
Reclaim	2	months' supply

Crude Rubber - Polymer's stocks were pretty well all taken by industry, when offered in late October. It has taken some time to ship these due to sorting grades and inaccessible storage. The small amount remaining is being held temporarily, in case any company has difficulty in procuring supply on the open market. The estimated total inventory in Canada at December 31, is about 2 1/3 months supply, which is much too low. Expected receipts by Polymer, on 4th quarter allocation, will add a 2/3 month's supply in February. The balance of Polymer's purchases, against 4th quarter allocation, will be received in March, leaving an estimated Canadian total inventory of about 1 3/4 months supply at March 31, 1947.

It is too early yet to estimate the success individual companies are having in purchasing on the open market. Our total supply at different times is so low that any shipping delays will be serious.

NATURAL LATEX - The supply of natural rubber latex is still very short. It has not yet been placed on the free market and is difficult to buy. Facilities for gathering, processing, and shipping from the East are very inadequate.

GR-S - Inventory has been reduced to a more reasonable figure. Consumption in Canada has dropped by about one third due to higher percentages of Crude Natural rubber being allowed for different products.

GR-I - Inventory in Canada is reasonable. Consumption remains about the same, as crude natural rubber is not allowed for the manufacture of tubes.

NEOPRENE
ALL OTHER SYNTHETICS — Adequate supply
RECLAIM

GENERAL - Shortage of Rayon and Cotton Tire Cord is going to be very serious in the next few months and may affect tire production very adversely.

LABOR - After the four month's strike production was brought back to pre-strike levels very quickly. Starting up again about November 1, the factories were running full by November 30.

- Labor attitude is still not what it should be. There is too great a tendency to object and even sit down, refusing to work because of some imaginary troubles, instead of having their grievances aired through the proper channels as provided in their contracts.

S T E E L C O N T R O L

Steel production was resumed during the month of October after approximately three months' shutdown. It took some time to arrive at the point where steel products of all types started to flow out in reasonable quantities. However, mills are now operating at approximate capacity.

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The cast iron and steel scrap situation continues to be most acute and until well into the second quarter of 1947 our only major source of relief will be the tonnages of scrap which may be made available from War Assets Corporation.

Production of foundry pig iron has been expanded by having Algoma Steel Corporation bring in No. 4 furnace. This was made possible principally by the fact that it was no longer necessary to meet the heavy requirements of coke for domestic purposes. However, due to shortage of scrap resulting in the higher percentage use of pig iron, foundries are not receiving adequate supplies for their expanded operations.

There has been no apparent lessening in the demand for such steel products as plate, light and heavy gauge sheet, nails and other wire mill products. The demand for ship plate continues at a very high rate as well as the demand for plate and heavy sheet for the railroads, car builders and for a wide variety of essential fabrication.

It is interesting to note that during the month of October imports from the United States improved considerably. For example, there were some 8500 tons of skelp imported into Canada which was a considerable improvement over previous months. It would appear that these import figures will be approximately the same for the month of November, with some falling off due to the holidays during December.

However, imports of light gauge sheet and galvanized sheet show the least improvement and are very unsatisfactory. Little or no increase, can be foreseen in the importation of light gauge sheet and there will be a probable reduction in the importation of ship plate during the first half of 1947.

At the present time all indications point to a continuing tight situation in all steel products for the first and probably the second quarter of 1947.

T I M B E R C O N T R O L

LABOR

Throughout the year there has been a gradual improvement in the labor situation in the lumber industry. Decided improvement has been shown in the quality and efficiency of labor, in the last quarter. This improvement has been a determining factor in the more satisfactory showing being made by a number of mills, and labor generally appears to be satisfied with the wages and other working conditions now prevailing. The pulpwood industry still require a considerable number of men, but it is interesting to note that as of December 21 reports show a 37 percent increase in labor in the woods compared with the corresponding week of a year ago. The withdrawal of prisoners-of-war from the pulpwood producing areas caused considerable concern earlier in the year, but it would appear that this condition is being corrected by the recruiting of civilian labor which appears to be somewhat more plentiful than at any time during the year.

LUMBER

Reports received would indicate that the supply of rough lumber is gradually improving. There does not appear to be a great number of complaints regarding home construction being held up due to the lack of lumber. Hardwood flooring is in much better supply and every effort is being made to channel this product into the areas requiring it to complete homes. Millwork production is somewhat better as the manufacturers have been able to secure a better percentage of their requirements of shop pine and

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other materials necessary to produce millwork. The door situation is definitely better and we do not anticipate any further difficulties in obtaining all the doors necessary to complete projects. The increase in price granted manufacturers of doors, door frames and window frames has had the effect of increasing the production of these products.

PRODUCTION BY AREAS

B.C. Coast and Interior

Although earlier in the year, when the strike was in progress, concern was felt that the overall figure anticipated for the current year production would have to be revised. However, as the year ends, it would appear that the loss sustained during the year has not only been made up but the figures anticipated earlier in the year will probably be surpassed when all production figures are in.

Prairie Provinces

Production in the prairie provinces continues satisfactorily but the situation in Saskatchewan is rather clouded, due to the fact that all production will be under the control of the Provincial Government and practically all lumber will be merchandised through Government Agencies. Apart from Saskatchewan, however, the other prairie provinces appear to be in a position to increase production in 1947.

Ontario and Quebec

These areas have had a good year and production should continue satisfactorily in 1947. It is as yet too early to give exact figures on production for 1946. There is every reason to believe that figures for 1947 will be somewhat improved.

Maritimes

Maritimes have had a very satisfactory production year and it is expected that production will increase somewhat in this area during 1947. Although this increase will be small, it is encouraging, however, to have an increase at all considering the difficulties that have been encountered with the Bronze Borer which has done considerable damage to hardwood.

EXPORTS AND IMPORTS

There has been no appreciable slackening during 1946 of the pressure both from Canadian exporters and importing countries to allow additional exports of Canadian lumber. Pressure has been particularly heavy to allow the export of ties from Eastern Canada to such countries as Holland, France, China, etc. Very few ties, however, are being exported at the present time.

The export policy adopted on January 1, 1946, for Eastern Canada has worked satisfactorily all year, with very few serious complaints. The adoption of this policy allowed more firms and individuals to participate in the export trade, and based exports on the quantity of lumber produced. With the exception of the U.K., no allocations were made to specific importing countries during 1946, and exporters have been allowed to choose their own markets for the quantity of lumber which they may export. This has resulted in larger quantities being shipped to the British Empire and foreign markets at the expense of the U.S. and U.K.

Approximately the same export policy will be followed in 1947 for all parts of Canada as was followed in 1946.

10 Month Comparison of Exports

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	1945	1946
Softwoods		
Logs	39 million	33 million
Ties	23 "	26 "
Lumber	1510 "	1495 "
	1572 "	1554 "
Hardwoods		
Logs	14 million	17 million
Ties	4 "	5 "
Lumber	118 "	136 "
	136 "	158 "
	1,708 million	1,712 million

During the ten months 1 - Jan./46 to 31 Oct./46 total domestic shipments of lumber and ties in Canada equalled 2,181,000,000 f.b.m. In percentages this means that in those ten months, 56.74 percent of Canadian production of lumber and ties was shipped into the domestic market and 43.26 percent exported.

Whole year 1945 (Exports)

	Softwoods	Hardwoods
Logs	42 million	15 million
Ties	32 "	5 "
Lumber	1853 "	147 "
	1927 "	167 "

2,094,000,000 f.b.m.

PULPWOOD

Domestic

Percentage relationship to last year of production and purchases of domestic mills, by Provinces, as at December 1, stands as follows:-

Ontario	80 percent
Quebec	125 percent
New Brunswick	110 percent
Nova Scotia	215 percent
Weighted over-all percentage	109 percent

The over-all picture shows limit wood cut from Companies own limits at 105 percent of last year, with purchases at 124 percent. Cutting conditions are in general, good, but, in some parts swamps are not well frozen over and in others considerable quantity of snow has already fallen. This latter will tend to discourage men returning to the woods in early January.

Export

As at December 31 export permits against regular quota had been approved to the extent of 1,800,000 cords. Shipments as at November 30th on regular quota stood at 1,580,000 cords.

Allocations for 1947 to American mills were sent out December 14 to the extent of 1,250,000 cords.

While the car shortage situation still continues, actual loadings are 20 percent over the corresponding period last year and complaints in

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this regard are only 'spotty'.

Due to increased consumption, inventory positions do not show any great improvement and in some cases mills are still short of wood to carry through their operations to May 31, 1947.

WOOD FUEL

General

Owing to the good fall weather, the easier coal supply situation and the continuing swing to oil for domestic heating, the wood fuel situation appears to be easier at this time than it was at any year-end since the control was established. What the situation will be during the remainder of the burning season depends so much on the weather that no absolute assurance can be given but it appears that sufficient stocks of wood fuel will be available.

Subsidies

Owing to continued increased costs of handling - wages, trucking, etc. - subsidies have been running higher in 1946 than in 1945 - $2.75 per cord as compared with $2.23. Subsidies continue to be confined to less than one-third of the wood being sold on the commercial market but in the absence of wood from Crown-owned stockpiles, about 50,000 more cords were subsidized in 1946 than in 1945.

Full advantage is being taken of improved conditions and the efforts of Timber Control are being directed to taking care of the supply situation with a minimum expenditure in subsidies.

THE DEPUTY CO-ORDINATOR, RESOURCES DEVELOPMENT (MINES) AND THE CONTROLLER OF RADIO-ACTIVE SUBSTANCES.

1. Resources Development (Mines).

Administrator of Non-ferrous Metals, Wartime Prices and Trade Board.

During the quarter under discussion, supplies of copper, lead and zinc available to Canadian consumers continued to be considerably less than requests for these metals.

In December, the movement of secondary copper, lead and zinc was very limited so that the Canadian Ingot Makers were practically closed down for the last two weeks of the month. Various aspects of these apparent shortages will be discussed under the specific metals below:-

Aluminum:

Production capacity of virgin aluminum ingot was more than adequate to meet all domestic and export requirements. Early in 1946, the Aluminum Co. of Canada voluntarily reduced the price of primary ingot from 18¢ per pound to 13¼¢ per pound, but during December because of increased costs, it was found necessary to increase this price by ¾¢ to 14¢ per pound.

The great reduction in primary Aluminum ingot price early in the year automatically reduced the value of aluminum scrap, so that generally speaking, this commodity was selling in Canada at far less than the established selling price and about one cent per pound less than the American price.

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At the beginning of 1946, the Export Permit Control on primary and secondary aluminum was removed. Because of the higher price offered in the U. S. later in the year, considerable quantities of aluminum scrap moved to that country, and the Canadian producers of secondary ingot found it difficult to purchase scrap at a sufficiently low price to produce secondary ingot in competition with primary aluminum at 13½¢.

Copper:

Primary copper in Canada sells at a ceiling price of 11.5¢ per pound delivered Toronto or Montreal, compared with the American price of 19.5¢ per pound delivered Ohio Valley and 19.62½¢ per pound delivered in the Mid-West. The New York export price for copper is presently quoted at 19.62½ to 19.75¢ per pound f.a.s. In the United Kingdom, British Ministry of Supply was selling copper to consumers at the equivalent to 17.61¢ U.S. per pound delivered, but effective January 2, 1947 this price was increased to 21.02¢ per pound. The Canadian copper producers have a contract with the British Ministry of Supply which calls for 75% of the electrolytic refined copper available for export during the first half of 1947, at the price of 17½¢ U.S. per pound f.a.s. Montreal, Halifax, St. John or New York. They also have a contract with the French Government which calls for the delivery of 4,500 metric tons in the second half of 1947 at a price of 18¢ per pound f.a.s.

During the first quarter 1947, Canadian consumers of copper have requested a total of 23,900 tons exclusive of the copper required by the new Noranda Brass Mill, which is expected to commence production some time during January. On the basis of the first quarter estimated requirements, the 1947 take of primary copper would be approximately 95,600 tons as compared with 30,000 tons average yearly consumption during the years 1936 - 1939 inclusive.

It is our feeling that these estimated demands for primary copper have been inflated because of the low Canadian price in comparison with world price, and therefore, the Wartime Prices and Trade Board has established an over-all quota of 20,000 tons of virgin copper for all Canadian consumers, exclusive of the new Noranda Brass Mill for the first quarter 1947. However, actual individual allotment to consumers has been left entirely in the hands of the primary producers.

In order to make the 23,900 tons requested fit within the limit of the 20,000 tons total allotment, it has been necessary for the producers to greatly reduce the requests of the consumers of primary copper. Under the allocations suggested by the primary producers, Phillips Electric Works and Anaconda American Brass Co. are the two consumers most affected by the reduction.

The strike at the Noranda Mine and Smelter is continuing and the producers requested that they, as a group, would not be required to make up to the Canadian consumers any amounts that they might be short because of the strike. However, it was pointed out that during the strike at Canada Wire and Cable and Anaconda American Brass earlier in the year, the producers had released for export considerable additional tonnages of copper and therefore, the industry as a whole, would be required to meet the full Canadian allocation regardless of any tonnages lost by reason of strike action at the Noranda Plant.

Lead

In the case of lead, the differential between the Canadian ceiling price and the world price is proportionally far greater than copper. Corroding grade lead sells in Canada for 5¢ per pound delivered Montreal or Hamilton, while in the U. S. the price for this grade lead is 12.65¢ per pound delivered New York. Up until January 1947, the British Ministry of Supply sold lead to U. K. consumers for 9.88¢ per pound, but on that date, the price was increased to 12.58¢ per pound delivered. The Canadian lead producers on the portion of lead delivered against the U. K. contract during the fourth quarter of 1946

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nets 9.85¢ per pound and they are presently negotiating a contract for the first quarter 1947 at a price of 10.40¢ per pound f.o.b. Trail.

A survey of estimated lead requirements for the first quarter 1947 showed that Canadian consumers requested 20,500 tons for that period. This would be at a rate of 82,000 tons per year as compared with the average annual consumption during the years 1936 - 1939 inclusive of 25,000 tons.

As in the case of copper, the Wartime Prices and Trade Board established an over-all allocation of 13,000 tons for the first quarter of 1947, but left the distribution of this amount to the individual consumers entirely to the primary producers. In order to make the requested amount fit within the limits of the allocations, it was necessary to greatly reduce the individual requests for this metal and the producers have finally suggested that during the first quarter 1947 they will supply a total of 13,238 tons.

We have had a number of complaints from the consumers of lead and lead products, such as oxides, carbonates, etc., that the amounts of lead allocated to them or to their suppliers of such products, was insufficient to meet their needs. In each case, these needs have been for expanding business, and they have been advised that as long as they were getting their fair proportion of the over-all allocation, the Board could do nothing to give them further supplies. In this connection, W. W. Taylor of the Prest-O-Lite Battery Company Ltd., visited Ottawa in an attempt to obtain an increased quota of corroding lead for the production of battery oxide, in order that Prest-O-Lite might increase its present volume of production to meet the requirements of the Goodrich Rubber Co., Atlas Supply Company and General Motors Ltd. Also Mr. Harry Thorp of Thorp-Hambrock Co. visited Ottawa in an attempt to obtain increased quotas of lead pigments in order to operate a new million dollar paint plant, which has just been completed in Toronto. His supplier of pigment, Carter White Lead, Montreal, because of their reduced quota of primary lead were unable to increase supplies of pigments for the operation of the new Paint Works.

Cable, conduits and fittings have installed a new lead extrusion press in their plant at St. John, Quebec and have been attempting to get an increased quota of lead in order to operate it at capacity.

Zinc

As in the case of copper and lead, zinc is selling in Canada at far below the world prices. Prime Western zinc in quantities sells for 5.15¢ per pound, and Grade A Electro 5.75¢ per pound delivered Montreal, Toronto. These prices compared with 10.94¢ per pound delivered New York in the United States and 12.58¢ per pound delivered in U. K. for Prime Western Grade. Grade A Electro is presently selling at 11.50¢ per pound delivered U. S. and 12.72¢ per pound delivered in U. K.

The demand for zinc in Canada is not as heavy as for lead and copper, but for the first quarter 1947, the amount requested is considerably above the over-all allocation for 11,250 tons made by the Wartime Prices and Trade Board. On the basis of first quarter allocation, the 1947 Canadian consumption of zinc will be approximately 45,000 tons as compared with the yearly average of 19,500 tons for the years 1936 - 1939 inclusive.

Antimony

In conjunction with J. E. Van Buskirk of Commodity Prices Stabilization Corporation, we have made a contract to purchase from the Chinese Government a further supply of 600 metric tons of antimony for December, January shipment. The price agreed upon for this lot is 26¢ per pound f.o.b. Hong-Kong, with a provision that the Chinese Government will have the privilege of converting the funds realized on this sale into gold at $35.00 Canadian, per troy ounce at Ottawa.

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Domestically produced antimony in the form of 25% antimonial lead is sold in Canada on the basis of the ceiling price of 14½¢ as compared with the American price of 29½¢ f.o.b. Laredo, Texas and the world price of approximately 32 to 36¢ per pound, f.a.s. port of shipment.

The Antimony Plant at Trail operated during the month and produced approximately 250 tons of 25% antimonial lead, but we have been informed that because of the shortage of soda ash, the plant will be closed down for about two months.

During the last week in December, we were able to get a final clearance and the Commodity Prices Stabilization Corp. were able to write a contract for 80 tons of Chinese antimony from the U. S. This antimony is better than 97.5%, but less than 99% and because of the low purity is being sold to us for 15½¢ per pound f.o.b. Howden Hook, New Jersey. If the 600 tons arrive from China promptly, we will be able to maintain the Canadian antimony quotas at the present level, for the first quarter 1947.

Tin:

The Commodity Prices Stabilization Corporation made a contract during December with the British Ministry of Supply for the purchase of 1,200 long tons of tin at $1,503.00 per long ton f.o.b. Singapore. The tin thus purchased was for immediate shipment and should be arriving in Canada shortly.

Scrap:

During December, the movement of scrap in Canada was practically nil for two main reasons:-

1. Scrap dealers normally prefer to carry heavy inventories into the new year; and

2. Wide-spread rumors, in the press and otherwise, that the price of primary lead, copper and zinc were to be increased in the near future have caused everyone holding scrap metals to refuse all offers to purchase until such time as such an increase takes place.

Because of insufficient supplies of copper, bronze and brass scrap, all five of the Canadian ingot makers have been closed down since before Christmas, and are unable to supply ingot metal to manufacturing foundries. Unless scrap begins to move again into the ingot makers within a very short time, the manufacturers of plumbing fixtures, such as Cranes, Jenkins Brothers, Empire Brass, etc., will be held up because of a shortage of ingot.

Also, the Anaconda American Brass Co. and the new Noranda Brass Mill have been experiencing great difficulty in purchasing clean brass scrap. In the case of Anaconda, whose copper allocation for the first quarter of 1947 is considerably reduced from that of last quarter of 1946, the acquisition of sufficient quantities of clean copper scrap is absolutely necessary if the plant is to be kept to capacity. Customers of Anaconda's mill products are all on a strict quota from the mill.

If the Canadian prices of copper, lead and zinc were increased to or at least near the world price of these metals, we believe that this much needed scrap would flow freely. The only other alternative will be to arbitrarily use the Board's powers and force the movement of such scrap as can be found. It is our opinion that to adopt this policy, would require the Board to actually take over the entire non-ferrous scrap metal business and under its powers to buy and sell all scrap metal in Canada, which is at present distributed in the hands of approximately 500 dealers across the Country.

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C O N T R O L L E R O F R A D I O-
A C T I V E S U B S T A N C E S

In accordance with Order in Council P.C.4990, dated December 5, 1946, Guy Meredith Jarvis, of Ottawa and Toronto was appointed Controller of Radio-active Substances, in place of Norman Bruce Davis.

There were no releases of uranium during this period.

The following releases of radium were made during this quarter:

Material	Weight	Purchaser	Date
Radium element	10 - 100 mg. tubes of rad.	U.S.Radium Corporation, 535 Pearl St., New York	Nov.6, 1946
Radium element	1100 mg	Adair Dutt & Co., Calcutta, India	Dec.6, 1946
Radium element	12 mg.	Dept. of Physics,Univ. of Cincinnati, Cincinnati, Ohio, U.S.A.	Dec.6, 1946
Radium element	3200 mgm.	United States Radium Corp. of New York, N.Y.	Dec.13, 1946
Radon ointment	120 cc.	Dept. of Public Health & Welfare, Newfoundland Govt.	Dec.14, 1946
Radium-beryllium	2200 mg.	U.S.Engineers, Madison Square Area, Box 42, New York, N.Y.	Dec.20,1946

C A N A D I A N A R S E N A L S L I M I T E D

1. GENERAL:

Administration and Organization:

As of midnight, November 30, 1946, the ownership of the Welland Chemical Works passed into the hands of the North American Cyanamid Company Limited, who have agreed to take over commitments entered into by Canadian Arsenals Limited.

As of December 1, 1946, Dominion Arsenal, Quebec, became a Division of the Company and will be known as Canadian Arsenals Limited, Dominion Arsenal, Quebec, Que.

Production:

Production commenced on the reconditioning of machines for the Chinese Contract at the Val Rose Plant of Dominion Arsenal, Valcartier, Quebec.

The first Penguin Mk. 2 was completed in December and was demonstrated at the Department of National Defence Vehicle Proving Ground, Ottawa, before representatives of U.S. Army, D.N.D. (Army) and Canadian Arsenals Limited. As a result of this demonstration, certain minor modifications were suggested and are at present being undertaken. Full scale trials of this vehicle, it is anticipated, will take place in January.

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Plant Clearance:

Arrangements have been made with War Assets Corporation, whereby single purpose equipment for which they have no ready sale is to be reviewed by Canadian Arsenals Limited with the idea of retaining any essential items under "Blue" category,

A meeting was held with Canadian Industries Limited officials in Montreal on December 30 where it was agreed to release to War Assets, buildings retained by Canadian Arsenals at Brownsburg upon the assurance that C.I.L. would be prepared to set up a line of ammunition making equipment when called upon to do so.

Information has been received that Trenton Industries Limited has been declared surplus to War Assets Corporation and there is now no reason why the equipment requested by us a year ago cannot be obtained.

Arrangements were finalized during the month for the gathering together, all Canadian Arsenals Limited equipment at Nobel and retaining four buildings for storage.

With reference to the Aimes 11 Radar Equipments for the R.C.A.F., arrangements were finalized under Order-in-Council P.C. #5110 for the transfer to the R.C.A.F. of 23 Aimes 11 Radar Equipments.

2. DOMINION ARSENAL, QUEBEC:

Administration and Organization:

There is engaged in this division a total of 282 employees, 252 male and 30 female.

Production:

During the period, 5,334 25 Pdr. and 3.7" Q.F. Cartridge Cases have been reformed for the Inspection Board of Canada.

Work is proceeding at the Val Rose Plant on the degreasing and overhauling of machines for the Chinese Small Arms Ammunition Plant.

Production is proceeding on the manufacture of special tools for the Department of National Defence (Army).

Maintenance and Conversion:

The conversion programme for the Palace Hill Plant and the Val Rose Plant progressed very slowly due to the non-availability of material and essential equipment. At the present time, the programme is approximately 85 percent complete at the Palace Hill Plant while the overall programme at the Val Rose Plant is about 70 percent complete.

3. GUN AMMUNITION DIVISION:

Administration and Organization:

Total staff in this Division numbers 183 personnel, 176 male and 7 female.

Production:

The first Penguin Mk. 2 Cab was completed and forwarded to the Gun Division for assembly on the hull during the month of December. The remainder of the Cabs for the U.S. Contract, it is expected, will be completed by the end of January, 1947.

The re-rolling of gilding metal strip is being continued without interruption.

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The production of 17 Pdr. Sabot Shot, which was held up for some time due to the Penguin Mk. 2 programme, has now been resumed and the first shipment went forward during the month of December. Some further delay may be experienced in the programme due to the inability to obtain oilite iron.

Preparatory work is being done for the possible production of components for the 4.2" bombs.

Production has commenced on the manufacture of long delay switches for Department of National Defence (Army).

4. SMALL ARMS DIVISION:

Administration and Organization:

The contract with Industrial Food Services Limited for the operation of the Plant Cafeteria was terminated as of October 26, 1946. The Cafeteria is now being operated by the Division on a more satisfactory basis.

Engaged in this Division are 221 employees, 158 male and 63 female.

Engineering Development:

Demonstration trials were conducted at the D.N.D. Vehicle Proving Ground, Ottawa, on prototype models of the following: -

C.A.L. 20 M/M Belt Feed Mechanism for Oerlikon and Polsten Guns
C.A.L. .30 Cal. Semi-Automatic Rifle
C.A.L. 9 M/M Machine Carbine

As a result of the demonstrations, further work is being done on the Belt Feed Mechanism to correct the timing of the feed cycles which were found faulty. The re-working of the operating cam is also in process and it is expected that further trials will be conducted in the early part of January. Changes are being incorporated in the Machine Carbine to improve the feed condition from the mechanism. The engineering development work in regard to the Semi-Automatic Rifle has been stopped in order to concentrate on a request for a Light Automatic Rifle. In view of the urgency of this request and the minimum time factor, prototype models will be based principally on the existing method of operation now used on the Semi-Automatic Rifle.

Production:

The contract for Rifles C No. 7 .22" Mk. 1 was completed in the latter part of December and final shipments will be made in the first week of January, 1947.

Spare parts orders on the Contract will be finished toward the end of January.

The repair programme on the Rifles No. 4 is being maintained at 55 units per day.

Manufacture has been started on an order for 20,300 Backsights, Mk. 4.

5. GUN DIVISION:

Administration and Organization:

A survey has been made in regard to wages and rates of pay in effect in the Montreal Area and, as a result, an increase of approximately 10 percent has been authorized for the hourly rated employees.

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There is employed in this division 354 personnel, 332 male and 22 female.

Engineering Development:

Considerable work has been done on the design and development of a two-wheel Soft Terrain Trailer for Department of National Defence.

Production:

The 20 Penguin Mk. 2 hulls have been completed and are awaiting receipt of cabs from the Gun Ammunition Division, with the exception of one hull which is fitted with a cab and which has been demonstrated at the D.N.D. Vehicle Proving Ground, Ottawa.

Production is progressing favorably on the 10 Penguins Mk. 2 for the Canadian Army.

On the repair and modification programme of 40 M/M Bofors A.A. Guns, three equipments were completed and shipped during the month of December, which brings the total shipment to date to 14 units; six other equipments are in the process of completion.

During the month of December, two 17 pdr. A.T. equipments were overhauled and modified, while a further 18 are in process.

On the 5.5" Gun Howitzer programme, 18 equipments are in progress.

Special and Extraordinary Matters:

Foundations for 5 prefabricated Faircraft houses were completed and 4 of these were ready for occupancy the latter part of December.

6. FILLING DIVISION:

Administration and Organization:

There is employed in this Division 401 personnel, 379 male and 22 female.

Production:

The boiling-out of the 7.2" Shell ceased in early November due to weather conditions and will not be resumed until Spring.

The production of 4.2" Inert Trench Mortar Bombs was completed the latter part of December.

The production of 9.2" Cartridges, which was resumed on December 11th, after a temporary shutdown, was completed on December 26.

The breakdown of Fuze No. 26 has not progressed very satisfactorily during the period due to the difficulty experienced with the equipment.

Breakdown of Fuze No. 222 has progressed very satisfactorily and with the installation of a new line, the rate was increased to 1700 Fuzes per shift.

The production of Fuze No. 230, Mk. 4 or 5, has been considerably delayed due to the fact that available Fulminate of Mercury was rejected due to sensitivity. It is expected, however, that another source for Fulminate of Mercury will have shipments arriving at the plant by the first of January.

The breakdown of 25 Pdr. Cartridges was completed early in the month of December.

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The contract for Bangalore Torpedoes was completed on December 21, 1946.

Work is proceeding on the erecting of a line for the breakdown of 25 Pdr. Smoke Shells and it is expected to be ready for operation in the early part of January.

Maintenance and Conversion:

During the quarter, negotiations with Shawinigan Water and Power Company have taken place which will simplify the electrical services in view of the reduced power requirements and, it is anticipated, will result in a saving of approximately $5000 per year.

Plant Clearance:

The C.29 Wireless contract for the Department of National Defence has now been completed by the R.C.A. Victor Company and the tooling at the Victor Plant and their subsidiaries is in the process of being screened and moved into storage at Cherrier.

7. EXPLOSIVES DIVISION:

Administration and Organization:

Work has progressed favourably during the quarter on the segregating, coding and filing of records from the Beloeil Fuze Powder Plant, the DeSalaberry, Nobel and Transcona projects.

Employed in this Division are 180 personnel, 168 male and 12 female.

Production:

During the quarter, the breakdown of 6 Pdr. Cartridges was commenced and it is expected that in the near future, this work will be increased to a rate of 3200 per shift.

The programme on the destruction by burning of propellants and H.E. Ammunition has been discontinued until Spring.

Maintenance and Conversion:

One hundred and twenty Nissen Huts were erected during the period for the storage of 20 M/M Cartridges and Pyrotechnic stores for future breakdown. Due to the location of these Huts, it was necessary to construct 1500 ft. of light standard gauge railway track.

8. INSTRUMENT AND RADAR DIVISION:

Administration and Organization:

A Radar Development Group has been established and is now functioning in this Division.

Steps are being taken to determine if a market exists for instruments - optical and measuring - at the Universities and Schools throughout Canada, with a view to these being supplied by Canadian Arsenals Limited.

War Assets Corporation and Research Enterprises Limited staffs have now vacated space previously held in the buildings taken over by the Division.

A Works Council has been established and a constitution drawn up defining its terms of reference.

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There is employed in this Division a total of 94 personnel, 86 male and 8 female.

Engineering Development:

Work is proceeding on the preparation of the service equipment index.

Work has been done on the development of a forward looking proximity fuze with encouraging results.

Development work on the reducing of a minimum range on RXF Radar Sets has been carried to the point where the set operates at a range of 150 yards.

Production:

There have been 104 RXF/268 Radar Sets shipped to various Steamship Companies on a rental agreement; of this number, installations are complete on 96 sets, the balance are in process of installation. Requests which are awaiting finalizing of contract at the present time total 8 sets. In addition, there are 133 enquiries which will probably result in contracts.

Four companies in Canada have been certified as service organizations for the installation and repair of these Radar Sets. The United Kingdom has certified companies in England, South Africa, and Australia and in various Ports throughout the world which makes a very complete servicing set-up for ocean-going vessels fitted with Radar.

Maintenance and Conversion:

Conversion has been completed in the manufacturing sections of the plant and a well equipped laboratory has been set up for Radar development work.

Arrangements have already been completed or are in hand for the providing of space in the Division for the Inspection Board of Canada.

C E N T R A L M O R T G A G E A N D H O U S I N G C O R P O R A T I O N

NATIONAL HOUSING ACT

Joint Loans: During the quarter, the Joint Loans Division completed its program of decentralization of loan processing to the Corporation's regional and branch offices.

A new form of agreement with the lending institutions was drawn up during the period under review, together with revised minimum standard requirements. Negotiations are continuing with the lending institutions.

In preparation for farm loans, drafts have been prepared of an appropriate application and questionnaire form to be used by farmers, together with a suitable farm appraisal form, to be employed in determining the size of farm loans that can be approved. The section of the National Housing Act dealing with farm loans, as amended, has not yet been proclaimed owing to the organization work which has been necessary. Proclamation is expected early in 1947.

Figures are not yet available on the number of joint loans approved during the quarter under Parts I and II of the National Housing Act.

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Part I statistics for October and November, the latter preliminary, by provinces, with comparative figures for the preceding two months and the corresponding period last year, follow:

P A R T I

	.....October-November..... 1946		1945		August-September 1946	
Province	Units	$	Units	$	Units	$
P.E.I.	1	5,700	...	...	2	11,220
N.S.	10	45,760	11	47,900	15	69,500
N.B.	9	46,640	3	13,260	25	114,360
Que.	102	541,280	139	588,200	121	634,040
Ont.	562	2,604,340	484	1,960,040	609	2,775,240
Man.	205	1,026,640	146	629,000	179	870,380
Sask.	23	103,280	9	36,600	53	231,760
Alta.	76	359,620	140	606,680	109	505,610
B.C.	252	1,064,200	160	663,340	222	920,320
Total	1,240	$5,797,460	1,092	$4,545,020	1,335	$6,132,430

Total units involved in loans approved under Part II in October and November, with comparative figures for the preceding two months and the corresponding period of last year, follow:

P A R T II*

	.....October-November..... 1946		1945		August-September 1946	
Province	Units	$	Units	$	Units	$
P.E.I.	...	...	...	...	...	...
N.S.	...	...	...	...	...	...
N.B.	...	...	...	...	...	...
Que.	142	529,500	19	76,200	143	500,700
Ont.	46	254,880	6	16,800	8	26,600
Man.	...	...	...	...	...	...
Sask.	...	...	...	...	...	...
Alta.	88	436,420	2	5,760	16	45,000
B.C.	245	1,190,970	104	351,000	19	63,400
Total	521	$2,411,770	131	$449,760	186	$635,700

* Including approvals under Section 9 (limited-dividend companies)

Loans to Limited-Dividend Companies:

1. SECTION 9

During 1945 there were a fair number of inquiries regarding L/D projects. Most of these were exploratory attempts to obtain long term low interest rate loans for projects which were primarily Section 4 (Home Owner) or Section 8 (Ordinary Rental) projects. There were however 12 proposals which were given full consideration in respect of Section 9. The disposition of these proposals is shown in the following schedule:

L/D 1 - Metropolitan Housing Corporation, Montreal, P.Q.

Sponsor: M.M. Kalman, Architect

Project and Status: An apartment house project of 714 units. Layout, design, etc. approved but analysis of project showed that

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project could not be classed as suitable for families of low income. Sponsor was advised February 28 loan under Section 9 could not be made available to this project because of low ratio of accommodation (1.54 B.R. per unit) and because project was not within the spirit of Section 9 and should properly be financed under Section 8.

L/D 2 - Kitchener Homes Limited, Kitchener, Ont.

Sponsor: J.G. Brown (Chartered accountant and subsequently successful candidate for office of Mayor)

Project and Status: A 50 unit row housing project, developed to conform to N.H.A. requirements. High costs indicated by tenders submitted in December 1945 were discouraging. Subsequent negotiations for contract at price which would permit suitable rents were abandoned. Indications were that sponsors were glad to turn problem over to Housing Enterprises.

L/D 3 - Housing Enterprises of Canada Ltd., Toronto, Ont.

(See separate report on status of these projects)

L/D 4 - John B. Sampson, Kingston, Ont.

Sponsor: J.B. Sampson, Real Estate Operator
Project and Status: Project never materialized.

L/D 5 - Gardenvale Housing Cooperative, Gardenvale, P.Q.

Sponsor: J.J. Harpell, Chairman Board of Directors Gardenvale Savings and Credit Union

Project and Status: An apartment project of 100 units. Layout not attractive and sponsor declined to agree to modification of plans and also to terms of draft agreement. Sponsor withdrew from negotiations.

L/D 6 - Tip Top Housing Development, Toronto, Ont.

Sponsor: J. Dundelman, Tip Top Tailors (J. E. Hoare, Architect)
Project and Status: A slum clearance project to provide 500 apartments and row housing units originally proposed. Abandoned because of slum clearance complications and a second proposal on a new vacant site contemplated. Cost factor discouraging to sponsor who is primarily interested in providing self supporting units for employees in lower income group. Second proposal has failed to materialize.

L/D 7 - Burlington Housing Corporation, Burlington, Ont.

Sponsor: Local organizations headed by H. Cleaver, M.P.

Project and Status: An apartment house project comprised of 8 units, to house old age pensioners. Project has full local support and construction being carried out at minimum cost. Overhead and operating costs abnormally low. Construction about 35 percent complete 3½ months after turning sod. Project value $32,000
Loan 28,800

L/D 8 - Veterans Cooperative Association of B.C., Vancouver, B.C.

Sponsor: Veterans Cooperative Building Association of B.C.

Project and Status: A 50 units project comprised of single family housing units. Application declined because project primarily a home-ownership proposition and an agreement acceptable to both C.M.H.C. and sponsor could not be achieved.

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L/D 9 - York Mills Cooperative Home Builders, Toronto, Ont.

Sponsor:

Project and Status: A 50 unit project comprised of single family housing units. Application declined because project primarily a home-ownership proposition and an agreement acceptable to both C.M.H.C. and sponsor could not be achieved.

L/D 10 - Long Lac Pulp and Paper Company, Terrace, Ont.

Sponsor: Long Lac

Project and Status: A company town development with a potential of 800 to 1,000 housing units. 1946-47 programme comprised of 75 units to be financed under Section 9. Complications in Company's negotiations delayed submission of application. Desire to finance 250 units under Section 9 has now been stated and application forms are being prepared by Company for consideration. Construction of 75 units, begun in August is estimated as about 60 percent complete. Project value and loan not established.

L/D 11 - Lakeview Heights, Marathon, Ont.

Sponsor: Marathon Paper Mills of Canada

Project and Status: A company town development comprised of about 300 units, 134 of which were to be financed under Section 9. Project approved and construction is now about 90 percent complete. L/D Project includes Hospital and Community Hall.

Project value	$1,032,400
Loan	929,160
Cost Estimated	1,212,973

L/D 12 - City Improvement League, Montreal, P.Q.

Sponsor: City Improvement League (Percy Nobbs, Architect)

Project and Status: A 480 units apartment house project. Project and plans given approval in principle. Formal application has not been submitted. Indications are that costs are higher than initially contemplated and that rentals would have to be at such a high level that sponsors are marking time.

L/D 3 - Housing Enterprises of Canada Limited, Toronto, Ont.

a) 1946 Programme: 32 projects were undertaken by Housing Enterprises during 1946. These projects when completed will provide 3,297 rental housing units. Status of these projects at December 31st as reported by Housing Enterprises is as follows:

L/D 3	Location	No. of Units	Type	Status	Remarks
101	Vancouver A-Terrace	136	R	Approv.	52% complete
102	Vancouver B-Broadway	213	M	"	55 "
103	Victoria	100	SD	"	5 "
104	New Westminster	116	M	"	20 "
201	Regina	100	S	"	10½ "
202	Saskatoon	50	S	"	27 "
203	Calgary	104	S	"	17 "
204	Edmonton	88	M	"	8½ "
301	Stratford	108	S	"	55% "
302	Chatham	145	S	"	20 "
303	Windsor	113	S	"	19½ "
304	St. Thomas	65	S	"	23 "

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L/D 3	Location	No. of Units	Type	Status	Remarks
305	Sarnia	59	S	Approv.	38 complete
306	London A-Oxford	184	S	"	20½ "
307	London B-Central	43	M	"	47% "
401	Hamilton	116	S	"	59 "
402	St. Catherines	102	S	"	30 "
403	Kitchener	114	S	"	31 "
404	Brantford	54	S	"	36 "
405	Owen Sound	63	S	"	33 "
406	Guelph	61	S	"	19½ "
407	Waterloo	50	M	"	14 "
502	Toronto A-Danforth	32	M	"	28 "
503	Toronto B-Queen-Doel	72	M		5 "
504	New Toronto	176	Cancelled		
601	Peterborough	128	S	"	21 "
602	Kingston	88	S	"	19 "
603	Brockville	52	S	"	26 "
604	Lindsay	52	R	"	26 "
701	Montreal A-Villeray	150	M	"	70 "
702	Montreal B-Benny Farm	384	M	"	7 "
704	Quebec	102	M	Cancelled	
705	Three Rivers	57	R	Approv.	18 "
802	Saint John	106	S	"	68 "
803	Charlottetown	52	M	Rejected	

b) 1947 Programme: Progress in the development of the 1947 programme is shown in the following schedule.

Location	Project	No. of Units	Remarks
Vancouver Area		700	Site negotiation under way
New Westminster	Extension of 1946 project	116R	Prelim. site plan submitted Dec. 26. Service costs being discussed with city.
Edmonton	Extension of 1946 project.	62	No submission to date.
Winnipeg		200	Site negotiations under way.
Sarnia	Maria St. site	60M	Prelim. site plan submitted Dec. 31.
Kitchener	Extens. 1946 proj.	113	No submission.
Waterloo	Extens. 1946 proj.	54	No submission
Toronto		1,800	Site negotiations under way.
Hamilton Area		500	Negotiations under way.
Hamilton B	Young Property 306		Prelim. site plan submitted Dec. 13.
Ottawa Area		500	
Ottawa-Mann Ave. 400			Negotiations under way.

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Montreal		1,000	Site negotiations under way.
Montreal N.	Benny Farm 396		Prelim. site plan submitted Dec. 23.
Mt. Royal	Circle Property 550		Site contemplated.
Halifax		300	Negotiation under way.
	Potential Total	5,405	

2. SECTION 9A

Considerable interest has been shown in the new primary producer financing provided by Section 9A, in the B.C. Region. In other regions there has been virtually no response. About 12 potential contacts made were in the B.C. Region, two of which have already resulted in loan applications. Projects that have been submitted to Head Office are as follows:

L/D A1 - Cariboo Gold Quartz Mining Company, Wells, B.C.

Sponsor: Cariboo Gold Quartz Mining Co., Vancouver (J. Davidson Architect)

Project and Status: A row housing project of 51 permanent type units for employees of the company. Project well conceived in compliance with N.H.A. requirements. Subsidy of project required by Company if rents held to prevailing level for similar accommodation. Loan recommended.

Estimated project cost	$330,546	Lending Value	$277,500
Proposed Loan	220,000	Amortization	15 years

L/D A2 - Port Neville Logging Company Ltd., Logging Site

Sponsor: Port Neville Logging Company Ltd., Vancouver

Project and Status: An on site logging camp development comprised of 6 portable type units, manufactured in Vancouver and shipped complete to site.

Loan recommended.		Lending Value	$11,100
Estimated project cost	$12,900	Amortization	10 years
Proposed Loan	8,800		

Other Companies interested are as follows:

Highland Bell Mining Company
A. P. Allison Logging Company
Pacific Mills Pulp and Paper (Prefer to stay out of landlord position)

Blocdel Stewart and Welch Ltd.
B.C. Cement Company Ltd.
Canadian Forest Products
Comox Logging Company
Victoria Lumber Company

3. SECTION 11:

L/I 1 - Great-West Life Assurance Company, Osborne St., Winnipeg, Man.

Sponsor: Great West Life Assurance Company, Winnipeg

Project and Status: Purchase of property for development of 144 unit apartment house project approved. (October) no report on development. Estimated investment $750,000.

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L/I 2 - Albert & College St. Property, Regina, Sask.

Sponsor: Great-West Life Assurance Company, Winnipeg .

Project and Status: Proposal submitted early this year. Not approved because of low ratio of accommodation (.8 B.R. per unit). Rejected May 6.

L/I 3 - River Heights, Edmonton, Alta.

Sponsor: Great-West Life Assurance Company, Winnipeg

Project and Status: Proposal submitted acceptable subject to minor modifications. Project has not materialized in spite of encouragement given.

L/I 4 - Oxton Road Project, Toronto, Ont.

Sponsor: Manufacturers Life, Toronto

Project and Status: A row housing project comprised of 6 units, 2 B.R. each. Investment in project approved. (October) Estimated investment approximately $30,000.

L/I 5 - North Benny Farm Property, Montreal, P.Q.

Sponsor: Sun Life and London Life

Project and Status: Purchase of property for development of 400 unit apartment house project approved. (November) Project now being developed as Housing Enterprises project. Estimated investment $2,500,000.

L/I 6 - River Avenue Property, Winnipeg, Man.

Sponsor: Great-West Life Assurance Co., Winnipeg

Project and Status: Purchase of property for development of 76 unit apartment house project approved. (December) Estimated investment $460,000.

Home Extension Loans: During the three months ended December 31, 7 Home Extension Loans, providing for 15 new dwelling units and involving an amount of $23,000, were approved.

Emergency Shelter: Total financial commitments at the end of 1946 on emergency shelter account totalled $2,191,435.

Personnel: At December 31, the Corporation had a total staff of 314 employees. Head office accounted for 178, regional and branch offices, 136.

Wartime Housing Limited: On December 17, a ceremony was held in Moncton, N.B., to mark completion of the 25,000th unit built by Wartime Housing Limited in Canada. Following a tour of #5 Moncton project, where guests were given an opportunity to witness the new on-site prefabrication construction methods being used by the contractor in that city, a reception and dinner were held at the Hotel Brunswick. Guest speaker was Major-General H.A. Young, C.B., C.B.E., D.S.O., president of Wartime Housing Limited and vice-president of Central Mortgage and Housing Corporation.

General: Late in November, the Canadian Small House Competition, sponsored by the Corporation, closed and, following a two-day meeting in Ottawa in December, the judges awarded 37 prizes in five regions across Canada.

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Models of the 15 major prize-winning designs are now being made and will form a part of a display to be exhibited across Canada, probably starting the first week of February. At the same time, a new and enlarged volume of house designs, published by the Corporation, will go on sale.

Integrated Housing Plan: Status of projects at December 31, 1946, is as follows:

	Per Agreements	Individual Loan Approvals		Work Started		90% Complete
Quebec						
Montreal Single	115	62		63		40
" Duplex	374	366		236		32
Quebec "	26	26		26		
Val d'Or Single	14	14		14		
Quebec Regional Totals	529	469	72%	339	15%	72
Ontario						
Aylmer	10	10		10		
Dundas	10					
Galt, area	45	30		29		
Grimsby	10	10		2		
Hamilton area	471	379		274		108
Kitchener "	77	77		61		22
London "	136	135		68		39
Newmarket	36	36		20		3
Niagara Falls area	31	31		12		1
Orangeville	10	10		10		
Oshawa	102	102		102		46
Sarnia	50	15		15		15
Thorold	10	4		4		
Toronto	415	355		226		65
Ontario Regional Totals	1,413	1,194	70%	833	25%	299
Prairie						
Ft. William area	235	194		173		27
Winnipeg area	654	472		487		126
Saskatoon "	62	62		62		40
Regina	39	0		0		0
Swift Current	23	23		0		0
Prairie Regional Totals	1,013	797	91%	722	24%	193
B. C.						
Vancouver area	329	258		102		2
Haney	10	10		5		0
B.C. Regional Totals	339	268	40%	107	5%	2
Quebec Region	529	469		339		72
Ontario "	1,413	1,194		833		299
Prairie "	1,013	797		722		193
B.C. "	339	268		107		2
GRAND TOTAL	3,294	2,728	74%	2,001	20%	566

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C R O W N A S S E T S A L L O C A T I O N C O M M I T T E E

1. There were no meetings of the Committee held in the months of October, November or December as no major policy problems requiring study and recommendations by the Committee were apparent.

2. During the quarterly period 1,408 individual Reports of Surplus received from Federal Government Departments were processed, showing an original cost figure of approximately $35,400,000.

   In these reports, the types of surplus indicated as involving the greatest dollar value fall into the following three categories, namely:-

Self Track Laying Vehicles- Military Type	$12,314,400.
Buildings - Hutments and Sectional on leased land	3,792,200.
Motor Transport - Military Types (multi wheel drive)	2,575,900.

3. The action taken by the Chairman in respect to the disposition of assets reported surplus during the quarter has been approved and confirmed by the members.

M E L B O U R N E M E R C H A N D I S I N G L I M I T E D

The whole activity of the company has been directed towards a final liquidation of surplus stocks with a view to the surrender of the charter of the company.

All stocks have been sold and shipped from the warehouses and the leases of the latter have all been surrendered with one exception and that will be terminated on January 15.

All U. S. Duty Drawback has been recovered, all payments from the U. S. received and the U. S. dollar account has been closed.

An effort was made to have everything ready by December 31 to take off the final balance sheet but a few minor items remain outstanding. Permission of the Treasury Board is being awaited to destroy unessential records and this is expected in the next two or three weeks. As soon after that as the final audit can be arranged, records will be despatched to Ottawa and application made to surrender the company's charter.

The staff is now reduced to a total of three.

P A R K S T E A M S H I P C O M P A N Y L I M I T E D

The following is a brief review of operations of this Company for the quarter ending December 31, 1946:-

S.S. "PRINCE ALBERT PARK"

Delivered to the Ministry of Transport on October 1, 1946, in

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accordance with agreement between the Government of Canada and the Government of U.K.

S.S. "RIVERVIEW PARK"

Delivered to Acadia Overseas Freighters Limited on October 8, 1946, under agreement of sale.

S.S. "DENTONIA PARK"

Delivered to the Ministry of Transport on October 10, 1946, in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "WITHROW PARK"

Originally bareboat chartered to Lunham & Moore (Canada) Limited. Has been redelivered to us and turned over to the Ministry of Transport on November 22, 1946, in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "BOWNESS PARK"

Originally bareboat chartered to Canadian Transport Co. Ltd. Was redelivered to us and turned over to Kerr Silver Lines (Canada) Limited, on December 19, 1946, under agreement of sale.

S.S. "VICTORIA PARK"

4700 Tonner, formerly operated by Johnson Walton Steamships Limited from West Coast to Mexico. Was originally delivered to them on October 30, 1946, under agreement of sale.

S.S. "SUTHERLAND PARK"

4700 Tonner, originally Bareboat Chartered to Canadian National Steamships. Was delivered to Canadian Conquerer Limited (Canadian National (West Indies) Steamships Limited) on December 26, 1946, under agreement of sale.

S.S. "LANDSDOWNE PARK"

4700 Tonner, operated by Canadian National Steamships from East Coast to Mexico.

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P O L Y M E R C O R P O R A T I O N L I M I T E D

STEAM AND POWER PLANT

The semi-annual inspection and cleaning of boilers No. 2 and 3 has been completed. No. 1 boiler was taken out of service in the early part of December for overhauling, but was returned to service a few days later for a week to help carry the utilities load when an emergency shutdown of No. 5 boiler resulted from the failure of the main shaft on the air preheater. The installation of the equipment to enable the surplus fuel gas to be burned in the boilers was completed in November. It is still necessary to clean the fly ash system periodically. The system was flushed with inhibited hydrochloric acid on December 27 as a gradual decrease in the water flow rate indicated a build-up of scale in the lines. The operators feel that if the temperature of the water to the mixing tank can be increased, it will accelerate the precipitation of the calcium carbonate from the water and reduce the deposition of scale in the lines beyond the power house. A line is now being installed through which the warm process water from the butadiene units is to be returned to the power house, and part of the stream is to be used in the mixing tank of the fly ash system.

There were approximately 153,611 tons of coal on hand as at December 31 which is sufficient to meet all requirements for some considerable time after the opening of navigation.

SUSPENSOID CRACKING COILS

No. 9 cracking coil and the four Imperial Oil coils operated satisfactorily during the past three months. In December No. 9 coil was off stream for several days for inspection.

FEED PREPARATION UNITS

(a) Light Ends Recovery Unit

The annual overhauling of the Light Ends Recovery Unit was completed in October, and it has operated almost continuously since that time. Connections from the fuel gas header to the butane vaporizer were installed in November, which will enable any surplus fuel gas to be utilized in the power house rather than being released to the flare. Ethylene recovery has improved lately due largely to smoother control of the de-ethylenizer tower through the use of high pressure steam in the reboiler.

Transfers of ethylene to the ethylbenzene section of the styrene plant and to the butyl plant during the quarter were as follows:

	Ethylbenzene section	Butyl Plant
October	594,800 lbs.	44,200 lbs.
November	817,200 lbs.	40,600 lbs.
December	963,800 lbs.	31,300 lbs.

(b) Isobutylene Extraction Section

This unit operated satisfactorily in October, but as operations became unsteady in November, it was shut down on November 17 for three days for cleaning and a change of acid. Connections were made for the new concentrator during the shutdown so that it can be tied in with the system without interfering with operations. The concentrator was completed in December and is now being water and vacuum tested. The unit was on stream for 30 days in December.

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(c) Butylene Concentration Unit

This unit operated smoothly throughout the quarter and no interruptions in production occurred.

BUTYL RUBBER PLANT

Production was maintained at a high level during the quarter. Although the formation of lumpy polymer restricted production somewhat, the output of butyl rubber during the month of December was well above that of November. The emergency fuel gas system for the compressors, which will enable them to be switched to ethylene in the event of a fuel gas failure, has been completed. Tests are being carried on in an effort to discover a more economical method of packaging the butyl as the present cartons are costly.

Production of butyl during the quarter was as follows:

October	2,302,360 lbs.
November	2,385,400 lbs.
December	2,411,530 lbs.

The unit costs (ex depreciation and obsolescence) of the specification material produced during the months of October and November were 13.026¢ and 13.536¢ per lb. respectively.

STYRENE PLANT

The ethylbenzene section, which was shut down on September 24, was put back into operation on October 10. In November, operating difficulties developed when it was necessary to use only the motor grade benzol from Hamilton. This benzol has a higher percentage of impurities than the Algoma material we have been using, and as a result the reaction gradually slowed up and finally stopped. The reaction mixture had to be dumped. As soon as the higher grade Algoma benzol was obtainable again, the two materials were combined and no further difficulties have been encountered. Production is being maintained at a high level to meet the increasing requirements of the Dow Chemical of Canada Limited and Monsanto (Canada) Limited.

Production of styrene and ethylbenzene during the quarter was as follows:

	Styrene	Ethylbenzene
October	2,904,529 lbs.	1,968,666 lbs.
November	2,717,910 lbs.	
December	2,846,184 lbs.	3,131,907 lbs.

The unit costs (ex depreciation and obsolescence) of the specification material produced during the months of October and November were 4.962¢ and 5.138¢ per lb. respectively.

BUTADIENE UNIT

In Section A, the efficiency of the new Dow catalyst dropped off rapidly early in October and various tests were carried out to determine the cause. Finally on November 25 the section was shut down completely and the catalyst bed inspected. It was found that large carbon deposits extended deep into the bed toward the exit side of the reactor, while deposits were negligable at the inlet. This indicated that while there was adequate distribution of the air-steam mixture to the top of the catalyst bed during regeneration, the flow tended to channel towards the centre of the bed and to become slower at the walls during progress through the catalyst. It was felt that the continued use of the expensive Dow catalyst could not be justified until the

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reactors had been redesigned to provide a more uniform flow through the catalyst bed. Consequently, Shell 105 catalyst was charged to Section A and it was put back into operation on December 2. Tests are now being conducted to determine a method by which the carbon can be completely removed from the Dow catalyst.

Dehydrogenation Section B and the extraction section have operated satisfactorily throughout the quarter, but production was low due to the difficulties experienced in Section A. The extraction section was taken off stream during the shutdown of Section A to inspect the rerun tower.

Production of butadiene during the quarter was as follows:

	Fresh	Recycle
October	6,089,400 lbs.	1,392,800 lbs.
November	4,721,000 lbs.	1,682,000 lbs.
December	5,468,500 lbs.	1,660,600 lbs.

The unit costs (ex depreciation and obsolescence) of the specification material produced during the months of October and November were 10.447¢ and 12.651¢ per lb. respectively.

BUNA-S COPOLYMER PLANT

Operations in the copolymer plant were smooth and uneventful during the quarter. Changes in the recovery building to simplify the process and reduce hazards and maintenance costs have been completed.

Production of GR-S during the past three months was as follows:

	GR-S	Latex
October	7,792,550 lbs.	43,034 lbs.
November	7,927,011 lbs.	66,526 lbs.
December	8,242,866 lbs.	66,688 lbs.

The unit costs (ex depreciation and obsolescence) of the specification material produced during the months of October and November were 12.968¢ and 13.209¢ respectively.

EXPORTS

Exports of GR-S during the quarter, other than to the U.S.A, have been as follows:

	October	November	December
South America	1,231,699 lbs.	644,338 lbs.	
Sweden	835,458 lbs.	111,935 lbs.	134,390 lbs.
Denmark	156,761 lbs.		286,376 lbs.
Norway		447,956 lbs.	
Switzerland	175,900 lbs.		67,171 lbs.
Italy	2,239,956 lbs.	1,511,928 lbs.	2,210,911 lbs.
France	716,782 lbs.	1,343,965 lbs.	1,119,637 lbs.
Belgium	624,595 lbs.	484,680 lbs.	266,694 lbs.
Austria		727,949 lbs.	
Poland		671,937 lbs.	
Czechoslovakia			1,542,743 lbs.

Exports of GR-I during the quarter, other than to the U.S.A., have been as follows:

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	October	November	December
South America	102,925 lbs.	33,590 lbs.	
Switzerland	20,040 lbs.		
Italy			8,925 lbs.
Finland		11,020 lbs.	
Belgium		75 lbs.	

EMPLOYMENT

The number of employees on the Polymer payroll and those of its two associated operating companies as of December 31 was as follows:

Polymer Corporation Limited	1411
Canadian Synthetic Rubber Limited	315
Dow Chemical of Canada Limited	92
	1818

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	October	November	December
South America	102,925 lbs.	33,590 lbs.	
Switzerland	20,040 lbs.		
Italy			8,925 lbs.
Finland		11,020 lbs.	
Belgium		75 lbs.	

EMPLOYMENT

The number of employees on the Polymer payroll and those of its two associated operating companies as of December 31 was as follows:

Polymer Corporation Limited	1411
Canadian Synthetic Rubber Limited	315
Dow Chemical of Canada Limited	92
	1818

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	October	November	December
South America	102,925 lbs.	33,590 lbs.	
Switzerland	20,040 lbs.		
Italy			8,925 lbs.
Finland		11,020 lbs.	
Belgium		75 lbs.	

EMPLOYMENT

The number of employees on the Polymer payroll and those of its two associated operating companies as of December 31 was as follows:

Polymer Corporation Limited	1411
Canadian Synthetic Rubber Limited	315
Dow Chemical of Canada Limited	92
	1818

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WAR ASSETS CORPORATION

1. SUPPLY DEPARTMENT

(1) Organization

There was a substantial decrease in the number of declarations received in the quarter. The total was 2,678 of which 1,421 were received from government departments and 1,257 were received from private contractors of the Department of Reconstruction and Supply.

During the quarter, Plant Clearance Division completed 8,028 declarations, leaving 16,473 declarations still current. A considerable amount of work has been done on many of these declarations and little effort should be required to complete an additional substantial number. As of the end of the year 58% of the declarations which have been made to the corporation have been completed.

There has been a marked improvement in warehouse operations during the quarter. There are 48 warehouses operated by the corporation and most of the contents have been reported to the Merchandising Department. The number of sales orders received at warehouses has increased materially and outgoing shipments both in number and tonnage now exceed incoming shipments.

During the quarter special sales action has disposed of practically all surpluses at Warehouse No. 9 St. Catharines, Ontario, and at Warehouse No. 21, Cap de la Madeleine, Quebec. It is intended that these two warehouses will be entirely vacated by sales action and closed. In addition to this, warehouse No. 43, the former Canadian Pacific Air Lines hangar at Sea Island, B.C., was vacated by sales action and the property returned to the Department of Transport.

A programme of special sales from warehouses is being developed in co-operation with the Merchandising Department and it is expected that additional warehouses will be vacated by special sales action.

Special procedures are being developed in co-operation with Merchandising Department which will drastically reduce the amount of paper work required to document sales made in the special sales made from warehouse locations. Similarly, procedures for handling scrap are being developed which should expedite the disposal of scrap and ensure still better control.

Operations at Valleyfield Reclamation Depot received special attention during the quarter. Seventy percent of the surpluses in finished goods warehouses have been re-inspected and are being reported to Merchandising Department for sales action. Drastic action was necessary with regard to surpluses previously reported to the Merchandising Department and arrangements were made to cancel all such reports as of November 30, 1946, in order to ensure that prompt shipment could be made when sales orders are received. There is a very great volume of used clothing which is finding a ready demand with the result that operations at the Reclamation Depot are continuing with two shifts per day, the plant being operated from 7 A.M. until 12 P.M.

Security service is receiving special attention and every effort is being made to reduce the number of locations requiring substantial security. At the end of December, 1946, there were 239 locations requiring 1,799 security guards.

(2) Activities

Statistical information in regard to various divisions of the supply department is given below:-

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Procurement Division:

Government depts. except Reconstruction and Supply	-	1,408
United States War Department	-	5
United Kingdom	-	8
Reconstruction & Supply: private contractors, Crown and management fee companies	-	1,257
TOTAL:		2,678

Plant Clearance Division:

No. of files from Procurement - 2,291

No. of declarations forwarded to the Regions:-

Region	Declarations sent to Regions	Declarations Completed	Declarations on Hand in Regions
Winnipeg	115	319	489
Halifax	398	616	1,846
Vancouver	318	2,006	3,094
Toronto	861	2,275	5,383
Montreal	828	2,499	5,185
Newfoundland	5	313	476
Totals:	2,525	8,028	16,473

No. of files in process in Head Office - 106

Unless an increasing number of declarations are received, Plant Clearance operations have reached peak production and this operation will rapidly diminish in size. Steps are being taken to adjust the Regional staffs to meet this situation.

Warehousing Division:

Region	Warehouses Operating Dec.31/46	Total Available Area(Sq.Ft.)	Total Occupied Area(Sq.Ft.)	Total Personnel Dec.31/46	Approx. Tonnage Rec'd.	Approx. Tonnage Shipped
Maritimes	6	593,806	335,500	302	4,564.50	3,947.98
Quebec	10	1,535,692	1,067,305	765	9,056.68	9,282.02
Ontario	11	2,327,251	1,419,623	832	6,175.51	10,161.61
Prairies	8	580,842	360,122	230	3,781.39	5,665.77
Western	13	1,023,910	614,346	394	8,274.94	7,335.29
Totals	48	6,061,501	3,796,896	2,523	31,853.02	36,392.67

Note: Increase in total tonnage handled over previous period amounted to 17,812.29 tons.

The emphasis is now on warehousing and we are endeavouring to strengthen the staffs to cope with the increase in activity which is likely to continue for some time. The difficulty in employee separations is increasingly important in efficiently manning our various establishments.

Surplus Property Division:

A number of demolition programmes have been completed during the quarter and very substantial quantities of salvaged building materials have been made available for building purposes. In spite of the winter weather, demolition programmes are continuing at Debert, N.S.; Camp Borden, Ont. and Brandon, Man. Weekly reports are forwarded to Central Mortgage and Housing Corporation listing substantial quantities of building materials available for their use. In several instances we have closed off demolition contracts where the weather has caught up

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with the operations, turning the few buildings remaining over to Lands and Buildings for disposal as buildings.

During the quarter the plant at St. Malo, Quebec, was handed over to the City of Quebec and the Bouchard Camp was turned over to the Army. Nobel, Ontario, has been largely turned over to A.V. Roe Canada Limited and our clearance activities are almost completed except for minor clean-ups. Transcona, Manitoba, has largely been cleared of buildings and during the quarter we turned over the John Inglis Company Plant to the John Inglis Company and Addison Industries Limited. Special action is being taken to dispose of the Canadian Motor Lamp Company plant, Windsor, Ontario, and the Dominion Bridge Company plant, Sorauren Avenue, Toronto.

Traffic Division:

In addition to the routing of surpluses being sold the Traffic Division is now following up all sales orders and obtaining clarification when required from the Merchandising Department. Substantial increase in the volume of sales orders across the country has resulted in a very considerable addition to the volume of work required from the Traffic Division.

2. MERCHANDISING DEPARTMENT

(1) Sales

Invoiced sales for the quarter, including $14,286,324.62 reported for the month of December, totalled $52,329,585.51.

Aircraft components and Aircraft direct sales reported total sales of $932,219.27, including engine spares, parachutes and 133 complete aircraft.

Machine Tool Pricing Division passed to regions availability reports valued at $10,557,424.19, number of availability reports processed amounting to 14,605, total sales for the quarter amounting to $2,146,675.88.

Export Sales Division recovered a total of $2,870,385.00, including sales to U.N.R.R.A. of $2,006,700.00 based chiefly on double drum skip hoists and air compressors.

Ship Sales Division reported total sales of $4,529,591.00, including disposal by appointed agents. The principal items for the month of December were one Tanac V Tug and two Warrior Class Tugs totalling $290,000.00.

Ships Components Division forwarded to regions 4778 availability reports valued at $2,050,431.79. Recovery by branches for the period totalled $307,344.42 composed chiefly of sales to ship chandlers and ship building concerns.

Automotive Division had a total recovery for the quarter of $1,564,565.82, including auto parts valued at $139,964.75, tires $165,809.14 and garage equipment, motorcycles, etc. totalling $74,708.04. A total of 3,022 vehicles were sold.

Mechanical Division passed to regions availability reports valued at $6,859,089.09, total sales for the period being $1,630,087.46.

Consumer Goods Division forwarded to the regions 26,551 availability reports priced for recovery of $5,887,419.47. These include hardware $1,167,419.47, textiles $2,636,000.00, cafeteria and barrack equipment $816,000.00. Total sales for the period amounted to $3,775,035.47.

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Radio and Radar Division forwarded to regions availability reports valued at $1,505,135.00, total sales being $258,593.32. Total of sheets forwarded was 4,290.

Metals Division showed a total recovery of $1,661,029.72. Total sheets processed were 9,956. Large sales included $106,250.00 to Atlas Steels, $33,120.00 to Burrard Dry Dock and $26,000.00 to Western Steel.

Scrap Division recovery totalled $572,822.47, weight of scrap transferred to regions for the quarter was - ferrous 36,301,308 lbs., non-ferrous 5,929,881 lbs., miscellaneous 6,877,656 lbs.

(2) Organization

During the Quarter the first warehouse sale was held at St. Catharines, Ontario, from November 12 to the 15, total sales amounting to $150,225.30. Approximately 1500 people inspected the materials at this location and 1541 bids were received.

The merchandise was displayed on the floor of the warehouse in the following lots:-

Consumer goods	-	302 Lots
Aircraft components	-	39 "
Machine tools	-	280 "

The second warehouse sale took place at Cap de la Madeleine, Quebec, from December 10 to 13 inclusively. During the four days of inspection approximately two thousand prospective bidders arrived to look over the display. Two thousand bids were received at the location and 3,386 were mailed direct to the Montreal Branch, making a total of 5,386 bids.

While the total results of this sale have not been determined, net sales so far have amounted to slightly over $160,000.00. It is anticipated that the final amount will total approximately $185,000.00.

As it has been found impossible to dispose of some of the single purpose machine tools as such, it is the intention to turn them over to the re-categorizing committee for reclassification.

Mr. F. E. McMurray was appointed Montreal branch sales manager to take effect the first of the year, replacing Mr. J. A. Barsalou who now becomes assistant branch sales manager.

The weekly conferences of Divisional Chiefs held every Wednesday morning were continued as it has been found that the opportunity so afforded for the discussion of mutual problems has been most beneficial to all concerned.

3. LANDS AND BUILDINGS DEPARTMENT

(1) Buildings with Land

(a) Total Declarations received 32

(b) Total Sales of Buildings with Land for Last Quarter $1,046,814.55

(c) Total Sales of Buildings with Land for this Quarter .....$ 708,089.64

(d) Declarations involved in (c) above 38

(e) Special Sales:-

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(i) A residence, garage, and land situated at 453 Laurier Ave. E. Ottawa, Ont., formerly used as a W.R.C.N.S. officers quarters and known as "Kingsmill House" declared surplus by D.N.D. (Navy). This was sold to the University of Ottawa for the sum of $30,000.00, to be used for educational purposes in conjunction with Ottawa University.

(ii) A group of 9 R.C.A.F. buildings and approximately 528 acres of land known as R.2 to Souris Aerodrome located at Elgin Manitoba and sold to Dept. of Veterans Affairs for $15,000.00. The sale of this property does not include power and telephone lines and equipment.

(iii) Certain buildings and approximately 316 acres of land situated at Cornwall, Ont., which formerly comprised Stormont Chemicals Ltd., sold to Peebles Products Ltd., Cornwall, Ont. for the sum of $160,000.00.

(2) Buildings without Land

(a) Total Declarations received 225

(b) Number of Sales Directives referred to Branches 227

(c) Total Estimated Salvage Value of (b) above $1,427,466.07

(d) Total Sales of Buildings without Land for Last Quarter $1,206,083.36

(e) Total Sales of Buildings without Land for this Quarter $1,362,386.35

(f) Declarations involved in (e) above 224

(g) Special Sales:-

(i) 6 R.C.A.F. buildings located at Winnipeg, Man., and known as #8 Repair Depot were sold to the City of Winnipeg for the sum of $12,128.64.

(ii) A group of 63 hutments declared surplus by D.N.D. (Army) and known as Sorel Internment Camp #45. These buildings were advertised in the newspapers for "Sale by Tender" and sold to the highest bidder for $70,150.00.

(iii) A group of ten buildings at Souris Aerodrome, Souris, Man., sold to the Province of Manitoba for the sum of $11,091.04.

(3) Summary

(a) Total Sales last Quarter:-

Buildings with land.....	$1,046,814.55
Buildings without Land	$1,206,083.36
Total	$2,252,897.91

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(b) Total Sales this quarter:-

Buildings with land	$ 708,089.64
Buildings without Land	$1,362,386.35
Total	$2,070,475.99

(4) General Remarks

(a) It is to be particularly noted that the sales reported herein are only those for which this department is in possession of copies of sales orders. Many other sales are at present in the process stage by branches.

(b) It should also be noted that sales referred to in this report do not include those made by the Ottawa office during the period under review.

4. COMPTROLLER'S DEPARTMENT

(1) Staff:

The resignation of Mr. J. M. Wynn as Assistant Comptroller, effective December 31, 1946, is reported.

The staff of the department now numbers 442 which is an increase of 58 during the period under review as shown:-

	Male	Female	Total
December 31, 1946	245	197	442
September 30, 1946	205	179	384
Increase	40	18	58

More than half of the increase in the number of employees results from the growth of the General Audit Staff as shown:

December 31, 1946	88	13	101
September 30, 1946	62	8	70
Increase	26	5	31

(2) Audit:

Statistics of audits completed can give only the most general picture. Some audit reports cover many hundreds of man-days, while others account for comparatively few. The figures in the following table for contracts reviewed and analyzed, while large, are relatively minor in cost of preparation:-

	Oct.	Nov.	Dec.
Financial (Regions, Branches, etc.)	8	9	5
Warehouses	11	12	9
Plant Clearance Reports	7	4	20
Special Investigations	6	8	9
Tenders	-	1	2
	32	34	45
Contracts	110	80	105
Total	142	114	150

It will be noted that plant clearance reviews have increased and there is a steady upward trend in special investigations.

(3) Revenue and expenses:

The following is a summary of the operations of the corporation for the months of September, October and November, 1946,

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as shown in the Books of Account. (December figures are not yet available).

	Sept. 1946	October, 1946	November, 1946	Total
Gross Proceeds of Sales	$19,548,374	$ 15,525,577	$18,442,807	$53,516,758
Direct charges; Freight, handling packing and reconditioning of clothing; warehouse, dismantling and scrapping; technical services	2,538,802	1,722,665	5,676,981	9,938,448
Net proceeds of sales	$17,009,572	$13,802,912	$12,765,826	$43,578,310
5% Fee	$ 850,478	$ 690,145	$ 638,291	$ 2,178,914
Other income	43	77	23	143
Total revenue	$ 850,521	$ 690,222	$ 638,314	$ 2,179,057
Administrative expenses	760,687	778,928	810,317	2,349,932
Excess of expenses over revenue		$ 88,706	$ 172,003	$ 170,875

The excess of expenses over revenue recorded for October, 1946, results from the reversing, as instructed, of all accounting entries in connection with sales totalling $4,074,876.19 made by Melbourne Merchandising Limited as agent of the corporation.

The excess of expenses over revenue for November, 1946, is caused mostly by the fact that in that month there was absorbed as a direct charge against sales an amount of $4,194,189.79 expended by Wartime Shipbuilding Limited, as agent of the corporation in connection with the completion of Diesel Motor Cargo Vessels, "Warrior" Type Tugs and "B" and "C" Coasters.

(4) Operating surplus:

The excess of revenue over expenses as at March 31, 1946, including deficit of predecessor Company, (War Assets Corporation Limited) amounted to	- $1,253,909.30
Add net revenue for the months of April to August	- $1,860,990.53
	$3,114,899.83
Deduct deficit for September, October and November, as above	- $ 170,874.57
Gives a total surplus as at November 30, 1946, of	- $2,944,025.26

5. PUBLIC RELATIONS DEPARTMENT

(1) Press Releases

Press Releases, in English and French for the 75 working days of the quarter totalled 88 as compared with 100 in the July - September quarter, and 114 in the April-June quarter. The total number of releases issued for the 227 working days of the nine months of the fiscal year to December 31 was 305, an average of about 1.3 per day. By comparison, releases in the corresponding period in 1945 totalled 63.

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(2) Special Articles

During the quarter a number of special articles were prepared for trade and commercial publications, including article on textile sales and reclamation for "Canadian Textile Journal"; article on Machine Tools and Machinery for "Manufacturing and Industrial Engineering"; article on W.A.C. Contribution to Reconstruction and Increased Production for "Industrial Canada"; articles on the Corporation's year's operation for "The Monetary Times" and "Daily Commercial News and Building Record" annual numbers.

(3) Enquiries

In addition to completed articles prepared, data was gathered and furnished to writers for other articles and news stories, including material on Minca barges for special news letter issued by "Timber of Canada"; data on sales of aircraft and components for James Montagnes, Toronto, writer for a number of Canadian and U.S. aviation publications; data on ship sales for "Canadian Transportation" and data for articles in "The Country Guide", Winnipeg; "The Monetary Times"; "Drug Merchandising" and "The Financial Post.

(4) Translations

In addition to translation of press releases and advertisements published in the French press, the French division assisted in supervising issue of French version of the annual report, and in translating letters and documents for head office executives and divisions. The last named, during the quarter, totalled 325 as compared with 463 in the previous quarter and were divided by months as follows: October, 137; November, 113; December, 75; Total, 325.

(5) Advertising

Advertising placed by Head Office during the quarter aggregated about 237,500 lines in newspapers (about 780 columns) and 29½ pages in trade papers or periodicals, the whole estimated cost being $37,100. This compares with newspaper lineage of 131,300 in the previous quarter for a total estimated cost of $20,600, and 194,000 lines and $31,000 estimated cost in the April-June quarter. Figures for the quarter under review were:-

	Newspaper lineage	Periodical pages	Estimated cost
October	51,600	7	$ 7,500
November	150,000	15	22,000
December	35,900	7½	7,600
Totals	237,500	29½	$37,100

Approximate division of expenditure for the quarter was: bulletins, $9,600; warehouse sales, $6,900; ships, $6,500; lands and buildings, $4,400; aircraft, $4,300; miscellaneous, $3,500; mechanical, $1,900; total, $37,100.

6. LEGAL DIVISION, SECRETARY'S DEPARTMENT

Completed agreements and documents recorded in the Legal Division during the quarter under review totalled 538, as set out below. This table shows previous figures up to September 30, and cumulative totals as of December 31, 1946.

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	Total to Sept.30/46		Total For Oct., Nov., Dec.,1946.		GRAND TOTAL	
SHIPS						
Agreements for sale	115		10		125	
Bills of sale	559		175		734	
Mortgages	85		16		101	
Charter agreements	9		0		9	
Releases	0	768	3	204	3	972
REAL ESTATE						
Sales of land	63		12		75	
Sales of land & bldgs.	88		23		111	
Sales of bldgs. only	22		8		30	
Demolition agreements	7		7		14	
Settlement of leases	22		10		32	
Mortgages	4		4		8	
General (easements, etc.)	29		19		48	
Leases	104		21		125	
Lease set. & sale	34		6		40	
Letters patent	0	373	21	131	21	504
MISCELLANEOUS						
Agreements for sale	62		31		93	
Assignments of ref. portion of excess profits tax	23		13		36	
Chattel mortgages	8		13		21	
Insurances	29		34		63	
Services	18		11		29	
General commitments	43		1		44	
General	75		25		100	
Aircraft sales	0	258	75	203	75	461
		1,399		538		1,937

7. ORGANIZATION AND PERSONNEL DEPARTMENT

(1) General

The outstanding feature of this department's operations during the last quarter was the unexpected and substantial increase in staff. The net increase was greater than that for either of the previous quarters and almost equalled the increase for the first quarter of the calendar year 1946. The figure for total staff including guards at December 31, 1946, was 10,264. The highlights of the figures for staff changes are as follows:

	Total staff including guards	Quarterly increase	Percentage increase
December, 1945	4,201	-	-
March, 1946	6,155	1,954	46.5
June, 1946	7,567	1,412	22.9
September, 1946	8,405	838	11.1
December, 1946	10,264	1,859	22.1

A substantial part of this increase was due to the change of policy concerning the Reclamation Depot at Valleyfield where the staff was increased by 700. However, the quarterly increase even without Valleyfield represents a change in the trend of the previous three quarters, which trend had shown a tendency for the total staff figure to level off.

78% of the increase in the last quarter represented additions to the staff of the Supply Department. The figures for the regions do not indicate any outstanding change beyond the general increase.

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A general picture of the staff during the last quarter, without guards, shows approximately two-thirds of the Corporation employees on monthly rates of pay and one-third on hourly rates. The proportion of men and women is about the same, namely two-thirds and one-third. Further, two-thirds of the male employees have seen service in uniform, which percentage is substantially increased if the guards are included. Another feature of the last quarter was the adoption of a 44-hour week for hourly-rated employees.

A total of 211 bulletins from all departments was recorded and cleared.

(2) The Organization and job classification division

A major change in the Corporation's personnel policies was the relaxation of the minimum time limit on promotions to the extent that an employee who is moved to a higher-rated position may now immediately enjoy the higher salary regardless of length of service in his previous position. The purpose of this change is to recognize without delay the numerous staff changes occasioned by the Corporation's very flexible establishment of positions.

The Division continued to process a large number of requisitions for staff which totalled in the quarter 5,868. Recommendations for pay revision numbered 2,207.

The Division completed a large number of unit surveys particularly in the Supply Department where this advisory service was extended to a number of field operations particularly in the Ontario Region and at Valleyfield. At the Reclamation Depot a large proportion of the rates of pay were revised upwards and, as mentioned above, the total staff of the depot was increased by 700.

Several position schedules for the Audit Division were added to the list of standard job classification and the rates for certain classes in the Plant Clearance Division were revised.

A complete wage analysis of the Corporation's hourly-rated personnel was completed, showing occupational classifications, wage rates, unit and location of work.

(3) Recruiting and Assignments Division

During the quarter 3,224 people were assigned to all Departments, exclusive of guards, and 1,516 were separated. Despite the high number of separations, there has been a substantial improvement in the rate of turnover. This rate reached a peak of 110% per annum in September but has shown steady improvement during the last quarter until for December it reached the lowest figure of the whole calendar year, namely 62% per annum.

(4) Training and Welfare Division

A Workmen's Compensation Section was established at Head Office to take over this function from the Comptroller's Department. Work was completed on the Employee's Handbook which will be published in January. The first aid service under the direction of a qualified nurse at the Head Office building gave a total of 2,644 treatments during the quarter, or an average of 39 in each work day.

(5) Investigation Division

As a result of fingerprinting, 24 new employees resigned voluntarily and 22 were dismissed. The division completed 58 special investigations which resulted in 4 prosecutions and convictions, 4 dismissals and 2 demotions.

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(6) Administrative Services Division

The highlight in the work of this Division was the increase in the volume of stationery and supplies despatched to field points, indicated in the total tonnage of shipments which was 108. The volume of printed forms produced by the Printing Section represented an all-time high -- the number of pieces produced in the quarter totalled almost six million. The total cost to the Corporation of its forms and stationery has been substantially reduced through better purchasing methods and through expansion in production of the Printing Section, with the added advantage that schedules can be adjusted quickly to meet priority or emergency runs. The distribution of the Form Catalogue contributed to the more efficient use of the Corporation's standard forms.

W A R T I M E H O U S I N G L I M I T E D

Location	Project No.	Houses	Special Bldgs.	Funds Authorized
Funds Authorized - October 1 - December 31, 1946				
Fredericton	1	100		519,200.00
Kenora	1	50		259,350.00
Lethbridge	3	100		468,700.00
Medicine Hat	1	75		359,850.00
Montreal	10	200		1,079,100.00
Moose Jaw	6	50		241,450.00
St. John	9	100	1	540,750.00
Saskatoon	4	100		505,325.00
Sea Island	4		Roads & Taxes	52,800.00
Tilbury	2	13		67,433.00
Wheatley	1	10		51,930.00
Total-Quarter ended Dec. 31, 1946	798		1	4,145,888.00
Contracts Awarded - October 1 - December 31, 1946				
Carleton Place	1	25		129,675.00
Fredericton	1	100		519,200.00
xxKamloops	2	40		178,395.00
Leamington	1	100		506,050.00
Lethbridge	3	100		468,700.00
Medicine Hat	1	75		359,850.00
Moose Jaw	6	50		241,450.00
xPortage La Prairie	2	25	1	127,825.00
xPreston	2A	-	1	Nil

(x) Indicates Special Building is a Workshop & Storage Building
(xx) Contract Awarded July 20, 1946, but not shown on previous report.

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	Location	Project No.	Houses	Special Bldgs.	Funds Authorized
	Contracts Awarded - October 1 - December 31, 1946 (Cont'd)				
x	Prince Albert	2A	-	1	Nil
x	Renfrew	2A	-	1	Nil
	Tilbury	2	13		67,433.00
	Total-Quarter ended Dec. 31, 1946		528	4	2,598,578.00
	P.C. Authorities Awaiting Contract as at December 31, 1946				
	St. John	9	100		
	Port Arthur	4	50		
	Kenora	1	50		
	Wheatley	1	10		
	Saskatoon	4	100		
	Montreal	10	200		
	Total		510		

(x) Indicates Special Building is a Workshop & Storage Building

January 6, 1947

WARTIME HOUSING LIMITED

The total estimated value of authorized funds to December 31, 1946 amounts to $125,212,750.58 and covers in addition to work completed, under construction and awaiting contract, such services as sewers, water, roads and walks, with storage sheds for all houses: also Halifax and Moncton water development providing:-

30662 Houses
15 Hostels
65 Staff houses
17 Bunk houses
17 Dining halls
29 Schools, plus two room addition at Welland.
101 Special buildings

For particulars of buildings in above declared surplus, see list attached.

SURPLUS DECLARATIONS - Nov. 30, 1946

Amherst	#1	1 Staff House land & equipment
Brantford	#1	(Staff House #1-2 (Winston Hall, land, buildings & equipment Acquisition cost of an easement for sewer land to Winston Hall
Chalk River		Equipment, stoves, etc.
Dartmouth	#3	Staff houses 7-8-9-10-11-12. commissary, storage-shed, land, buildings & equipment
Eastern Passage	#3	Staff House #13 land & equipment
"	#4	Staff House & equipment
"	#5	Staff House & Commissary, land, buildings & equipment.

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Eastern Passage	#4	Clarence Park Recreation Centre, land, buildings, equipment, including bowling alleys
Esquimalt	#3	Staff Houses #1-2, Commissary, land & equipment
"	#6	Staff Houses #4 & 4, land & equipment
Fort Erie	#2	Winston Hall & equipment, lots 67-68
Fort William		Winston Hall, Staff Houses #1-2, store house, land, buildings & equipment. Huts used for office.
Halifax		Staff Houses #1-2-3-4-5-6. Commissary, land, buildings & equipment.
Hamilton	#8	Lot #46
Hespeler	#1	Winston Hall, land & equipment
Kingston	#3	Winston Hall & equipment
"	#5	2 storage tanks
Lauzon	#1	Staff House & Commissary, land & equipment Parcel of land for right of way
Liverpool	#1	Land, sewer & water construction costs
Long Branch	#1	Winston Hall land, buildings & equipment Lots #2-3-4-5-6-7-8-9-13-56-57-58-59-73-78
Malton	#4	Winston Hall equipment
"	#4	Staff House, land & equipment
New Glasgow	#1	Staff Houses #1-2-3. Commissary land & equipment
North Vancouver	#1	Staff House #1 & 2, Commissary & equipment
"	#3	Buildings used as Fire Hall
Peterborough	#4	Staff House & equipment
Pictou	#1	3 Staff Houses & Commissary
"	#3	2 Staff Houses, land & equipment 2 Parcels of land #1 & 5
Prince Rupert	#1	Staff House #1 & 2 & Commissary, land & equipment
"	#5	Chinese Bunk House, Recreation Bldg., land & equipment
"	#6	Commissary at C.N.R. dry dock, building & equipment
"	#5	Bunk house building & equipment
"	#6	Staff House #7-8-9 land, buildings & equipment
"	#4	Staff House #3-4-5-6 building & equipment
Quebec	#1	Land only
Renfrew		Stores hutment built for contractor
St. Catherines	#6	3 Staff Houses & Commissary, land, buildings & equipment
"	#7	3 Staff Houses, Commissary attached - coloured, land, buildings & equipment
"	#1	Lot #9-10-91
St. John	#4	Staff House #2 & 3, Commissary land, building & equipment
"	#1	Staff House, land, building & equipment
"	#3	2 Telephone booths & shelters
St. Paul L'Ermite	#2	Staff House, Winston Hall & Commissary, land, buildings & equipment

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		Increasing land cost from $3,066.66 to $9,624.81 increase $5,552.15
St. Therese	#1	Land - amount $4,450.00
Sea Island Camp Site	#1	Land and land improvement, buildings #1-2-3-7-8-9-10-14-15-16-17-18-22
Sorel #1	#1	Boarding House #1 & 2 Staff House #4-5-6. Bunk House #1-6 Helps quarters converted to Bunkhouse #7 2 Commissaries. Maintenance material in #4 Commissary, sewers, water mains, landscaping, buildings & equipment - no land included.
Wallaceburg		Winston Hall, land building & equipment
Welland	#1 & 3	Staff House #1-2-3-4-, Commissary building & equipment
"	#5	Staff House leased to Empire Cotton Mills Buildings & equipment
"	#7	Winston Hall leased to Welland Hospital Board land, building & equipment
"	#8	Chinese bunk house building & equipment Amendment to include land held under lease to original owner Woods Mfg. Company
Windsor	#1-8	Equipment used by contractor
Arvida	#2	20 Houses)
La Tuque	#1 & 2	12 ") houses sold
Nobel	#2	57 ")
Ottawa	#1 & 2	40 Houses - taken over by National Research Council

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SURPLUS DECLARATIONS - Dec. 1946

Dec. 4 -	Arvida, Que. Project #1 20 Type 11 & 12, transferred to Ottawa, for National Research Council.
Dec. 11 -	Nobel, Ont. Project #2 1 Type H1, sold.
Dec. 11 -	La Tuque, Que. Project #1 1 Type H15, sold.
Dec. 16 -	Welland, Ont. Amending declaration of Oct. 17 - 46
Dec. 18 -	Prince Rupert, B.C. Equipment removed from Recreation Centre
Dec. 18 -	St. Catherines, Ont. Project #5 Land for Emergency Shelter purpose for city.
Dec. 19 -	Halifax, N.S. No. 3 (Mulgrave Park) Furniture & equipment from Commissary.

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MARITIME SHIPBUILDING LIMITED

MONTREAL, QUE.

PROGRAMMES UNDER CONSTRUCTION

Type of Ship	Shipyard	Quarterly Progress			Totals at December 31, 1946.			
		Keels Laid	Launched	Completed	Ordered	Keels Laid	Launched	Completed
Destroyer	Halifax Shipyards Limited	-	-	-	4	4	4	2
Motorship 7500 D.W.T.	Burrard Dry Dock Co. Ltd.	-	-	-	1	1	1	-
	Canadian Vickers Limited	-	-	1	1	1	1	1
	Davie Shipbldg. & Repairing Co.	-	-	1	1	1	1	-
	TOTALS	-	-	1	3	3	3	1
Ocean Going Tug	Canadian Shipbldg. & Engrg. Ltd.	-	-	1	7	7	7	7

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PROGRAMMES UNDER CONSTRUCTION (continued)

Type of Ship	Shipyard	Quarterly Progress			Totals at December 31, 1946.			
		Keels Laid	Launched	Completed	Ordered	Keels Laid	Launched	Completed
"C" Coaster (Motor) 300 D.W.T.	Port Arthur Shipbuilding Co. Ltd.	-	-	1	1	1	1	1
	Collingwood Shipyards Limited	-	-	1	1	1	1	1
	Geo. T. Davie & Sons Limited	-	1	2	2	2	2	2
	St. Lawrence Metal & Marine Works Inc.	-	-	3	3	3	3	3
	St. John Dry Dock & Shipbldg. Co. Ltd.	-	3	1	3	3	3	1
	TOTALS	-	4	8	10	10	10	8

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SUMMARY OF PROCESSING OF CLAIMS

	DURING THE QUARTER				TOTALS AT DECEMBER 31, 1946.			
Detail	Requests for Interim Payment	Sub-Contractor's Claims	Final Claims	Total	Requests for Interim Payment	Sub-Contractor's Claims	Final Claims	Total
Received	5	6	11	22	87	817	335	1,239
Cleared	5	16	24	45	87	796	300	1,183
In Process	-	-	-	-	-	21	35	56

SUMMARY OF DECLARATION OF SURPLUS MATERIAL

No. of Declarations made during the Quarter 85

No. of Declarations made to December 31, 1946. 1,265

WAR SUPPLIES LIMITED

Orders		$1,229,236
Invoices to date	$1,223,695	
Less: price adjustment	50,000	
Refund on contract 72-190	26,974	
Net Billings		1,146,721
Cash Receipts (gross)	1,245,506	
Less Refunds - price adjustments	50,000	
Advance payments	22,605	
Less Refunds - Cash received on Navy contract 72-190	26,974	
Less Refunds - U.S. Commercial Co. 72-197	21	
" " 72-572	75	
Cash receipts (net)		1,145,831

ORDERS:

With the further reduction of $2,566,472.88, total orders to date stand at $1,229,235,553.87.

A further contract for 2,240 tons ammonium nitrate was signed with the United States Quartermaster Corps for immediate shipment.

ACCOUNTS RECEIVABLE:

The outstanding balance is $794,239.57. Of this amount $421,593.43 is applicable to a Navy contract where the appropriation was allowed to lapse and payment cannot be made until a new appropriation shall have been made by Congress.

TERMINATIONS:

During the quarter, two termination certificates were issued leaving nine terminations still to be settled, the charges on which are estimated at approximately $7,000,000.00. The charges on three of these have been established by Contract Settlement Board but we cannot issue our certificates pending the establishment of a credit for tools and equipment in one instance and the other two cases are withheld pending a decision of the Financial Adviser's office. Two of the remaining six are with Montreal Locomotive Works and the other four cover aircraft contracts.

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Coll - Dept of Reconstruction + Supply

C182411

Q U A R T E R L Y

S U M M A R Y

January 1st, 1947 to March 31st, 1947.

THE DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Honourable C. D. Howe, Minister.

C O N F I D E N T I A L

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DEPARTMENT OF RECONSTRUCTION AND SUPPLY

QUARTERLY SUMMARY

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A D M I N I S T R A T I O N B R A N C H

COMMUNICATIONS DIVISION

During the quarter ending March 1947, the Communications Division received, despatched and distributed an average of 1,208 messages per day made up as follows:

	Quarter ending Mar. 31, 1947	Quarter ending Mar. 31, 1946	Quarter ending Dec. 31, 1946
Teletypes	1,094 per day	1,641 per day	1,576 per day
Cables	22 " "	26 " "	22 " "
Telegrams (Out)	37 " "	45 " "	44 " "
Telegrams (In)	55 " "	67 " "	61 " "
	1,208 " "	1,779 " "	1,703 " "

The quarterly report ending March 31, 1947 shows a decrease of 571 messages per operating day over the quarterly report ending March 1946, and a decrease of 495 messages per operating day over the preceding quarter ending December 31, 1946.

As of April 1, the Communications Division will be transferred to War Assets Corporation and two members of the staff will be transferred to the Equipment and Stationery Division to clean up telephone and teletype accounts.

RECORDS DIVISION

GENERAL:

Number of files on record total 1,284,059 an increase of 11,700 for the quarter.

The staff of all but two of the branch registries were transferred back to the branch or control concerned.

The Purchase Indexing and Filing Section was transferred to storage in the New Supreme Court Basement following the taking over of the purchasing by Canadian Commercial Corporation.

Arrangements were also made with the District Purchasing Offices of the Canadian Commercial Corporation to return to the department all records not required by them for future reference.

The remainder of the records authorized for destruction by Treasury Board were disposed of by Florence Paper Company. The total volume destroyed amounted to 5,000 cases, thereby assisting in storage of additional records received from other sources. The Destruction of Records Committee also considered the destruction of all communications up to a six months period. Approval for destruction was obtained from the Deputy Minister and special arrangements for disposal of certain secret communications are being made. A recommendation was also made to Public Records Committee for destruction of certain solicitation files.

The Canadian Commercial Corporation has had occasion to make frequent reference to records in storage and arrangements were made to facilitate the orderly transfer of files and information.

The following is a summary of some of the work carried out in the Main and Branch Registries during the quarter:

	Dec./46	Mar./47
Current mail, Requisitions, Applications, etc.	88,963	34,009
Papers indexed and filed (P.A.'s)	256,740	41,936
Files created and/or recorded	59,639	11,700
Files handled (charged out and put away)	65,124	46,375
Pass slips recorded	2,746	1,102
Files repaired	8,876	1,851
Files brought forward	671	473
Telephone inquiries	17,809	9,376
Files transferred to storage (cases) from Main Registry	1,224	1,885

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STORAGE SECTION:

During the quarter the Storage Section received into storage over 7,000 cases of files. Records authorized for destruction were carefully screened and the removal of these records was done under supervision.

The number of inquiries by mail amounted to 389 pieces. A large number of these inquiries were handled by means of form letters, after arrangements had been made with the Department of National Revenue, Taxation Division; Unemployment Insurance Commission; and the Workmen's Compensation Board.

Heavy demands were made on the Storage Section to produce files and information for the Canadian Commercial Corporation but it is hoped that the work of this nature will decrease rapidly within the next month.

CROWN COMPANIES, ETC.

During the quarter, records were received into storage from Defence Industries Limited, Canada Strip Mill, Redfern Construction Company, John Inglis Company, United Shipyards, Canadian Pratt & Whitney and Melbourne Merchandizing Company.

Thirty-three cabinets of records of Citadel Merchandizing Company were transferred to War Assets Corporation, on loan, and assistance was given to Wartime Shipbuilding to facilitate the cleaning up of their records.

MAIL:

Daily volume of incoming mail averaged 1,402 (envelopes only) as against 1,445 in the last quarter, and 1,840 in the corresponding quarter in 1946.

Outgoing mail averaged 1,737 per day (envelopes) against 2,230 in the last quarter, and 2,526 per day in the corresponding quarter in 1946.

EXPRESS AND FREIGHT:

Two hundred and eighty-eight pieces of express weighing 3,726 lbs. were handled during the quarter.

MESSENGER SERVICE:

Messenger calls averaged 281. 1,359 by hand messages were delivered, an average of 18 per day.

MAIN POOL

A statement of the work performed by the Main Pool is attached as "Appendix A".

EQUIPMENT AND STATIONERY DIVISION

A statement of the work performed by the Equipment and Stationery Division is attached as "Appendix B".

PERSONNEL DIVISION

A statement of the work performed by the Personnel Division is attached as "Appendix C".

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MAIN POOL PRODUCTION

QUARTER ENDING MARCH 31/47

DICTAPHONE SECTION				TYPING SECTION			ECONOMIC RESEARCH SECTION			DUPLICATING SECTION
No. of Operators	Days Absent	No. of Cylinders Transcribed	No. of Lines Produced	No. of Operators	Days Absent	Lines Produced	No. of Typists	Days Absent	Lines Produced	Legal Contracts Dittoed
4	32½	603	93,370	10	75½	596,129	19	226½	818,554	280

Purchasing Section for one month only (January/47)

Accep.	Amend.	Tenders.
770	364	191

APPENDIX "A"

APPENDIX "A"

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MAIN POOL PRODUCTION

QUARTER ENDING MARCH 31/47

DICTAPHONE SECTION				TYPING SECTION			ECONOMIC RESEARCH SECTION			DUPLICATING SECTION
No. of Operators	Days Absent	No. of Cylinders Transcribed	No. of Lines Produced	No. of Operators	Days Absent	Lines Produced	No. of Typists	Days Absent	Lines Produced	Legal Contracts Dittoed
4	32½	603	93,370	10	75½	596,129	19	226½	818,554	280

Purchasing Section for one month only (January/47)

Accep.	Amend.	Tenders.
770	364	191

APPENDIX "A"

APPENDIX "4"

ADMINISTRATION BRANCH
EQUIPMENT AND STATIONERY DIVISION
QUARTER ending March 31, 1947

C182416

Stationery Section		Printing Section	Duplicating Section	Reproduction Section				Equipment Section										
										Telephone Requisitions			Cancellations			Typewriter Repairs		
No. of Requisitions to King's Printer for Stationery Supplies	Rubber Stamps Purchased	Impression Production	Stencils & Masters Run	Blueprints Processed	Photostats Processed	Furniture Requisitions to Public Wks. for Ottawa Use	Furniture Requisitions to Public Works for Outside Ottawa	Machines Ordered or Released	Telephones Transferred	Installations	Locals	Extensions	Wiring Plans	No. of Repair Calls	No. of Overhauls	Machines Checked to go out	Cost of Pts. Purchased	Cost of Pts. used.
252	23	645,015	3,857	2,575	4,349				Note: Telephone Report now submitted by Communications.					176	8	7	18.74	55.88

Note: Operation of Blueprint Room taken over by Dept. of Transport Feb. 15th, 1947

APPENDIX "B"

APPENDIX "B"

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APPENDIX "C"

PERSONNEL DIVISION

STATEMENT ON STAFF, JANUARY 1 - MARCH 31, 1947

The staff of the department was reduced by 541 during the quarter. Total staff on March 31 - 992; Salaried staff on March 31 - 960. Estimate of actual staff on strength as of April 15 - 681.

ADMINISTRATIVE AND SERVICE BRANCHES

Decrease of 213 during the quarter. Increases were registered by:

MINISTER'S OFFICE - 2

Appointment of Mrs. L. M. Formby was confirmed in January. Miss R. M. Thomson's name was added to the non-salaried group in February.

OFFICE OF THE FINANCIAL EXECUTIVE - 138

This increase is due to the absorption of the Comptroller's Branch, and the Surplus Property Officer's Section effective March 1st.

OFFICE OF RENEGOTIATION - 1

This net increase is the result of a transfer on the records of 4 employees from the Office of the Financial Executive in January. Actually there was a net reduction in operating staff of 3 persons.

GENERAL COUNSEL - 1

Transfer of a Stenographer (Miss C. I. MacDonnell) from the Legal Branch in February.

SUPPLY AND CONTROLS

Decrease of 303 during the quarter. This quarter marked the passing of the Purchasing Branch whose functions were transferred to the Canadian Commercial Corporation. The Requisitions, Purchase Investigation and Submissions to Privy Council Division, Secretary's Branch, was also disbanded at the same time and a Submissions to Privy Council Section of 4 persons carried on through February and March. This Section in turn disappears as of April 1st and the functions are absorbed by the Departmental Secretary.

Increases were registered by:

DOMINION FUEL BOARD - 42

The lifting of Coal Control saw the elimination of the Control (Staff - 105) and the re-constitution of the Dominion Fuel Board. Of the 42 employees listed on strength March 31 only 12 will remain as of April 1.

PRIORITIES - 1

The only staff change during the quarter was the appointment of a Stenographer (S. M. Dwyer) to the office of the Winnipeg representative.

RECONSTRUCTION BRANCHES

Decrease of 25 during the quarter; due mainly to the winding up of the Royal Commission on Coal (10) and the transfer of the Air Development Branch (14) to the Board of Transport Commissioners.

Increases were registered by:

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PUBLIC PROJECTS BRANCH - 3

Four appointments were made during the quarter (1 Draftsman, 1 Senior Assistant Screening Engineer, 1 file clerk, also J. R. Aubry, map draftsman transferred from Resources Development) against one resignation (C. O. Whitman, technical officer).

RESEARCH AND DEVELOPMENT BRANCH - 3

Eight appointments against five resignations. In the turnover there was a net increase of three technical officers and one draftsman against a net decrease of one Stenographer.

GENERAL

Reports indicate that most of the staff released in Ottawa were satisfactorily placed elsewhere, with Canadian Commercial Corporation, Department of Transport, Wartime Prices and Trade Board and Bureau of Statistics absorbing the greater portion. Certain grades of clerical workers were forced to accept lower remuneration, while some persons in the higher clerical, Supply Officer and Purchasing Agent classifications are still unemployed. No difficulty was experienced in suitably placing personnel qualified in stenography and typing.

A number of comparatively valuable employees left voluntarily to accept attractive employment elsewhere but the gaps were filled by transfers within the Department.

The Central Toronto Office was closed March 31 as per schedule. Staff releases were completed without incident; space turned over to War Assets Corporation who will house our temporary continuing requirements; surplus equipment and furniture was cleared through Public Works and War Assets Corporation; records were packed and shipped to the Records Division, Ottawa; Imprest Account was balanced, and the Bank Account closed on March 31.

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STATEMENT OF EMPLOYEES, SALARIES AND EXPENSES

DECEMBER 31, 1946 - MARCH 31, 1947

	1		2	3			4			5	6	7	8
BRANCH	TOTAL STAFF DEC. 31	MAR.31	INC. DEC.	NON-SALARIED EMPLOYEES DEC. 31	MAR. 31	DEC.31	SALARIED EMPLOYEES MAR. 31	APR.15		SALARIES	AVERAGE SALARY	LIVING EXPENSES & ALLOWANCES	TRAVELLING EXPENSES
ADMINISTRATION AND SERVICES	751	538	213	3	3	748	535	350		$266,540.	$183.	$1,087.	$5,899.
SUPPLY AND CONTROLS	563	260	303	25	12	538	248	203		174,399.	180.	2,754.	12,983.
RECONSTRUCTION	219	194	25	23	17	196	177	128		113,896.	211.	908.	5,700.
TOTAL	1533	992	541	51	32	1482	960	681		$554,835.	$187.	$4,749.	$ 24,582.

CIVIL SERVICE STATISTICS 986

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APPENDIX "C"

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STATEMENT OF EMPLOYEES, SALARIES AND EXPENSES

DECEMBER 31, 1946 - MARCH 31, 1947

	1		2	3		4			5	6	7	8
BRANCH	TOTAL STAFF DEC. 31	MAR.31	INC. DEC.	NON-SALARIED EMPLOYEES DEC. 31	MAR. 31	SALARIED EMPLOYEES DEC.31	MAR. 31	APR.15	SALARIES	AVERAGE SALARY	LIVING EXPENSES & ALLOWANCES	TRAVELLING EXPENSES
ADMINISTRATION AND SERVICES	751	538	213	3	3	748	535	350	$266,540.	$183.	$1,087.	$5,899.
SUPPLY AND CONTROLS	563	260	303	25	12	538	248	203	174,399.	180.	2,754.	12,983.
RECONSTRUCTION	219	194	25	23	17	196	177	128	113,896.	211.	908.	5,700.
TOTAL	1533	992	541	51	32	1482	960	681	$554,835.	$187.	$4,749.	$ 24,582.

CIVIL SERVICE STATISTICS 986

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ADMINISTRATION AND SERVICES

C182420

BRANCH	1 TOTAL STAFF DEC. 31	TOTAL STAFF MAR. 31	2 INC.	2 DEC.	3 NON-SALARIED EMPLOYEES DEC.31	NON-SALARIED EMPLOYEES MAR.31	4 SALARIED EMPLOYEES DEC. 31	SALARIED EMPLOYEES MAR. 31	APR. 15	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
MINISTER'S	16	18	2		1	2	15	16	13	$12,645.	$264.		
DEPUTY MINISTER'S	31	15		16			31	15	13	16,317.	250.		$ 436.
COMPTROLLER'S	165			165			165						1,085.
CONTRACT SETTLEMENT BOARD	52	40		12			52	40	25	30,950.	232.		1,631.
OFFICE OF FINANCIAL EXECUTIVE	28	166	138		1	1	27	165	101	44,172.	222.	$ 622.	793.
GENERAL COUNSEL	3	4	1				3	4	4	4,400.	405.		35.
OFFICE OF RENEGOTIATION	50	51	1		1		49	51	43	39,036.	245.	465.	515.
LEGAL	14	11		3			14	11	9	7,688.	213.		135.
SECRETARY'S	7	7					7	7	8	5,194.	248.		283.
ADMINISTRATION	324	188		136			324	188	108	85,982.	131.		947.
PUBLICITY	9	9					9	9	8	4,306.	166.		39.
MONTREAL OFFICE	32	21		11			32	21	18	9,853.	139.		
TORONTO OFFICE	20	8		12			20	8	-	5,997.	162.		
TOTAL	751	538		213	3	3	748	535	350	$266,540.	$183.	$1,087.	$5,899.

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SUPPLY AND CONTROLS

BRANCH	1 TOTAL STAFF DEC.31	TOTAL STAFF MAR. 31	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES DEC.31	NON-SALARIED EMPLOYEES MAR.31	4 SALARIED EMPLOYEES DEC.31	SALARIED EMPLOYEES MAR.31	SALARIED EMPLOYEES APR.15	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
COAL CONTROL	105			105	5		100						
DOMINION FUEL BOARD		42	42					42	12	$21,029.	$163.		$ 534.
STEEL CONTROL	15	15			7	7	8	8	9	4,016.	175.	$1,732.	968.
RUBBER CONTROL	10	9		1	2	2	8	7	-	4,841.	195.	684.	410.
TIMBER CONTROL	164	143		21	11	3	153	140	134	78,964.	180.		9,130.
PRIORITIES	46	47	1				46	47	48	26,840.	189.		1,428.
PURCHASING	209			209			209			34,667.	181.	338.	513.
REQ. PUR. INV. & SUB. TO P.C.	14	-		14			14			2,228.	186.		
SUBMISSIONS	—	4	4	—	—	—	—	4	—	1,814.	222.	—	—
TOTAL	563	260		303	25	12	538	248	203	$174,399.	$ 180.	$2,754.	$ 12,983.

NOTE: - 24 OF THE 42 EMPLOYEES IN DOMINION FUEL BOARD ARE ON LOAN TO BUREAU OF STATISTICS

APPENDIX "C"

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RECONSTRUCTION

C182422

BRANCH	1 TOTAL STAFF DEC. 31	MAR.31	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES DEC.31	MAR.31	4 SALARIED EMPLOYEES DEC.31	MAR.31	APR.15	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
AIR DEVELOPMENT	14			14	2		12						
ECONOMIC RESEARCH	93	92		1	4	4	89	88	90	$ 44,476.	$171.		$ 441.
PUBLIC PROJECTS	31	34	3		2	2	29	32	31	27,123.	285.		376.
CO-ORDINATOR OF HOUSING	6	5		1			6	5	-	4,784.	283.		87.
RESEARCH AND DEVELOPMENT	40	43	3		3	3	37	40		26,195.	227.		2,867.
RESOURCES DEVELOPMENT	9	5		4	1		8	5		5,306.	247.		223.
FOREST INSECTS CONTROL BOARD	16	15		1	8	8	8	7	7	4,627.	228.	$270.	803.
ROYAL COMMISSION ON COAL	10			10	3		7			1,386.	231.	638.	903.
TOTAL	219	194		25	23	17	196	177	128	$113,896.	$211.	$ 908.	$5,700.

NOTE:- EMPLOYEES LISTED UNDER CO-ORDINATOR OF HOUSING ARE ON LOAN TO CENTRAL MORTGAGE AND HOUSING

APPENDIX "C"

APPENDIX "C"

B U I L D I N G M A T E R I A L S B R A N C H

During the quarter special attention was given to examination of the contemplated demands for building materials and supplies in 1947 and assessing the possibilities of increasing production to meet them, particularly for housing, military hospitals and occupational centres, industrial developments contributing to the production of building materials and other construction necessary to the national economy. The findings indicated that production of certain materials, despite general increases, would fall short of the demand. As a result the use of priorities and informal arrangements with producers were required on an increasing scale to channel materials into construction where they were most needed.

TREND OF DEMAND:

The trend of demand as set forth in the "Forecast of 1947 Investment by Canadian Business", prepared by the Economic Research Branch, showed the intentions of industry to expand from 55 percent to 60 percent above 1946, including capital and repair accounts. Added to this the requirements for 80,000 housing units in 1947, involve approximately one-third more materials, plus requirements for repairs and maintenance. In the housing and institutional fields the total intentions of expenditures for construction and maintenance were estimated at approximately $447,000,000 during 1947 compared with $312,000,000 in 1946, a 43 percent increase.

MATERIALS SUPPLY POSITION

The above figures illustrate the need for both greater production and imports, to which end the operations of the Branch have been largely directed. The trend of production and steps taken to stimulate expansion are shown in the following summary, covering selected key materials. In the majority of instances, substantial gains were made during the first two months of 1946 compared with the corresponding period in 1947.

CEMENT:

Production was approximately 13.7 percent over 1946, exceeding the estimated rate of a 9.3 percent forecast for 1947.

VITRIFIED PRODUCTS:

The small increase in production of vitrified flue lining and vitrified sewer pipe is expected to be greatly expanded in the second quarter, due to the re-opening of the National Sewer Pipe Company plant at Hamilton.

GYPSUM PRODUCTS:

The upward trend continued with increases of 25 percent in gypsum wallboard, 7 percent in gypsum lath and 40 percent in gypsum plaster. The demands, however, increased proportionately and, to protect the domestic position, the Executive Committee on Materials recommended that gypsum board and lath be placed under export control along with all other building boards which had previously not been under such control. This was done.

ASBESTOS INSULATING BOARD:

Due to the fact that the expected supply of gypsum wallboard from the Western Gypsum Plant at Calgary was lost as a result of the destruction of that plant, substitute sources of building board were explored. It was found that three Western producers of asbestos insulating board had capacity to increase production with larger supplies of asbestos fibre. This was arranged and the flow of material to them commenced in February.

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ROCKWOOL PRODUCTS:

Three producers of rockwool batts, having been reduced in supplies of Scutan paper from the United States, requested special domestic allocations of kraft paper. In view of the fact that production of batts was at an unprecedented high level; that no reports of shortages had been received from the construction industry; that kraft paper was in short supply and fully allocated, the requests were refused.

IRON AND STEEL PRODUCTS:

Special attention was given to the matter of soil pipe. A field survey of the industry was made to assess the potential output and needs of the industry to increase production. It was found in some cases, that there was an unduly high percentage of spoilage due to lack of suitable pig iron. Arrangements were made with Steel Control to allocate more foundry pig to replace malleable pig. Substantially greater output came from this action.

Overall production during the first two months of 1947 was 18.6 percent above the corresponding months in 1946 and 22 percent more than the monthly average for that year.

In March, negotiations resulted in an offer from the United Kingdom to supply 250 tons of soil pipe and fittings per month for the last half of 1947. Specifications of requirements were set up and an order from Wartime Housing Limited was forwarded to cover.

Plans for increased production by Anthes Imperial Limited reached an agreement and, in March a submission was made to Council to authorize an incentive bonus on production above a base figure of 8,400 tons per annum. This was approved. Anthes Imperial Limited estimated their production would reach 12,000 tons during 1947 and 15,000 tons in 1948 or possible increases of 3,600 and 6,600 tons respectively.

Dominion Tar and Chemical Company completed their new plant for the production of "no-corrode" soil pipe in March and advised that their production of 300,000 ft. in 1946 would be increased to 1,500,000 ft. in 1947 provided waste paper was available. Representations were made to the Wartime Prices and Trade Board to render all assistance in channelling additional supplies to this producer.

Wire nails and spikes showed a slight increase. Steel pipe end tubes, due to a shortage of imported skelp, unfortunately declined by approximately 9 percent. Sheet Steel in the lighter gauges, as a result of directives, was provided in adequate quantities to take care of requirements for housing purposes.

Difficulty was experienced by Steel Company of Canada in obtaining protective wrapping paper for shipment of sheet steel, due to the fact that previous sources had dried up and the domestic allocations established were inadequate. Arrangements were made with the Wartime Prices and Trade Board to set up new allocations and shipments commenced during the month of March.

HEATING EQUIPMENT:

The production of warm air furnaces was comparable with the first two months of 1946 and above the monthly average for that year; cast iron radiators showed an increase of approximately 21 percent; and other types of heating equipment showed substantial improvement.

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A survey, following meetings with the Advisory Committee of that industry, indicated an estimated production of 40,000 foundry type and 20,000 all-steel warm air furnaces in 1947. To help achieve this target special aid was given by way of directing steel and pig iron to this production.

Further assistance was given through special price increases on so-called "loss" items and over-all increases were established to balance prices and other lines.

ELECTRICAL WIRING AND ELECTRICAL WIRING DEVICES:

Results of steps taken during the last quarter of 1946 and the first quarter of 1947 to assist these industries were apparent. For the production of sheathed cable direct aid was given by means of incentive pricing, increased supplies of basic materials and revisions in the allocation of Kraft paper. The first two months of the year showed an increase of approximately 52 percent over the corresponding period of 1946 and exceeded the target rate of 5,000,000 feet per month.

The production of electrical wiring devices was well above the monthly average for 1946. It was, however, somewhat below the first two months of 1946, when production was unusually high due to the fact that, at the beginning of the year, producers had good supplies of basic materials. Aid was given to this industry through incentive pricing on certain "loss" lines and by arranging for increased allocations of sheet steel. This is continuing and indications are, based on a resurvey of the industry at the end of March, that the rate of production will increase. Strict export control was imposed on the items required for housing.

A serious situation arose as a result of reduction in imports of phenol molding compound from the United States to 55 percent of the 1946 figure. Arrangements were made, however, with the Bakelite Company of Canada to give special aid to producers of electrical equipment and specifically to Smith and Stone Limited.

SANITARY WARE:

The effects of the incentive bonus programme with Crane Limited for increased production at their Port Hope plant plus other assistance by way of expediting equipment and supplies for the expansion programme, showed up through increases in this quarter. Alliance Wares continued to produce according to the schedule they had set. As a result the output of all types of bathtubs during the first two months of 1947 was 33 percent above the corresponding period in 1946; wash basins showed 17 percent increase; other sanitary ware went up at a relatively similar rate.

ALUMINUM NAILS:

During the quarter Steel Company of Canada entered this field and supplemented the output of these nails by other producers at the rate of approximately 30,000 lbs. per month. Due to the fact, however, that exports of Aluminum products were not controlled there was no provision covering these nails. On recommendation of this Department they were placed under export control.

WINDOW GLASS:

Imports during the first two months of the year totalled 7,332,000 sq. ft., compared with 6,032,000 sq. ft., in the corresponding months of 1946. There was, however, a decline from the average of 5,051,000 sq. ft. per month during the last quarter of 1946.

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HARDWOOD FLOORING:

An analysis of the supply and demand position on hardwood flooring showed 1946 production at 48,000,000 Ft. B.M. and an estimate for 1947 of between 50,000,000 and 54,000,000 Ft. B.M. In comparison, the estimate of requirements for a housing programme of 80,000 units in 1947 called for 65,155,000 Ft. B.M. of hardwood and 47,760,000 Ft. B.M. of softwood. This condition necessitated and will continue to call for the closest scrutiny over distribution to insure the channelling of this flooring into housing construction.

PAPER PRODUCTS:

The kraft paper supply, being necessary to production and distribution of numerous building materials, was constantly under observation. Arrangements were made with the Wartime Prices and Trade Board to adjust allocations and increase supplies in specific instances. A re-check on multi-wall paper bags was made to determine the present and future flow into the building materials industry. This was found to be adequate for current output of materials but the upward trend of production indicates a possible need for revision of allocations. Arrangements have been made for a meeting in April to plan future supplies and distribution.

GENERAL

FORECAST OF PRODUCTION INTENTIONS 1947:

The survey, conducted by the Economic Research Branch, to assess production of building materials and supplies during 1947 was fully examined by this Branch. In view of the fact that, between the time the questionnaires went out and publication of the Forecast, assistance for increased production had been given to various industries through incentive pricing, production bonuses, greater supplies of basic materials, aid in obtaining plant equipment, etc., this re-check was necessary to bring the reports of intentions up to date. The work involved field surveys and other means of obtaining checking information by personnel of the Branch and co-operating agencies. All information was passed to the Economic Research Branch and was used for revision purposes.

CANADIAN CONSTRUCTION ASSOCIATION:

A full report, covering the recommendations of the Committee on Materials in respect of increased production of building materials and the action taken by the Department of Reconstruction and Supply to implement these recommendations, was prepared and submitted to Annual Meeting of the Canadian Construction Association on January 15.

EXECUTIVE COMMITTEE ON MATERIALS:

This Committee operated actively in considering problems of supply and demand. All matters submitted but not directly handled by the Materials Branch were examined and recommendations by the Committee were forwarded for action to the Departments of Government or agencies concerned with the problems.

PRICE CONTROL:

In respect of price control over building materials and supplies the proposed relaxations submitted by the Wartime Prices and Trade Board were fully considered and opinions of the department were given to the issuance of Board Orders No. 684 and No. 711. All cases involving price incentives were likewise passed on by this department before action was taken to implement them.

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RELAXATION OF CONTROLS:

Largely due to the issuance of W.P.T.B. Order No. 684 removing price control over many commodities and the Statement of Policy with respect to Equitable Distribution on January 13, 1947, this Branch was subjected to a considerable volume of inquiries and requests for advice as to the effect of these actions on building materials and supplies. They were handled.

C O N T R A C T S E T T L E M E N T B O A R D

The number of unsettled Prime Contractors' Claims was substantially reduced during the quarter just ended. At December 31, 1946, there were 182 such Claims on hand and these have been reduced to 91 Claims at March 31, 1947. This figure includes Prime Contractors to two Crown-owned Companies - Wartime Shipbuilding Limited and Federal Aircraft Limited.

Further reductions have been made in the staff and we have released ten offices as of March 31. The staff now numbers 27 and is distributed as follows:-

Administration	3
General office	2
Settlement division	16
Inspection division	4
Property transfer division	2
	27

Several Claims have been held up in settlement owing to the necessity of having to wait for cost audit reports. While these reports are now beginning to come in more rapidly, consideration is being given to the desirability of negotiating settlement with certain companies where we have had previous audit experience without waiting for the formal report from the Cost Inspection and Audit Division.

D E P R E C I A T I O N C O M M I T T E E

January 1 to March 31, 1947.

1. DEPRECIATION COMMITTEE

(a) The following table shows the net number of Certificates issued during the quarter (to March 29) and the capital expenditure represented thereby:-

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	38	$ 4,704,692.44
Prince Edward Island	2	355,760.00
New Brunswick	53	3,850,880.89
Quebec	333	50,918,633.41
Ontario	543	76,078,939.86
Manitoba	61	2,590,147.96
Saskatchewan	13	1,068,739.41
Alberta	26	6,574,111.06
British Columbia	160	36,255,369.24
Totals	1229	$182,397,274.27

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(b) The following table shows the net number of Certificates issued to March 29, 1947 and the capital expenditure represented thereby:-

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	149	$ 17,759,838.67
Prince Edward Island	9	499,627.00
New Brunswick	234	12,675,988.43
Quebec	1574	211,766,701.24
Ontario	2655	377,769,718.09
Manitoba	175	7,298,081.85
Saskatchewan	58	2,810,725.66
Alberta	120	12,592,964.00
British Columbia	522	97,978,042.41
Totals	5496	$741,151,687.35

(c) As March 31 was the deadline for receiving applications for double depreciation, arrangements were made to check incoming mail so that applications bearing a "point of origin" postmark of later than March 31 could be segregated for return to the applicant. Hundreds of applications were received at this deadline period and it is estimated that the work of processing and approving them will take until May 15th.

2. PARLIAMENTARY LIAISON

The House sat 43 days during the quarter and in this period 135 Questions and 10 Orders of the House for the Production of Papers were directed to the department.

3. CONTROLS

The following orders were dealt with pursuant to the provisions of Order in Council P.C. 5355 of December 30, 1946:-

Rubber Conservation Orders

No. R.C. 175-D	dated January 8, 1947
No. R.C. 214	dated January 8, 1947
No. R.C. 215	dated January 8, 1947
No. R.C. 215-A	dated January 14,1947
No. R.C. 213-A	dated March 4, 1947
No. R.C. 213-B	dated March 10, 1947
No. R.C. 207-A	dated March 25, 1947

Orders of the Priorities Officer

No. P.O. 11B	dated February 1, 1947
No. P.O. 10B	dated February 15, 1947

Order of the Rubber Controller

No. Rubber 9	dated March 20, 1947

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(b) The following table shows the net number of Certificates issued to March 29, 1947 and the capital expenditure represented thereby:-

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	149	$ 17,759,838.67
Prince Edward Island	9	499,627.00
New Brunswick	234	12,675,988.43
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E C O N O M I C R E S E A R C H B R A N C H

1. FORECASTING STUDIES

The first report "Outlook on Canadian Employment and Income in 1947" was prepared during the period. The outlook, as presented, takes account of the results of the survey of 1947 investment intentions of business and the survey of 1947 production intentions with respect to basic and building materials, government expenditure estimates, the three and six month direct forecast of employment extending up to July, and other material bearing on the subject. Other departments provided estimates on certain of the components of the forecast. Compilation of the remaining components and the assimilation of the various parts was carried out within the branch.

A draft report was first prepared and discussed by the Interdepartmental Forecasting Committee. At the end of the quarter the final report embodying the suggestions of the committee is ready for distribution to senior government officials. The main body of the report is presented in two parts. Part I consists of a summary of the outlook which reviews the overall demand and supply position, presents briefly the forecast in quantitative terms, and indicates the principal conclusions to be drawn from the forecast. Part II presents in more detail the principal considerations likely to enter into the determination of the various components of national expenditure, income and employment. A statistical appendix indicates the sources of statistical material and describes the methods of estimation.

2. AREA STUDIES

Attention has been given to the area reference handbooks using Hamilton and Quebec City as samples. New cards and charts were designed. It is intended to build up a series of reference books containing current statistical and interpretative material on each of the five regions and forty-four of the more important industrial areas.

With the reconversion period drawing to a close, it was decided to replace the monthly Area Study Summary Tables by a less frequent period review containing more interpretative material. Compilation of the monthly statistics is continuing for use within the branch.

Preliminary and final tabulations by areas of the fifth Employment Forecast Survey were made and used as a basis for forecasting general employment trends and for estimating the proportion of employment on production for export markets. Preliminary tabulations of the sixth Employment Forecast Survey were run.

A regional analysis of the capital, repair and maintenance expenditures forecast for 1947 was prepared.

Special assignments during the quarter included preparing a statistical series on specific areas with respect to prospects in constructional and other employment for Cabinet use in selecting areas for federal public projects in 1947 and supplying reference data required for interdepartmental conferences and speeches.

Discussion was held with a delegation from Sydney on the problems of that area.

Developmental work on a standard methodology for regional and area analysis was initiated and a sample bibliography was compiled.

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3. INDUSTRY STUDIES

A draft study of the railway rolling stock industry was completed. Included in the study was a forecast of long and short term prospects for the industry and in each case estimates were made or trends indicated for production, employment, wages, investment and profits. A preliminary draft of a background study of the foundry industry was prepared.

Work continued on the draft study of the rubber industry and on the collection of background information on the agricultural implements industry.

A memorandum was prepared on the proposal of the French Government for additional credits for the purchase of heavy equipment. This information was for the use of the Department of Finance, the Department of Trade and Commerce and the Bank of Canada.

The survey of industrial economic information available in Government departments and agencies was completed, and returns from all but one agency recorded in the Central Index of Industrial Economic Information.

The Secretariat has prepared a draft report on the survey for consideration of the Interdepartmental Committee on Industry Studies. The report after revision will be distributed to the Committee as a basis for discussing further industrial studies to be undertaken by the various Dominion Government departments.

4. MONTHLY SUMMARY OF ECONOMIC CONDITIONS

The regular monthly summaries of current economic conditions were prepared. The statement for February which will be issued shortly covers briefly the regional economic outlook for Canada in 1947.

5. CAPITAL INVESTMENT BY BUSINESS ENTERPRISES

The report "Forecast of 1947 Investment by Canadian Business" was completed and tabled in the House of Commons on March 27, 1947. The French version is being printed. This report incorporates the results of the survey "Capital, Repair and Maintenance Expenditures by Business Enterprises, Forecast 1947" and the sample survey of actual capital, repair and maintenance expenditures for 1946.

The demand for this report has been good and consideration is being given to printing additional copies. A number of requests have been received for more detailed information than that contained in the report and these requests, where justified, are being filled.

6. RESEARCH SURVEY

The statistical White Paper "Research and Scientific Activity, Canadian Federal Expenditures, 1938-1946" was completed and was tabled by the Minister in the House of Commons on March 28, 1947. The French version is being printed.

Arrangements are being made to approach the provincial governments with the view of obtaining similar information for the departments and agencies under their jurisdiction.

The sample survey of industrial research is being brought up to date.

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7. PUBLIC PROJECTS

The second issue of the report "Current Public Construction Programme of the Dominion Government" was completed and forwarded to the Cabinet Committee on Reconstruction and senior government officials.

An analytical statement on federal construction projects approved for implementation during the 1947-48 fiscal year was prepared. A second survey of federal expenditures to December 31, 1946, on construction projects approved in the 1946-47 Estimates was carried out with the co-operation of the Department of Finance.

A special study was made of the federal construction achievements and intentions in the Halifax and Nova Scotia areas. A member of the staff acted as an assistant to the Co-ordinator of Public Projects at a conference held in Halifax to investigate the unemployment situation in that area.

Discussion was held with the Secretary of the Cabinet Committee on Reconstruction on the expansion of coverage of control of federal public investment and on establishing informal contacts with provincial officials to obtain information required to set up a national investment budget.

Preliminary discussions have been held with senior treasury officers concerning the possibilities of obtaining a forecast of capital, repair and maintenance expenditures of federal departments by including this information in estimates submitted to Treasury Board. A formal request to set up an interdepartmental committee to look further into the matter was forwarded by the Deputy Minister of Reconstruction and Supply to the Deputy Minister of Finance.

Studies are underway of the present state of the reserve of planned construction projects and to determine the project content of the federal construction program proposed for the 1947-48 fiscal year.

8. PUBLIC INVESTMENT AND CAPITAL FORMATION

The first draft of the statistical tables for this study have been revised in the light of new information provided by the 1947 investment forecast. One of the branch economic consultants is reviewing the tables following which they will be checked against the Dominion Bureau of Statistics National Accounts.

9. SPECIAL DEPRECIATION

The monthly reports for January and February of special depreciation allowance granted under P.C. 8640 of November 10, 1944 as amended by P.C. 1449 of April 11, 1946, were issued.

With the granting of the allowance discontinued as of March 31, 1947, a final report covering all approvals to this date is being prepared.

10. HOUSING AND BUILDING MATERIALS

The regular monthly reports on the "Supply of Building Materials" were issued. Part A of the reports covered the flow of building materials and items of current interest on building activity in Canada. Part B contained up-to-date statistics on priorities issued, by types of priorities and by provinces.

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The statistical White Paper "Basic and Building Materials Production in Canada, Outlook 1947" was completed and tabled in the House of Commons by the Minister on March 27, 1947. The French version is being printed.

The chart book on production of a selected group of key building materials was kept up to date.

A number of inquiries for statistics by the Co-ordinator of Building Materials, the Steel Controller, Priorities Branch, Central Mortgage and Housing Corporation and the Committee on Materials of the Canadian Construction Association were filled.

11. GENERAL STATISTICS

The compilation of key statistical information for use in interpreting current economic events continued throughout the quarter. New material added to the ledgers included six charts on U.S. spot prices, three on investment and investment intentions of Canadian business and charts indicating carloadings, federal revenues and expenditures, production of finished goods. A list of charts available has been prepared for use within the branch.

The advanced monthly report of employment based on special tabulations of the Dominion Bureau of Statistics has been discontinued until further need arises with the issue of the report dated March 1, 1947. The report on employment in the base metals mining and refinery industry has been discontinued also.

The second Survey of the Progress of Reconversion, Modernization and Expansion was conducted and the returns tabulated and analysed on a regional and industrial basis.

The Minister's note book showing the progress of disposal of Crown Plants was brought up to date. It has been decided to prepare a report on the subject to be tabled during the current session.

The first draft of a study entitled "Canada's Economic Development in the Transition Period, 1945-47" is nearing completion.

12. WAR PRODUCTION

Three chapters of the draft of the report "Canada's Industrial War Effort, 1939-1945" have been revised and are being circularized among former senior officials of the Economic and Statistics Branch, Department of Munitions and Supply, for comment. The statistical appendix is being revised and assembled.

13. LIBRARY

Activity continued at a high level during the period. Circulation of books and periodicals totalled over 4,000 and 57 new books and 10 new periodicals were received.

A survey of publications of United States government departments of interest to the branch was undertaken and a new series of reference files by locality started.

14. CONFERENCES, ETC.

Five staff seminars were held during the quarter at which papers were presented and discussed on various economic problems of interest.

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The regular quarterly meeting with business economists was held on March 31. Great satisfaction was expressed by the group attending the conference about the developing good understanding between business and government economists.

The Director-General attended a meeting in January of the Economic and Employment Commission of the Economic and Social Council of U.N.O. held in New York.

The Director attended the annual convention of the American Economic Association in Atlantic City in January.

Members of the staff were present at a number of inter-departmental committee meetings including the committees on foreign trade zones, gold mining and professionally-trained personnel.

OFFICE OF THE FINANCIAL EXECUTIVE

INVESTMENT IN PLANT AND EQUIPMENT

Crown Companies

During the quarter one Crown Company, Melbourne Merchandising Limited, terminated its operations bringing the total of closed Crown Companies to 23. Seven of the remaining 11 (Polymer Corporation, Canadian Arsenals Limited, Park Steamships Limited, Veterans Housing Projects Limited - Ottawa and Toronto, and Eldorado Mining & Refining Limited) are expected to continue operations for some time, and the following gives a description of the status of the remaining 3 which are to be wound up as soon as possible.

Aero Timber Products Limited

All logging operations have been completed and final settlements made with all but 2 timber owners, one of which settlements may possibly involve court action. No salaries are at present being paid and only very minor administration charges being incurred. Officials of the Company had anticipated winding up prior to this date but no definite word has been received as to when the Company may be closed.

War Supplies Limited

At present the Company is chiefly concerned with the handling of one major contract and 3 of a minor nature, as well as the processing of one remaining Termination Claim. No official closing date has as yet been set, although it is hoped to terminate operations in the very near future, possibly as of April 30, 1947.

Wartime Shipbuilding Limited

Arrangements have recently been completed to terminate the operations of this Company as at April 30, 1947, and the direct financial responsibility for the completion of several vessels has been transferred to War Assets Corporation, subject to the approval of technical details, etc., by Mr. D.B. Carswell, President of Wartime Shipbuilding Limited.

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Crown Plants - Government Operated

Of the $40 million shown in the December 31 Balance Sheet, $39 million represents investment in the Dominion Arsenal plant at Quebec. It is expected that this will be transferred to Canadian Arsenals very shortly.

Crown Plants - Privately Managed

Considerable progress was made with respect to effecting clearances required in order to reduce the balances outstanding in Treasury Records shown as Investment in Plant and Equipment - Crown Plants.

The following statement gives some idea of the volume of work handled as evidenced by the reduction in dollar value of the total outstanding balances. (Figures used are per Treasury Records to date but are not necessarily the final March 31 balances as the accounts have been held open in order to incorporate therein all possible clearances).

	No. of Plants	Capital Investment
Total original Investment in Plant & Equipment, December 31/44	105	$384,593,996.42
Balance outstanding as at December 31/46	58	115,670,619.09
Add Cash Payments in quarter ending March 31/47	-	986,629.70
		116,657,248.79
Clearances effected in quarter ending March 31, 1947	14	24,390,203.41
Balance outstanding as at March 31, 1947	44	$ 92,267,045.38

It is pointed out that the balance outstanding of $92 million includes approximately $65 million Investment in Projects whose operations are being continued, such as Canadair Limited, Defence Industries Limited, Chalk River Plant, the A.V. Roe Canada Limited, Defence Industries Limited, Cherrier and the D.I.L. deSalaberry plant. (Transfers of the 3 D.I.L. plants to Canadian Arsenals Limited and to the Atomic Energy Commission, are being processed at the present time.) The net balance remaining to be cleared is therefore reduced to approximately $27 million representing uncleared balances in 39 plants.

Crown Assets in Contractors' Plants

Progress made by Central Inventory & Records Division with respect to clearance of Inventories and Investment in Plant Equipment and Property may be summarized as follows:-

2,008 Credits processed	$ 88,565,803.49 (Capital)
Capital Loss Write-Offs	2,278,422.59
R & S 680 Machinery Transfers (including Canadian Arsenals Ltd. entries)	2,849,452.93
	$ 93,693,679.01

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Inspectors of this Division and Auditors from War Assets Corporation through personal contact with private contractors have furnished sufficient evidence and documents to reduce 130 inventories to a "nil" balance in the past quarter year. These may be summarized as follows:-

Montreal and Maritime	42	$ 771,825.27
Western Canada	16	439,020.38
Ottawa	12	1,223,938.82
Toronto & Hamilton	25	241,126.66
Ontario area	35	443,196.03
		$3,119,107.16

Aside from the progress made with respect to the clearance of Crown Assets in private contractors' plants, there has recently been a considerable increase in the number of requests from War Assets Corpn. with regard to pricing assets listed on W.S.B. 101 Forms, which represent Custodian Sales. All inventories have now been reconciled with Treasury at least once and most of them are reconciled up-to-date. We are endeavouring to have all remaining inventories duly reconciled with Treasury as at the end of each month until such time as they will be reduced to a "nil" balance. War Assets Corpn. auditors continue to investigate accounts in the Ontario area, with the exception of Toronto and Hamilton, and it is anticipated that all contractors in this area will have been contacted at least once as at April 30, 1947. The remaining staff of our Montreal and Toronto offices continues to follow up accounts in their respective areas and investigate requests for Capital Loss Write-Offs, etc. The Vancouver Office of Central Inventory Records Division is to be closed as of April 30, 1947.

As at December 31, there were 70 Capital Expenditure contracts not finalized. During the quarter all but 17 were closed and these are receiving close attention to complete these contracts by April 30 if possible.

Miscellaneous Property

The items set out hereunder remain to be cleared from the Department's records:-

Equipment for coal mines	$385,310.23
Electric stacking equipment (T. Eaton Co. Ltd. of Montreal, Cloth Accounting Division)	3,310.27
Land (Mr. F. Waddell has this in hand)	706.44
Radio interference building	8,018.59
Tarpaulins	26,066.83
Unloading Pier - Lewisporte, Newfoundland	274,619.74
Power Sub-Station, Levis, P.Q.	15,500.00
	$713,532.10

This represents a reduction from $14.5 million as at December 31, 1946.

MISCELLANEOUS INVESTMENTS

The greater part of this item shown on the December 31 Balance Sheet as $51.7 million, is Capital Stock in Central Mortgage & Housing Corpn., and Eldorado Mining & Refining Limited.

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There are a number of loans made by the Emergency Coal Production Board that are uncollectible and steps are being taken under authority of P.C. 5236 of December 19, 1946, to obtain Council authority to write off such loans.

The loan of $1.3 million to Marine Industries was cleared during this quarter.

INVESTMENT IN PRODUCTION ASSETS

Working Capital

Including the uncleared production advances of $11 million included in the financial statements, this office has maintained a record of, and rendered assistance in, the accounting for all advances made under the authority of this Department. The summary of the progress made is shown below:

As at December 31, 56 contractors	$165,124,225.71
Advances during quarter	6,979,354.25
	$172,103,579.96
Advances not previously reported, 79 contractors	436,680,938.42
	$608,784,518.38
Accounted for during quarter	221,914,430.31
As at March 31, 102 contractors	$386,870,088.07

The new advances of approximately $7 million comprise primarily interim payment on termination claims and certain advances to A.V. Roe. The recoveries are primarily Canadair, Canadian Car & Foundry and Fairchild contracts. The only advances not included are those made to the various shipyards by Wartime Shipbuilding Limited, and accounts receivable arising from contract price adjustments and renegotiation. During the quarter, there were collections referred to the Collections & Payments Division of this office totalling $16.9 million, recoveries during the same period were $11.2 million from the Department of National Revenue, and $9.3 million from contractors. The result has been to reduce the net outstanding amounts receivable from $136 million to $132 million.

Miscellaneous Stores

Cloth - approximately	$ 33,000.00
Mutual Aid - approximately	1,000,000.00
Pilot Models (Farand & Delorme) awaiting cost audit report	357,505.47
	$1,390,505.47

This represents a reduction from $24 million as at December 31, 1946.

SURPLUS ASSETS TRANSFERRED AT COST

There were processed 397 W.A.C. S.D.1 declarations covering the following:-

Free Issue materials	$ 7,763.40
Production and Expense materials	4,272,887.69
Machines and Equipment	34,181,652.05
Land and Buildings	16,114,786.25
Office Furniture & Cafeteria equipment	108,293.58
	$54,685,382.97

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In addition to the above declarations, there were 32 amendments and 15 cancellations processed.

This represents an increase from $575 million as at December 31, 1946.

SPECIAL GRANTS IN LIEU OF TAXES

At December 31, there were on hand 2 requests for financial assistance, one from the Municipality of Rolph, Buchanan, Wylie & McKay and one from the St. Laurent School Commission. These 2 appeals were rejected as was an appeal from the Township of Leaside in respect of 1947. A grant was made to the Town of Montreal East for that portion of 1946 subsequent to the closing of the Canada Strip Mill. There is one appeal still under active consideration in the form of an account from the Township of York against Aluminum Godds Limited for sewer maintenance. This is a liability of Aluminum Goods and will probably be admitted as a charge against their renegotiation refund.

SETTLEMENT OF ACCEPTANCES OF TENDER

780 Acceptances of Tender were closed out during the quarter, as compared with 750 during the fourth quarter of 1946; a balance of 681 remain to be settled in accordance with the records transferred to this Branch from the former Purchasing Branch. These 681 may be classified as follows:-

Subject to Government Audit (Reports received on all but two)	49
Subject to Self-Audit	17
Transferred to Contract Settlement Board	4
Included in Renegotiation	611
Total	681

DEPARTMENTAL AND INTER-DEPARTMENTAL LIAISON WORK

Cost Audit Reports

96 audit reports were received and 5 new requests made.

Liaison with Service Treasuries

92 letters of inquiry were received and dealt with in respect of the finalization of Acceptances of Tender.

Liaison with the Collections & Payments Division

Up to the date of discontinuing the routine in regard to Requests for Collection, 217 such Requests were processed. In respect of all collections subsequent to March 1, allocation is being made only to Special Receipts War Appropriation.

Certificates of Necessity

8 applications were received and 13 certificates were issued; 2 applications remain under consideration.

SPECIAL INVESTIGATIONS

Fairchild Aircraft Limited

Progress has been made in arriving at the final liability of this company to the Government. Most of the recovery is to be made through termination claims, unpaid invoices and Income Tax refunds. There remains one termination claim to be approved by the Contract Settlement Board; Air Treasury is attempting

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establishing the total of unpaid invoices to which they can certify; and the Cost Inspection & Audit Division is presently auditing the Company's books to establish the over-payment of taxes.

Farand & Delorme (Division of United Steel Corpn.)

The Company is presently considering the disallowances made in our proposed settlement. Progress is being made and another meeting with the Company is scheduled shortly at which it is hoped final agreement will be reached.

STAFF

This Office has absorbed a staff of 5, headed by Mr. E.W. Croll, to conduct negotiation in respect of unsettled Acceptances of Tender. On March 1, the Comptroller's Branch and the Surplus Property Office were incorporated with this Office. The total number of employees in this Branch as of April 1, was 79, excluding 9 and 16 on loan to Treasury, respectively from Mutual Aid & Overseas Accounting and Production & Stores Accounting Division.

L E G A L B R A N C H

GENERAL REMARKS

The volume of contract work has declined but miscellaneous work shows little change.

FORMAL CONTRACTS

Instructions were received during the quarter for the preparation of 267 contracts.

PROSECUTIONS AND INVESTIGATIONS

(a) Dudley, Dumont, Langis, Lorrain & Son

Dudley has been committed for trial. Preliminary hearings in the Lorrain cases are proceeding.

(b) Philip Cote. Attemped bribery

An information has been laid in this case and preliminary hearing is to be held on 23 April 1947.

(c) Eldorado Prosecutions

Criminal proceedings have been dropped. The Crown offered no evidence when the case came up in preliminary hearing.

ORDERS IN COUNCIL AND ORDERS RELATING TO CONTROLS

During the quarter 6 Orders in Council and 3 Controller's Orders were drawn.

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M O N T R E A L O F F I C E

OCCUPATION OF FLOOR SPACE

No changes have taken place in the occupation of floor space since the last report.

The following are the Offices and Branches represented in the Montreal Office:-

1) Central Inventory Records Division
2) Priorities Branch
3) Timber Control (Wood Fuel Division)
4) Contract Settlement Board
5) Research and Development Branch
6) Real Estate Branch
7) Canadian Commercial Corporation

STAFF

The following are comparative figures of the personnel under the jurisdiction of this office at different dates:-

	April 1943	Jan. 1946	Jan. 1947	Feb. 1947	March 1947
M&S officers	70	22	27	24	21
Stenos & clerks	57	30	22	18	16
Male clerks	9	12	8	6	6
	136	64	57	48	43
CANADIAN COMMERCIAL CORPORATION					8

OFFICE EQUIPMENT

Changes in office equipment are entered in the inventory and reported regularly to the Director of Equipment and Stationery at Ottawa.

TELEPHONE

Since the last report no changes were made in telephone equipment.

IMPREST FUND

During the month of March (19) cheques amounting to $1,380.00 were issued. Since the fund was opened on April 7, 1943, 2010 cheques for a total amount of $121,073.76 were issued.

P R I O R I T I E S B R A N C H

Activity of the Branch was at a high level throughout the first quarter of 1947 with all members of the staff fully occupied and, at times, hard pressed to keep the work up-to-date. But, in spite of the pressure and the many involved priorities problems presenting themselves, the Branch kept abreast of things on a day to day basis, ending the quarter with a heavy volume of priorities applications and inquiries continuing but with no appreciable back-log.

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As of March 31, 1947, staff in Ottawa and in the four Regional offices (Vancouver, Winnipeg, Toronto and Montreal) remained constant at 47. A new Regional Priorities Representative took over in Toronto as the quarter ended. Certain changes were also made in the locale of Regional Offices and an up-to-date listing of addresses follows:

Vancouver - Bank of Toronto Building, 410 Seymour Street;
Winnipeg - 210 Power Building;
Toronto - 159 Bay Street;
Montreal - 224 Youville Square.

Major activity of the Branch continued to be the providing of formal priorities assistance for government-approved veterans' housing, both for projects and for individual veterans. During the quarter, the revised Priorities Officer's Order No. P.O. 11B was issued - effective February 1, 1947. An extensive educational campaign was organized so that producers and suppliers of building materials and building contractors working on priorities housing would be made familiar with the revised procedures as quickly as possible. Regional Priorities Representatives and Officers from Ottawa held meetings across the country to acquaint all interested persons with the operations of the revised Order. Reports indicate that this educational program has been of very real value in making the formal priorities system work well.

Basic changes in Priorities Officer's Order No. P.O. 11B included the following: (1) practically all building materials are now covered by the Order; (2) priority ratings are now extendable back to the producer level in all cases; (3) suppliers are now permitted to extend priority ratings to replace materials delivered from inventory (after February 1, 1947) against customers' "rated purchase orders"; (4) a new form of certification now permits a supplier to place a single rated purchase order on his supplier for material delivered on a number of rated purchase orders received from customers.

During the quarter, the Branch did a great deal of work in directing the flow of building materials into areas where important veterans' housing projects are underway. Manufacturers of building materials continued to be given assistance in order to increase their production facilities. In numerous other urgent cases, informal priorities assistance was extended to assist in the expediting of materials and equipment in short supply.

With a new building season about to get under way, the flow of applications for formal priorities assistance on veterans' housing was increasing sharply as the quarter ended. For example, the issuance of APH priority ratings during March showed an increase of more than 50 percent over February.

Procedures were established, during the quarter, to progressively check the status of all APH priority rating certificates which have been in existence for a period of six months or more. Where such a check indicates that all necessary building materials have been received, the APH rating is cancelled immediately and steps are taken to see that it is not used for additional materials; where necessary, a further extension of the use of the rating is authorized. Statistics given below will show that this check is resulting in a speed-up in the cancellation of outstanding certificates which are no longer required. At the quarter's end, over 2,400 outstanding files had been checked under this procedure and this work will continue on a regular basis.

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No basic changes have been made in the general policies established with reference to the issuance of formal priorities assistance to individual veterans building their own homes. Individual veterans building under the Small Holdings Plan of the Veterans Land Act are given formal priorities assistance from the "ground up"; in a statement to the House, the Minister has confirmed the fact that individual veterans not building under V.L.A. will continue to receive assistance after their homes are "at least 50 percent complete".

Certificates for APH priority ratings issued during the quarter totalled 2,465 representing priorities assistance on 5,743 housing units (as compared with 7,710 housing units in the fourth quarter, 1946). A breakdown of APH authorizations for the quarter follows:

PB-1046	2183	representing	2191	housing	units.
Veterans Affairs	214	"	214	"	"
Housing Enterprises	2	"	742	"	"
Wartime Housing	12	"	1092	"	"
Integrated Housing	25	"	467	"	"
Miscellaneous	15	"	262	"	"
Prefabricated	1	"	100	"	"
Other (including Hospital projects)	13	"	675	"	"
	2465	"	5743	"	"

Below are given statistics which show the total number of applications for APH priority assistance received by the four Regional Offices and Ottawa during the quarter, what disposition is made of these applications, the number of housing units covered by certificates issued, certificates cancelled and the number of housing units covered by such cancellation. A progressive count to date is also given.

QUARTERLY TOTAL

Applications received		2873
Denials	377	
Certificates issued	2465	
Carried forward	31	
	2873	
Housing units covered by certificates		5743
Certificates cancelled		871
Housing units covered by cancellation		2691

PROGRESSIVE COUNT TO DATE

Applications received	11,647
Denials	642
Certificates issued	11,382
Housing units covered by certificates	41,425
Certificates cancelled	1,552
Housing units covered by cancellation	7,932

The first quarter 1947 saw the Electrical Scheduling Section of the Branch experiencing increased activity. Many important industrial projects, as well as military hospital units, were assisted by improving delivery schedules on various highly essential pieces of electrical equipment. The work of this Section is made up of special assignments to break bottlenecks in the electrical field and many cases require extensive and detailed actions particularly if U.S. materials are involved.

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Throughout the quarter, applications for U.S. priorities assistance continued to decrease as the U.S. Civilian Production Administration (CPA) revoked more and more of their priorities regulations and procedures. By March, applications for formal U.S. assistance were no longer a significant factor in the Branch's operations and, as of April 1, 1947, most of the operations of CPA had ceased.

However, on February 19, the Branch learned - through Washington liaison - that authority to continue U.S. priorities assistance on housing would be transferred from CPA to some other federal agency. Representations were immediately made for the inclusion of Canada in any new procedures to be established pursuant to the Hyde Park Agreement.

Because of the uncertainty as to which U.S. agency would establish and direct continuing formal priorities assistance in regard to housing and because the Canadian Branch of CPA was ending as of March 31, a Deputy Priorities Officer went to Washington to explore the situation and to formally request Canada's inclusion in whatever procedures were to be set up after the end of March. Canada's problem was brought to the attention of the Canadian Embassy in Washington and the U.S. State Department. While negotiations were going on, it was announced that the U.S. Office of the Housing Expeditor would be the agency to carry on formal priorities procedures concerning housing. The question of Canadian participation in these procedures was discussed with officials of the Office of the Housing Expeditor but these officials were not in a position to make any immediate decision on the question since it was not known whether they would continue to operate under the Act of Congress which established the Office of the Housing Expeditor or whether they would operate under the War Emergency Powers Act. If they operated under the Act of Congress, they stated they would have no powers other than for actual operations within the United States. In any event, they felt that they would have to have specific directions given to them from a higher authority before Canada could be included.

So that Canada's case would be brought before such higher authority, arrangements were made with the Commissioner in the Office of Temporary Controls so that he would request the Office of the Housing Expeditor to give full consideration to the inclusion of Canada in any and all procedures which might be set up to continue the operation of formal priorities. At month's end, no definite decisions had been made in this connection.

As indicated above, March 31 saw the end of the use of U.S. Form CPA-541A as the application for limited general priorities assistance for U.S. materials and equipment. From the first of April, this form will be used only for the limited assistance being given in support of the veterans' housing programme.

During the first quarter, a total of 30 CPA-541A applications were received. With a carry-over of 13, applications were processed as follows: 26 requests were approved by CPA and 17 were returned to applicants denied, cancelled or for additional information. As the quarter ended, there were no outstanding cases.

During the time form "541A" was used by Canadians to seek U.S. priorities assistance, a total of 53,798 such applications were received and processed by the Priorities Branch. Of this total, 31,583 were approved by U.S. authorities.

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Unlike U.S. form CPA-541A, certain special U.S. application forms, covering requests for allocation of a number of critical materials, are to continue for some time. During the quarter, 33 submissions were received on special U.S. forms. Of this number, 20 were approved by CPA and 12 were denied or cancelled and one application received during the quarter is pending.

P U B L I C I T Y B R A N C H

DEPARTMENTAL RELEASES: Twelve press releases were issued during the quarter as compared with 14 in the preceding quarter.

AIR TRANSPORT BOARD: Twenty-three press releases were issued during the quarter on behalf of the Air Transport Board as compared with 11 during the last quarter of 1946.

ADVERTISING: On behalf of the Coal Control, one advertisement of 776 lines was placed in the English and French daily newspapers in Ontario, Quebec, and the Maritime Provinces, announcing the "New Regulations Governing Supply of Household Fuel" - an amendment to Coal Controller's Order No. 25 - at a cost of $4,410.33. This advertising was handled through the agency of R.C. Smith and Son Limited, Toronto.

On behalf of the Research and Development Branch, an advertising campaign was undertaken in the daily and weekly newspapers for the purpose of drawing to the attention of new and established industrial firms in the Maritime Provinces the services provided by the Technical Information Service. This advertising consisted of one 168-line advertisement in the English and French Maritime daily newspapers, appearing, twice weekly for two weeks, weekly for four weeks, and bi-weekly for two months; and in the English and French weeklies for six weeks, and bi-weekly for two months. This advertising was handled through the agency of R.C. Smith and Son Limited, Toronto, at an estimated cost of $3,000.

CLIPPING BUREAU: This bureau continues to maintain a newspaper clipping reference file for the information of the various units of the Department. During the quarter, 1,566 clippings from the daily press of Canada, magazines and house organs were filed, all of which were sent to the Minister's office. In addition, 44 were sent out by special request and 2,518 were circulated to other Branches. The total circulation of press clippings was 4,128, as compared with 3,200 in the preceding quarter.

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FEATURES: Colonel L.A. Codd, Executive Vice-President of the Army Ordnance Association, Washington, D.C., was invited to Ottawa to address a luncheon meeting of the Canadian Club. All arrangements for Colonel Codd's visit here were made through this office.

During the quarter, the Minister's Desk Book was brought up to date, and the copies returned to the Minister, Deputy Minister, and the Parliamentary Assistant.

General distribution of the following was made:

1. An address by the Deputy Minister on Polymer Corporation Limited, February 6, 1947.
2. An address by the Minister on housing, February 7, 1947.
3. An address by the Minister on Canada's Coal Problem, February 13, 1947.
4. A statement in the House by the Minister on the establishment of nine weather stations in the Arctic, March 3, 1947.
5. A statement in the House by the Minister on Canadair, March 20, 1947.

This branch co-operated with the Atomic Energy Control Board and officials of Metro-Goldwyn-Mayer in the preparation of the special invitation list to attend a showing of the motion picture "The Beginnong or the End", and also in the carrying out of reception of invited guests at the Capitol Theatre and seating arrangements. Co-operation of a publicity nature was also given in connection with the showing of the film.

In co-operation with the National Film Board, the branch circularized the department and arranged for a limited number of personnel to be present at the showing of the motion picture "Exercise Musk-Ox" on Sunday, February 16, at the Capitol Theatre. As a large number of requests for tickets remained unfilled, the branch arranged for a supplementary showing of the feature film at the National Research Council Theatre for members of this Department only, on Friday, March 14.

The branch continued to correspond with the appropriate branches of the various provincial governments in the matter of preparation of copy for the next issue of the "Canada Year Book" in the chapter dealing with reconversion and reconstruction.

The branch continues to maintain the mailing list for the Economic Research Branch reports. The three reports tabled in the House during March by the Minister entitled "Production of Basic and Building Materials in Canada, Outlook 1947"; "Forecast of 1947 Investment by Canadian Business"; and "Research and Scientific Activity, Canadian Federal Expenditures 1938 - 1946" were widely distributed by this branch. There appeared to be an increased interest throughout the country and

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in foreign countries on the part of students and educational bodies in the affairs of this department, resulting in many request to this branch for publications and reports provided by this and other branches.

MISCELLANEOUS: In co-operation with the Canadian Construction Association, complete distribution of the Association's Committee on Materials, headed by Mr. R. Drummond, coupled with a copy of an address entitled "Production of Building Materials and Supplies in Canada, 1946" delivered by Mr. W.E. Uren at the annual meeting of the Association on January 15, was made.

A general distribution of the illustrated booklet entitled "Design for Use in Canadian Products" was also carried out in co-operation with the National Film Board and the National Gallery.

Distribution of copies in the French language of the report "Capital, Repair and Maintenance Expenditures of Business Enterprises in Canada, forecast 1946" prepared by the Economic Research Branch, was distributed to French Members of the House of Commons and the French mailing list.

The Report of the Royal Commission on Coal was given wide distribution to the press some time previous to its being tabled in the House by the Minister. In connection with this Report, a press conference was arranged and held in the Press Gallery where representatives were given an opportunity to study the report. Mr. Justice McLaurin, one of the Royal Commissioners, conducted the conference to the satisfaction of the press.

PHOTOGRAPHS: During the quarter 123 photographs were distributed by the Photo Services Branch of the National Film Board covering special requests from the press and trade publications, as compared with 40 in the previous quarter.

ENQUIRIES: A total of 1,108 enquiries for information of a publicity nature was attended to as compared with 853 in the preceding quarter. This figure included 767 telephone calls, 243 letters, and 98 personal visits on the part of newsmen and others to the publicity office.

STAFF: During the quarter, the staff was reduced by the transfer of one female stenographer, grade II to another branch of the department, which position has been abolished. One female clerk, grade III, gave up her position and was replaced by a female clerk, grade II.

QUARTERLY SUMMARIES: Reports covering the last quarter of 1946 were edited and prepared for mimeographing, binding, and distribution.

SPECIAL: During the quarter, the branch prepared two speeches for delivery at out of town luncheons attended by the Priorities Officer.

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PUBLIC PROJECTS BRANCH

1. During the quarter, screening of construction items proposed for inclusion in the 1947-48 main estimates was completed. The total estimated value of projects dealt with was approximately $80,000,000, including $48,000,000 for revotes of items approved in the 1946-47 estimates but not started; $5,600,000 for revotes to complete items not finished in the 1946-47 fiscal year; and $26,300,000 for new construction items. Information was received from twelve sponsoring departments and agencies of government, and tabulations providing detailed information regarding each program were forwarded for consideration of the Cabinet Committee on Reconstruction. Amongst the new construction items, projects estimated to cost about $11,000,000 were designated as undertakings which, if initiated, would interfere with the high priority construction program for the fiscal year 1947-48.

2. The official reserve of registered public projects has increased during the quarter from a list of 77 projects estimated to cost $14,200,000 to a total of 117 projects estimated to cost $40,000,000.

Departmental staffs were busily occupied during March with estimates for the coming year, and consequently only six projects with an estimated value of $167,000 were sent forward to the Cabinet Committee on Reconstruction for approval during the month. However, liaison engineers of the Branch have been diligent in following up potential projects, and have in sight at least $16,000,000 worth of work for the next two months.

Projects sponsored by the Departments of Transport, Public Works, Agriculture, National Defence (Army), and Justice (Royal Canadian Mounted Police) have been incorporated in the reserve during the quarter.

3. The Co-ordinator and the Acting Co-ordinator of Resources Development initiated a general conference on the subject of federal assistance towards construction of aircraft landing strips, which would aid development of natural resources, which was called by the Deputy Minister of Transport on February 14. This was attended by representatives of Transport, Reconstruction and Supply, Mines and Resources, Privy Council, Air Transport Board, aircraft operators group, Canadian Metal Mining Association, and the Prospectors and Developers Association. The meeting was unanimous in putting forward a series of recommendations which were later approved by the Minister.

4. The Branch was officially represented by the Chief Screening and Estimating Engineer at the annual meeting of the Canadian Construction Association held during January, and by the Co-ordinator at the annual meetings of the Canadian Institute of Mining and Metallurgy and the Canadian Pulp and Paper Association, both of which were held in January.

5. A formal meeting of all interested parties was held in February in Saint John, N.B. to discuss the major problem of a railway grade separation at Mill Street, immediately adjacent to the Union Station, and was attended by the Co-ordinator and the Chief Design Engineer.

6. As noted in the February report, the Co-ordinator, accompanied by Mr. Baxter of the Economic Research Branch, visited Halifax in February to secure basic data concerning the employment situation in that area, and the probable effects of the major lay-off from the Naval Dockyard at the end of March. Formal meetings were held with provincial and civic authorities and representatives of labour organizations, and informal interviews with some 75 others representing a cross section of community interests; followed by meetings with National Employment Service officers

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and provincial authorities at Charlottetown on the way back to Ottawa. A formal report of the investigation incorporating suggested procedures under the circumstances was submitted to the Minister.

7. During January the Co-ordinator addressed the Peterborough Branch of the Engineering Institute of Canada on "Timing of Public Investment in Construction". The paper was reprinted in the February issues of "Industrial Canada" and "The Labour Gazette", and circulated to members of the "National Joint Conference Board of the Construction Industry". Requests for copies were received from a number of public bodies and governmental agencies, including the American Embassy.

8. Not more than half a dozen potential employees were interviewed during the quarter, and it is becoming increasingly difficult to interest technical persons in employment with the Branch. One junior engineer, Mr. F.W. Rudge, joined the Branch during January, but Mr. C.O. Whitman, one of our most highly experienced and valuable officers resigned in February to accept an attractive offer from private industry. So far it has been impossible to replace Mr. Whitman.

Salary increases or reclassifications for four members of the staff were approved during the quarter.

Upon discontinuation of the Resources Development Branch at the end of March, its Map Distribution Section was taken over by this Branch and Mr. R. Aubry, the section clerk, was transferred to our staff.

R E N E G O T I A T I O N E X E C U T I V E

The following figures include the latest reports received from Vancouver Office (Mr. N. Wilks), January 15 to March 28, 1947;-

As at December 31, total of refunds arranged was shown as -	$441,991,661
Added January 1 to March 31 - - - - - - - - - - - - - - - - -	18,654.148
Total to March 31, 1947 - - - - - - - - - - - - - - - - - - -	$460,645,809

During the quarter, 863 cases were dealt with and completed as follows:-

Refunds established -	237
Settled on basis of no refund after examination of financial statements -	244
No renegotiation seemed to be required after preliminary investigation -	366
No War business reports accepted - - - - - - - - - - - - - - -	16
TOTAL	863

The quarterly total of refunds established by overall renegotiation and covered by Crown Companies and Purchasing Branch on ceiling price contracts and through voluntary refunds was $18,654,148 which is made up as follows:-

Refunds established by renegotiation (237 cases) - - - - - -	$ 12,295,375
Recoveries on ceiling price contracts and voluntary refunds to Crown Companies and Purchasing Branch - - - - - - - - -	6,358,773
Total for quarter - - - -	$ 18,654,148

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Up to the end of March, 1947, 6,982 companies or individuals have been approached, and 3,325 individual files have been opened. Individual files are only opened when preliminary investigation indicates the need for more comprehensive review.

It is interesting to note that the average earnings of 1,631 cases where refunds were not required was 3.95 percent of cost, while that of 1,587 cases, where refunds were obtained, was reduced to 6.84 percent from reported average earnings of 12.78 percent of costs. These figures are cumulative and to the end of March, 1947.

RESEARCH AND DEVELOPMENT

ORGANIZATION AND PERSONNEL

The organization and personnel of the Branch at the end of the quarter was substantially as given in the chart included with the report for the quarter ending December 31, 1946. There were, however, a few minor changes in the clerical and stenographic staff; and Mr. G.A. Blackburn has resigned as Representative for Nova Scotia and replaced by Mr. E.T. Cosgrove; Mr. R.A. Frigon has resigned effective March 31, 1947, to accept a position with another section of the National Research Council; Mr. R.L. Wright has been transferred from his position as Representative for the Toronto area to a position as Research Officer with the Technical Information Service with Headquarters at Ottawa; and Mr. C.E. Beland has been appointed to a position with the Technical Information Service.

Order in Council P.C. 1113 dated March 27, 1947, transferred all functions and staff of the Branch to the National Research Council of Canada, effective April 1, and action to fill vacancies in the Branch establishment will be taken through the National Research Council.

TECHNICAL INFORMATION SERVICE

During March, 260 inquiries were received by the Technical Information Service, giving a total for the quarter now ending of 655 inquiries, and a total to date of 3,240. In view of the increased staff obtained for the Technical Information Service, it has been possible to withdraw completely instructions issued some months ago which required Representatives to answer from local sources all inquiries that could be at all satisfactorily dealt with in this manner and a start has been made in publicizing the existence of the service through advertising and releases to technical and trade journals in Canada. A number of requests for material to publish have been received and it is expected that the usefulness of the service will increase as it becomes better known by industry in Canada.

BUILDING RESEARCH

The investigation of a suitable prefabricated building construction system using modular panels has advanced during the quarter. A new mechanical connector has been developed, full scale panels have been constructed and tests of the work done have shown promising results. In view of the above-mentioned Order in Council, this project and the staff of the Branch connected therewith have been transferred to the newly formed Division of Building Research in the National Research Council, effective April 1, 1947.

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RESOURCES DEVELOPMENT BRANCH

ADMINISTRATION

The Resources Development Branch terminated its activities as of March 17, 1947, the Acting Co-ordinator resuming his duties with the Department of Mines and Resources.

The following administrative staff were released to Personnel Division, Administration Branch, as of March 17:

(1) Stenographer, Grade IV
(1) Draughtsman
(1) Clerk, Grade I (Filing)

The Forest Insects Control Board will continue to function as heretofore, reporting directly to the Deputy Minister.

COMMITTEES AND CONFERENCES

The Acting Co-ordinator returned to the office on March 10 from attendance at the annual meeting of the Canadian Society of Forest Engineers held in Vancouver and Victoria, B.C.

AIRFIELDS

285-25-3 RESOURCES DEVELOPMENT AIRSTRIPS

As a result of an inter-departmental meeting held on February 14, 1947, at Ottawa, it was arranged that the Department of Transport will prepare policy recommendations for the licensing of a new category of limited use airstrips for Resources Development purposes. The basis of government assistance where approved would be by grants in aid and the licensee would in general be the mining corporation, pulp and paper company, etc., which would be the principal user.

It was further recommended that action on pending applications be deferred until the official report is received from the Department of Transport.

The Deputy Minister expressed his agreement of this recommendation.

285-26-1 AIRFIELDS - BRAEBURN AND MINTO - YUKON TERRITORY

Advice was received that the Cabinet Committee on Reconstruction had approved a commitment against Vote 505 of the Department of Finance for the purchase of construction equipment in connection with a proposed landing strip at Braeburn and Minto, Yukon Territory.

285-26-2
285-45-3 BROWN MCDADE AND INDIN LAKE - PROPOSED AIRSTRIPS

There was considerable exchange of correspondence between the Acting Co-ordinator, the Deputy Minister and officials of the Department of Mines and Resources, relative to requests for assistance in providing airstrips at Brown McDade and Indin Lake, Yukon and North West Territories.

285-9-10 CABINET COMMITTEE ON RECONSTRUCTION - COMMITTEES AND CONFERENCES

Extracts from the minutes of the meeting of the Cabinet Committee on Reconstruction held on February 21, with respect to "Waterton and Belly Rivers", having reference to international joint commission, received from the Deputy Minister.

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Advice in respect of the decision of the Cabinet Committee on Reconstruction, with reference to the proposed terms of agreement with the Province of Alberta relative to the protection of the East Slopes of the Rocky Mountains, wherein it was agreed that the Minister of Mines and Resources present a formal submission to the Governor-in-Council for authority to enter into such agreements, also received.

ESTIMATES

285-6-10 ESTIMATES 1947-48 - PUBLIC INVESTMENTS

Exchange of correspondence between the Acting Co-ordinator, the Secretary of the Cabinet Committee on Reconstruction and the Co-ordinator, Public Projects, relative to procedure re shelf projects, estimates, planning grants, and proposed expanded activities in Resources Development Branch.

EQUIPMENT PROCUREMENT

285-18-2 DON CAMERON EXPLORATION COMPANY

Negotiations for the extension of the loan of R.C.A.F. photographic equipment to the Don Cameron Exploration Company were satisfactorily concluded. A full report on the operations of this company will be forwarded to the Department of Mines and Resources at an early date.

FORESTRY

285-48-7 EAST SLOPES ROCKY MOUNTAINS

The proposed agreement between the Dominion Government and the Government of the Province of Alberta for the protection of the forests of the east slopes of the Rocky Mountains was reviewed by the Acting Co-ordinator. Correspondence was exchanged with officials of the Department of Mines and Resources and the Department of Lands and Mines, Alberta, relative to the subject matter.

285-50-2 FOREST INSECTS CONTROL BOARD

Quarterly Report of the Forest Insects Control Board is attached hereto.

The Acting Co-ordinator attended a meeting with the Deputy Minister of the Department of Agriculture for the purpose of discussing the Board's recommendations in respect of enlargement of the Forest Insect Laboratory at Fredericton, N.B., and estimates for the fiscal year 1947-48, Forest Insect Investigations Unit (Division of Entomology, Dominion Department of Agriculture).

RESOURCES DEVELOPMENT PROJECTS

285-75-3 PRAIRIE PROVINCES ADVISORY WATER BOARD

The Acting Co-ordinator attended a conference held for the purpose of co-ordinating the Dominion viewpoint with respect to the meeting of Dominion representatives with the Inter-provincial Advisory Water Board held in Regina, Sask., on February 27 and 28 respectively.

A tentative agenda was suggested for discussion at this meeting comprising:-

(1) Area to be covered by investigation
(2) Collection of available data
(3) Further field surveys required
(4) Final objective
(5) Apportionment of cost of investigation as between the Dominion and the Provinces
(6) Organization

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285-86-2 JOINT DEFENCE CONSTRUCTION PANEL

A copy of a communication to members of the Joint Defence Construction Projects Panel was received from the Secretary advising that in view of the present reduced activities and having regard to the fact that the administrative responsibility for the Office of the Special Commissioner had been assumed by the Department of Mines and Resources, Cabinet Defence Committee, at their meeting of February 11, concluded that the need for the panel had disappeared and that it should therefore be disbanded.

285-87-1 GENERAL

Exchange of correspondence between the Acting Co-ordinator and the Deputy Minister relative to the proposal to build a highway outlet from Fort McMurray to Edmonton, Alta., to serve the aforementioned community.

FEDERAL AND PROVINCIAL PROJECTS

291-4-3-9-2 FEDERAL RESEARCH BUILDING, VANCOUVER, B.C.

Investigations were continued between the Acting Co-ordinator and officials of the Department of Mines and Resources relative to the proposal to establish a Federal Research Laboratory at Vancouver, B.C.

F O R E S T I N S E C T S C O N T R O L B O A R D

MEETINGS

Two regular business meetings of the Forest Insects Control Board were held January 2 to March 31.

ADMINISTRATIVE

The following changes in personnel were effected.

(1) One Clerk, Grade IV (Assistant Secretary) resigned January 27, 1947, on account of illness. No replacement is anticipated.
(2) One Clerk, Grade II, was added to the staff of the Board under date of February 1, 1947, to be employed at the Green River New Brunswick Experimental Project in the compilation of research and statistical data, replacing the former incumbent who resigned January 14, 1947.

PROGRESS REPORTED

(1) Bronze Birch Borer

The representatives of the Department of Agriculture and the Province of Quebec informed the Board that the Dominion Entomologist in the Maritimes was conducting experiments in respect of the Bronze Birch Borer and pathologists in the Maritimes were working on the problem. A report will be presented to the Board when concrete results of experiments presently being conducted are available.

(2) Chemical Experiments

The respresentative of British Columbia informed the Board that approximately 11,500 acres of timberland had been sprayed in that province with insecticide during the past year, work being

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carried out on a co-operative basis with timberholders and costs pro-rated on an acreage basis. No reports are presently available from the representatives of other provinces in respect of spraying experiments.

(3) European Study

The representative of the Department of Agriculture presented a report on his investigations of control methods and equipment in use in Central Europe, as prepared in collaboration with Dr. W.E. Van Steenburgh.

The Board was also informed that actual steps had been taken to undertake work recommended in Europe by the transfer of funds from the Department of Agriculture to the Imperial Bureau of Biological Control in the amount of $24,500.

Indications are that work this year will be confined to a general survey and fundamental studies on the various phases and life history of species of insects, due to the inadequacy of present facilities for handling the material in Canada, which it is hoped will be remedied upon completion of the Laboratory of Insect Pathology at Sault Ste Marie.

(4) Financial Estimates - Fiscal Year 1947-48
Forest Insect Investigations Unit, Department of Agriculture

The representative of the Department of Agriculture distributed copies of the estimates of the Forest Insect Investigations Unit for the fiscal year 1947-48 for the information of the Board.

(a) Proposed enlargement of Forest Insect Laboratory, Fredericton, N.B.

The Board was advised that a recent communication from the office of the Co-ordinator of Public Projects indicated that the Cabinet Committee on Reconstruction, having completed its survey of construction items in the 1947-48 estimates, it was now too late to provide for the proposed enlargement of the Forest Insect Laboratory at Fredericton, N.B., as had been urgently recommended by the Board.

In view of the expressed opinion of the Board that this project should receive high priority, a Resolution was moved and carried recommending that the Department of Agriculture take such steps as are urgently required to provide funds for this project from the supplementary estimates of the Division of Entomology for the forthcoming fiscal year.

(b) Proposed Forest Insect Laboratory for British Columbia

The Board was informed by the representatives of the Department of Agriculture that officially no information had been received to indicate the possibility of securing funds for such a project in the immediate future.

The Board recommended that a further study of the situation should be made with a view to obtaining some temporary accommodation at the west coast to assist the B.C. Forest Service in the continuation of scientific and technical experiments.

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(5) Financial Provision - Forest Insects Control Board Fiscal Year 1947-48

The Board was advised that provision had been made in the 1947-48 estimates for the continued function of the Board as a branch reporting directly to the Deputy Minister.

(6) Forest Management

The representative of the Department of Agriculture informed the Board that construction of residences to house the field staff employed at the Green River Project, as recommended by the Board, had been approved, and construction would be got underway as fast as material and labour was available.

Provision had also been made to construct five small buildings as headquarters for Forest Insect Rangers in various other localities.

(7) Laboratory of Insect Pathology - Sault Ste Marie

The Board was informed by the representatives of the Department of Agriculture that the matter of construction of the laboratory was now in the hands of the Department of Public Works and Treasury Board. Satisfactory progress was expected before the end of March.

In view of the urgency of the situation in respect of both domestic and European problems, a Resolution was forwarded to the Acting Co-ordinator requesting that the Department of Public Works be approached with a view to expediting the awarding of contracts without further delay.

(8) Province of Quebec - Forest Insect Survey

The representative of the Province of Quebec submitted a report on investiagions carried out by the Quebec Forest Protection Service, Bureau of Entomology, during the past year, and a resume of such control measures as had been inaugurated during 1946 in connection with the Spruce Budworm, dieback of birch, insect vectors and the Dutch elm disease and miscellaneous works.

(9) Scientific and Technical Staff Requirements

(a) Administrative Staff Requirements - Forest Insect Investigations Unit, Division of Entomology, Department of Agriculture

In view of a recommendation by the representative of the Department of Agriculture for the appointment of two male assistants to act in the capacity of personnel officer and equipment officer, respectively, the Board agreed that a submission should be made to the Director of Science Service of the Department of Agriculture in this respect and in the event that no action was forthcoming by application through the usual channels, the assistance of the Board should be solicited.

(b) Establishment of a Chair in Forest Entomology, University of British Columbia

The Board recommended that a representative of the Dominion Department of Agriculture discuss the matter of establishment of a chair in forest entomology with the President of the University of British Columbia.

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(c) Forest Insect Organization - Allocation by Provinces

The representative of the Department of Agriculture advised the Board that considerable work had already been done in respect of the preparation of a report on "Allocation by Provinces of the Forest Insect Organization of the Department of Agriculture". Compilation of the material however was not yet completed and as a consequence, presentation of the report was deferred for discussion at a forthcoming meeting of the Board.

(d) Scholarships

Recognizing the need for some practical inducement to recruit forestry students who are interested in or inclined to engage in the field of forest entomology, the Board recommended that as a remedial measure the forest industry be approached with a view to providing scholarships to students in this field.

It was further agreed that the representatives of the Department of Agriculture work out the details of a plan to be submitted to the Board and if satisfactory, the representative for industry would take the matter up with his principals.

SECRETARY'S BRANCH

ORGANIZATION

By Order-in-Council P.C. 314 of February 5, 1947, all purchasing for the Department of National Defence under the Department of Reconstruction and Supply Act, 1945, and the Department of Munitions and Supply Act, was transferred from the jurisdiction of the Minister of Reconstruction and Supply to the Minister of Trade and Commerce as of February 1, 1947, and the latter Minister was authorized to use the services of officers of Canadian Commercial Corporation to sign on his behalf documents regarding purchasing.

Accordingly, part of the Requisitions, Purchase Investigation and Submissions Division of the Secretary's Branch was no longer needed and was discontinued but it was necessary to retain the section dealing with submissions to Council. This section was re-named "Submissions to Council Division" and moved from Building No. 2 to Rooms 135 and 137 of Building No. 1, on February 5, 1947. It had a staff of three consisting of Mr. J.M. Priddle, who had been in charge of submissions, and two assistants.

The library, records and indices of all Orders-in-Council and D.M.A.'s since the beginning of the former Department of Munitions and Supply was also moved to Building No. 1 and is located in Room 137.

As of March 31, 1947, F.F. Waddell, Departmental Secretary resigned with the permission of the Deputy Minister to take a position with Canadian Commercial Corporation and the Secretary's Branch was discontinued as a separate branch of the Department and was made part of the General Counsel's Branch. Mr. R.L. McCrea, Departmental Solicitor, was appointed Departmental Secretary as from April 1, 1947.

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STAFF

The above changes, including resignations reduced the staff to a total, as from April 1, 1947, of 7 in Ottawa and 2 at Montreal Office. The two in Montreal are working on land settlements including those which were not completed by Allied War Supplies Corporation before it was wound up in 1946.

REQUISITIONS, PURCHASE INVESTIGATION AND SUBMISSIONS DIVISION

General:

Statistics covering the volume of work dealt with by this Division during the above-mentioned quarter are as follows:

Requisitions:	This Quarter (to Jan.31, 1947 only)	Previous Quarter
New Requisitions	2	2
Amendments	4	66
Purchase Investigation:		
Reports dealt with	126	421

Note: (The Requisitions and Purchase Investigation Sections of the above-mentioned Division were transferred to the Canadian Commercial Corporation effective February 1, 1947.)

Submissions to Council:

Number of Submissions (full quarter)		
General	39	141
Special (A)	38	66
Special (B)	105	74
	182	281

Note: - Special Submissions (B) are prepared outside of, and processed through this Division to Privy Council.

During the quarter the matters dealt with by the Secretary's Branch included the following:

INSURANCE

In regard to the blanket insurance policies carried by this Department covering Fidelity, Pressure Vessel and Motor Vehicle insurance, necessary liaison was carried on between the Crown Companies and Projects under the Department's jurisdiction and the insurance companies.

CROWN COMPANIES

War Assets Corporation. Throughout the quarter the Real Estate Division of the Branch assisted War Assets Corporation in regard to properties in the Company's custody for disposal by procuring necessary information to assist in its sale and by preparing or procuring plans, descriptions, title papers and agreements, all in respect of property which this Department and the Department of Munitions and Supply were concerned. In certain special cases the Real Estate Division assisted the Surplus Property Officer by supplying data in regard to land to be included in Declarations of Surplus.

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Canadian Arsenals, Limited. A number of requests were received from this Company in regard to the handling of land matters at its divisions where land and buildings had been transferred to the Company by this Department. These land matters were dealt with through the Real Estate Division of the Branch.

LETTERS PATENT

Letters Patent were applied for to the Department of Justice and Secretary of State on behalf of War Assets Corporation and Wartime Housing, Limited and checked before being signed by the Deputy Minister of Reconstruction and Supply, in regard to 31 properties sold by War Assets Corporation or re-transferred to municipalities by Wartime Housing, Limited. Correspondence, telephone calls and interviews with the Legal Division of War Assets Corporation, Wartime Housing and with Justice and the Secretary of State Department were necessary in settling the terms of these Letters Patent.

CONTRACTS EXECUTED AND RECORDED

During the quarter 196 contracts as compared with 188 for last quarter, were submitted to this Branch for execution by the Deputy Minister and the Departmental Secretary on behalf of the Crown. These contracts were submitted by the Legal Branch, General Counsel, Central Mortgage and Housing, Corporation and Wartime Housing, Limited. 155 out of the 196 agreements were to give effect to settlements under terminated contracts. The execution of each of the above contracts has been recorded in this Branch under the name of the contractor, type of agreement, file, P.C. and F.E. numbers, etc., and date of execution.

REAL ESTATE

During the quarter, work proceeded on expropriations, abandonments, settlements for land taken, the obtaining of title deeds in favour of His Majesty and supplying the Department of Justice with particulars and instructions in regard to the 10 Exchequer Court Cases which are pending.

A report of outstanding land settlements was prepared for the Deputy Minister which showed as at February 20, 1947, 64 outstanding items as follows:

Settlements being completed -	20
Owner cannot be found -	4
No claim expected; to be left outstanding -	3
To be left outstanding until project is closed -	5
Settlement to wait disposal of asset by War Assets Corporation -	8
Negotiations for settlement progressing -	9
Crown does not admit liability; awaiting any further action by Owner -	1
Exchequer Court Cases pending -	10
Special action required	4
TOTAL	64

GOVERNMENT EMPLOYEES' COMPENSATION ACT

Because of the change brought about by the Government Companies Operation Act which placed employees of certain Crown Companies under the Government Employees' Compensation Act, this Branch has been co-operating with Mr. C.E. Stevens, Department of Transport, who administers the Compensation Act, in regard to:

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Because of the change brought about by the Government Companies Operation Act which placed employees of certain Crown Companies under the Government Employees' Compensation Act, this Branch has been co-operating with Mr. C.E. Stevens, Department of Transport, who administers the Compensation Act, in regard to:

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Polymer Corporation Limited, to settle the basis of contribution before August 1, 1946, the date when the new act became applicable to this Crown Company.

Eldorado Mining and Refining (1944) Limited, which Crown Company wishes to take advantage of the compensation act and is willing to be assessed, as it is an operating company.

There is no provision under the acts as they now stand for any assessments or rates to be paid by Crown Companies. This question is to be worked out between Transport, this Department and the Crown Companies, having in mind that those which carry on trade such as Eldorado and Polymer may be assessed on a proper basis.

TAX ASSESSMENTS AGAINST CROWN LANDS

City of Toronto having been advised that no grant would be made for 1946 in re Toronto Shipbuilding Co. Ltd., premises, made a special request for such grant which was approved by the Deputy Minister on the grounds that the Crown had occupied the premises during that year and the City had included such grant in its estimates. Letter to the City prepared and approved by Financial Executive for Deputy Minister's signature setting out the terms on which grant is being made.

City of Hamilton has assessed a Crown-owned building on premises of Otis-Fensom Elevator Co., which building is being occupied with this Department's permission by Procter and Gamble Co. of Canada Ltd. Steps were taken in co-operation with the Legal Branch to dispute this assessment despite occupation by a private company.

ENQUIRIES

A large number of miscellaneous enquiries on Departmental matters and Departmental policy from private individuals and companies, other Departments, Crown Companies, Branches of this Department and the Minister's office, were dealt with.

LABOUR LIAISON

Any continuing functions of the former Labour Liaison Office of the Department were assigned to the Secretary's Branch when Mr. H.C. McIntosh moved to Winnipeg in November, 1946.

During the quarter a report was made to the Commissioner of Immigration, Department of Mines and Resources on the 93 key shipbuilding workers brought to Canada from the United Kingdom under contracts for repatriation, as 44 only have been repatriated, 18 have chosen to remain in Canada and the present locations of the remaining 31 are unknown.

Correspondence was carried on with some of these workers regarding their release of the Department from any claims for repatriation at this late date.

QUESTIONS BY MEMBERS OF PARLIAMENT

Answers were prepared to certain enquiries on land matters made by letter directly to the Minister by Members and material was prepared for Mr. H.C.L. Ransom to assist him in answering certain of the questions asked in the House of Commons.

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T O R O N T O O F F I C E

As at March 31, the staff of the Toronto Office numbered 22.

On March 31, the Administration Office will close, and also the office of the Financial Adviser.

The officers remaining in Toronto on April 1 are as follows:

Research & Development Branch	- Mr. H. T. Seppala
Central Inventory Records	- Mr. J. McParlane
Priorities Branch	- Mr. E. K. Smith

During the month the Communications Branch handled a daily average of 279 messages.

This will be the last report from the Toronto Office.

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COST INSPECTION & AUDIT DIVISION

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS: Opening Uncompleted Audits	Number Rec'd During Month	COMPLETED: THIS MONTH: NUMBER	COMPLETED: THIS MONTH: VALUE IN 000's $	COMPLETED: TO DATE: NUMBER	COMPLETED: TO DATE: VALUE IN 000's $	CLOSING UNCOMPLETED AUDITS
A. REQUIRING SPECIFIC AUDIT:							
1. PRIME CONTRACTORS;							
(a) Ceiling *	11 - 1	2	7	487	2,784	803,013	5
(b) Cost Plus *	59 - 4	18	38	92,217	1,069	1,203,105	35
(c) Target, Remdr. or Trail Run					162	142,887	
(d) Capital Expenditure	6	4	7	274	656	56,084	3
(e) Escalator Clauses					1,852	9,742	
(f) Emergency Repair Agreements	205		57	821	9,953	54,103	148
(By Division *	18 ± 2	7	15	33,434	223	666,036	12
(g) Overall: (By Co. Auditors *	1 - 1				4	9,321	
(By Division	7						
2. SUB-CONTRACTORS: *	- 2	3	6	25,946	851	273,657	2
(By Co. Auditors *	2 - 2				65	5,921	
3. SPECIAL INVESTIGATIONS *	34 - 2	23	32		1,038	10,480	23
TOTAL	333	57	162	153,179	18,657	3,234,349	228
B. CONTINUOUS AUDITS: (not inc. in Sec. A.)							
1. Cost Plus-Construction	108	73	14	1,909	443	258,696	167
2. Pre-financed Government Cost	27		12	1,098,963	121	2,348,735	15
3. Government-Owned Companies*	2 - 1		1	195	22	6,229	
4. Automotive (with R.C.A.					4		
5. Rubber Control *	12 -12						
6. Other Annual and Periodic Audits *	6 - 6				109	28,423	
TOTAL	136	73	27	1,101,067	699	2,642,083	182
C. INTERIM REPORTS COVERING SECTIONS A. & B.		1	1	35	44	73,316	
Rubber Control					36		
Progress Claims	4	371	369	14,639	9,483	980,183	6
Pre-Financed Field Forms	4	21	22	20,999	4,448	3,191,707	3
TOTAL	8	393	392	35,673	14,011	4,245,206	9
D. TERMINATIONS							
1. Specific Audits	21	9	21	25,724	400	110,870	9
2. Surveys *	112 - 1	16	98	19,909	329	43,933	30
3. Questionnaires	1	8	8	169	847	41,845	
4. Review-Final Settlement	12	12		342	1,180	45,377	
TOTAL	133	45	139	46,144	2,756	242,025	39

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STAFF

	Number at beginning of month	Taken on strength during month	Struck off strength during month	Number at close of month
Director	1			1
Asst. Dir.	1			1
Section Heads	4	1	1	4
Ottawa Staff	50		11	39
Supervisors	12		1	11
Resident Cost Accountants	72	1	14	59
Field Cost Accountants	67	2	9	60
Field Clerks and Stenographers	12		2	10
TOTAL	219	4	38	185

* Cancellations and/or Adjustments.

D O M I N I O N F U E L B O A R D

One meeting of the Dominion Fuel Board was held on February 5, 1947, when the continuing work of the Board was reviewed. No further meetings have been held and routine work is gradually getting back to the 1939 pattern.

Winding up the business of Coal Control and of the Emergency Coal Production Board continues in volume. Settlement of the Petition of Right claim of Manitoba and Saskatchewan Coal Company has taken considerable time and study. Other outstanding claims and overdue loans are gradually being straightened out with the assistance of Treasury and Legal officers.

The strike in the Maritime coal fields continues and all shortages have been met by moving United States coal ex Montreal or Hampton Roads (United States) to the centres affected. Subsidies are high individually but on an overall basis the tonnages involved as Consumer Goods are not large.

All Coal Control offices have now been closed. Calgary and Vancouver as at March 31, Records required to be kept have all been sent from the outside offices to Ottawa for examination and final disposition.

Records and files of the Royal Commission on Coal have also been taken over and integrated with our own filing registry.

With the withdrawal of production and import subsidies and lifting of price ceilings, some readjustments will be necessary. Pricing and other statistical data are being maintained for the time being particularly in relation to the future supply situation.

An estimate of our current years coal and coke requirements has been prepared and is set out hereunder. It is also compared with previous fiscal years:

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Supply	Actual 1943-44	1944-45	1945-46	Revised Estimate 1946-47	Preliminary Estimate 1947-48
Canadian Production	17,647	17,045	16,863	17,000	17,700
British Anthracite	379	161	22	100	100
United States Anthracite	4,224	3,981	3,546	4,500	4,500
United States Bituminous	24,891	23,607	22,607	21,000	18,100
Total Coal	47,141	44,794	43,036	42,600	40,400
United States Coke	1,288	997	1,603	900	800
Grand Total	48,429	45,791	44,641	43,500	41,200

COAL AND COKE IMPORTS AND CANADIAN PRODUCTION
PERIOD APRIL 1 TO FEBRUARY 28

IMPORTS		1944-45	1945-46	1946-47
Anthracite				
United States		3,608,437	3,252,178	4,308,671
Great Britain		154,905	22,234	94,107
	Total	3,763,342	3,254,412	4,402,778
Bituminous				
United States		22,781,531	21,827,191	20,276,175
Other		-	-	-
	Total	22,781,531	21,827,191	20,276,175
PRODUCTION				
Nova Scotia		5,075,798	4,586,063	4,713,498
New Brunswick		327,295	314,073	328,270
Saskatchewan		1,305,218	1,451,462	1,344,151
Alberta		7,023,965	7,427,213	7,701,473
British Columbia		1,862,920	1,510,467	1,414,754
	Total	15,595,196	15,289,278	15,502,146
EXPORTS				
Bituminous		894,045	702,420	814,424
COKE				
Imports	- Petroleum	103,109	166,089	213,940
	Coal	706,153	1,316,292	629,162
Production	- Petroleum	79,143	60,876	67,311
	Coal	3,623,903	3,480,405	2,945,837
Exports	- Petroleum	19,991	18,399	17,813
	Coal	39,848	35,421	42,280

SUMMARY

Anthracite Imports	3,763,342	3,254,412	4,402,778
Bituminous Imports	22,781,531	21,827,191	20,276,175
Canadian Coal Production	15,595,196	15,289,278	15,502,146
Canadian Coal Exports	894,045	702,420	814,424
Coke Imports	809,262	1,482,381	843,102
Coke Production	3,703,046	3,541,281	3,013,148
Coke Exports	59,839	53,820	60,093

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STOCKS OF COAL AND COKE IN CANADA
AS AT February 28

		Industrial Consumers	Fuel Dealers	Dock Operators	Coke & Gas Plants	Total	Railways	Bunkers	On Bank At Mine
	ANTHRACITE								
1946	British	4,505	1,435	861	-	6,801			
	United States	61,441	117,507	60,144	-	239,092			
	Total	65,946	118,942	61,005	-	245,893			
1947	British	2,748	4,568	-	-	7,316			
	United States	64,747	394,526	126,966	-	586,239			
	Total	67,495	399,094	126,966	-	593,555			
1946	BITUMINOUS								
	British	-	-	-	-	-	-	-	-
	Canadian	407,458	126,072	28,808	35,616	597,954	831,277	1,920	155,828
	United States	1,848,933	304,566	772,537	674,661	3,600,697	2,704,586	24,942	-
	Total	2,256,391	430,638	801,345	710,277	4,198,651	3,535,863	26,862	155,828
1947	British	-	-	-	-	-	-	-	-
	Canadian	467,268	147,441	19,549	195,223	829,481	707,209	841	42,400
	United States	2,004,432	371,517	757,637	947,283	4,080,869	2,416,949	11,417	-
	Total	2,471,700	518,958	777,186	1,142,506	4,910,350	3,124,158	12,258	42,400
1946	COKE								
	Canadian	88,535	22,104	3,658	226,171	340,468			
	United States	55,090	39,304	14,561	-	108,955			
	Petroleum	64,293	65	971	7,614	72,943			
	Total	207,918	61,473	19,190	233,785	522,366			
1947	Canadian	99,107	51,742	-	357,940	508,789			
	United States	89,125	19,537	49,425	-	158,087			
	Petroleum	97,711	679	-	11,427	109,817			
	Total	285,943	71,958	49,425	369,367	776,693			

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R U B B E R C O N T R O L

INVENTORIES AND CONSUMPTION

In Long Tons

	Crude Rubber	Buna-S	Butyl	Neoprene	All Other Synthetics	Reclaim
Inventories in hands of the Government & Processors Jan.1, 1947 (Actual)	5,885	3,895	464	186	20	3,455
PRODUCTION	-	9,831	3,067	-	-	989 (Mar. Est.)
Imports	4,419	212	1	292(Mar. Est.)	20(Mar. Est.)	2,996 (Mar. Est.)
Consumption (March Est.)	6,677	7,207	1,564	287	24	4,466
Exports *	-	3,273	551	-	-	-
Inventories in hands of the Government & Processors March 31, 1947 (Estimated)	3,627	3,458	1,417	191	16	2,974

* Exports by Countries - (In Long Tons)

	Buna-S (GR-S)	Butyl (GR-I)
Brazil	-	1
Czechoslovakia	300	50
France	1,000	-
Italy	884	500
Poland	393	-
Sweden	4	-
Switzerland	5	-
Yugoslavia	687	-
	3,273	551

SUPPLY POSITION

Crude Rubber	1⅓ months' supply
GR-S	1½ " "
GR-I	3 " "
Neoprene	1½ " "
All Other Synthetics	1 " "
Reclaim	2¼ " "

Crude Rubber - The estimated total inventory in Canada at March 31 will carry industry through to the middle of May. The boat that was delayed in January and held for repairs at Aden is expected to arrive by May 31. To bridge this gap in supply, private purchases are being received which, we are assured, will be sufficient.

Natural Latex - Natural Latex is still in very short supply and difficult to purchase. It will continue so for at least the balance of the year.

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SUPPLY POSITION (Cont'd)

Synthetic Rubbers - During the quarter about 73 percent of the GR-S and 50 percent of the GR-I produced at Sarnia were consumed by Canadian manufacturers. The surplus GR-S found a ready market on export. It is not possible at present to find an export market for much GR-I.

Imported synthetic rubbers are in good supply.

General - While there are shortages in certain materials and crude rubber will not be in good supply till after the end of 1947, the manufacturers will be able to operate at a good level. They are arranging for some voluntary control over the percentage of crude rubber that may be used so that demand will not exceed supply before crude rubber production can be brought back to prewar level.

Meantime, consumption of synthetic rubbers will continue about as at present. As crude becomes more available, the price quality factor will decide the proportions to be used.

Labour - The Unions (U.R.W.A.--C.I.O.) are preparing new wage demands, which will come to a head, it is expected, by the end of April. No one can predict what may happen until the demands are received and studied by the manufacturers.

S T E E L C O N T R O L

In the previous Quarterly Report we advised that the demand in Canada for steel products of all types was still very great. There has been no let-down in this demand. The plans referred to in the February Report have been put into operation, and it has been possible to further increase finished production by diverting additional raw steel to Hamilton for conversion.

DOMINION STEEL & COAL CORPORATION, LTD.

It is expected that Dominion Steel & Coal Corporation will have an additional blast furnace in operation on or about May 1, and continuing for six months. This furnace will produce approximately 10,000 gross tons per month of basic pig iron, of which 5,000 gross tons per month will be shipped to Dominion Foundries & Steel to offset their lack of scrap. The balance of this basic iron will be distributed amongst the foundries in order to meet, at least in part, the increased demand for pig iron from these sources.

Dosco will continue their shipments of billets to the Steel Company of Canada at Montreal, and in addition will ship to Stelco at Hamilton approximately 5,000 gross tons per month of ingots and 1,000 gross tons per month of billets.

ALGOMA STEEL CORPORATION, LTD.

Algoma Steel Corporation will bring into operation by approximately July 1, an additional blast furnace and their Bessemer Converter. This will enable Algoma to produce approximately 70,000 gross tons of ingots per month as opposed to their present rate of 60,000 gross tons. It also means that when this duplexing operation goes into effect Algoma will practically retire from the purchase of scrap in the open market.

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The movement of slabs from Algoma to Stelco at Hamilton will continue as at present.

However, this increased production of ingots at Algoma means that there will be only 15,500 gross tons of foundry iron per month for sale from the Soo as opposed to 25,000 tons presently available.

DOMINION FOUNDRIES & STEEL, LTD.

Dominion Foundries & Steel have not been operating their plate mill since early in March due to a lack of scrap and/or basic pig iron. Dosco are presently shipping Dofasco approximately 10,000 tons of basic pig iron and, as mentioned above, at such time as Dosco's additional blast furnace is blown in, Dofasco will receive approximately 5,000 tons per month of this iron during the six months' operation of this furnace. It would appear that Dofasco's scrap position is not quite as critical as it was a few weeks ago, therefore they will resume plate mill operations for the month of April. Their raw material position may not permit them to continue plate mill operations during May and June but receipts of foreign scrap, scrap directed to them from Canadian sources including Russian cars, additional pig iron from Dosco and slabs or ingots from Algoma should enable them to operate to maximum of their facilities from approximately July first to the end of the year.

THE STEEL COMPANY OF CANADA, LTD.

The movement of slabs from Algoma to Stelco and the movement of ingots and billets from Dosco to Stelco will give them the additional tonnages required in order to maintain their finishing facilities at maximum.

PIG IRON

As far as the steel picture is concerned, the above steps should bring to the maximum our available production and finishing facilities. However, this leaves us in a very weak position as far as pig iron is concerned for the operation of our foundries. The present monthly tonnages available, 25,000 tons from Algoma and 10,000 tons from Canadian Furnace, still leaves us with a deficit of 10,000 tons per month to meet our firm requirements. During the last six months of this year we will lose 10,000 tons of pig iron from Algoma; against this we will have at Sydney, from May through October, 10,000 tons of basic iron for distribution. However, 5,000 tons of this iron will go to Dofasco, leaving only 5,000 tons to be distributed amongst the larger foundries who will have to use it even if this brings about metallurgical problems.

It is well to point out that we are faced with increased demands for pig iron to support the expanded production of cast iron water pipe, soil pipe and fittings, and bath tubs, plus the demand for pig iron to produce car wheels for our domestic car programme. All the known possibilities of increased production of pig iron have been explored and we see no way to make available any increased tonnages. We might be able to import a tonnage from the United States during the last half of the year.

During the first two months of this year we lost approximately 45,000 gross tons of scrap out of our inventory. Some tonnages of scrap have been purchased abroad but the high prices being paid for scrap in the United States have forced our consumers into an unfavourable competitive position, and scrap will continue to be a matter of grave concern during the balance of this year if we are to maintain our present high rate of ingot production.

The domestic demand for plate, sheet, bars, etc., has shown no recession but it is hoped that, barring work stoppages in the United States, their present high rate of production will bring us some relief during the last half of this year.

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Imports from the United States, with the exception of light gauge sheet and skelp, are being maintained at a reasonable level. Skelp imports have fallen away again due to circumstances in the United States over which we have no control.

We have practically shut off all exports of steel in primary and semi-finished forms but Export Permit Applications for finished products continue in some volume. These Applications are screened by Steel Control and every effort is made to co-operate to the fullest extent possible with the Department of Trade and Commerce.

T I M B E R C O N T R O L

LABOUR

Indications are that the labour situation throughout Canada, in both woods' operations and mills', is now quite satisfactory. From reports received from the Interior of B.C. and Alberta, there would appear to be a surplus of labour. The British Columbia Coastal Area is satisfactorily supplied and the same condition is relatively true across Canada. In the Northern part of New Brunswick it has been necessary to withdraw some of the crews from the woods, due to the deep snow, whereas in Southern New Brunswick and Nova Scotia, there is so little snow, and the weather has been so mild, that difficulty has been experienced in skidding logs. However, the general outlook for labour is more encouraging than it has been for some years.

LUMBER

Production of all lumber appears to be relatively satisfactory throughout the country. It is not yet possible, however, to meet all the demands, and as every exporter is taking full advantage of the opportunities to export as much as possible of the available lumber, it would appear that it will be quite sometime before sufficient is available to meet all needs.

HARDWOOD FLOORING

Production of this item continues at a fairly satisfactory level and any increases will depend upon the supply of mill feed which, at the moment, is meeting with considerable competition from furniture and other manufacturers using this type of lumber.

DOORS

From a survey recently made of anticipated door production throughout Canada, there is every reason to believe that sufficient doors will be produced this year to supply the anticipated production of houses.

PRODUCTION BY AREAS

B.C. Coast and Interior

The outlook for production of these areas, based on the last quarter would indicate that earlier estimates are not over optimistic, providing, of course, that we do not have any upsets in the labour market such as was experienced last year.

Prairie Provinces

With the exception of Saskatchewan, where the Provincial Government now controls all production of lumber, the outlook for the years' production of lumber is satisfactory.

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Ontario and Quebec

Production in these provinces continued satisfactorily throughout the quarter, and we feel quite confident that this satisfactory condition will continue for the balance of the year.

Maritimes

Reports received from the Maritimes indicate the production this year equal to that of 1946.

EXPORTS AND IMPORTS

During the month of January, in response to numerous requests for permission to export ties, a directive was issued allowing the export of ties from Eastern Canada in the same export ratios as lumber, but with the proviso that ties must be delivered for Canadian consumption to earn the right to export ties. Previously, tie exports from Eastern Canada had been refused. If advantage is taken of this directive, it will mean a quantity of ties may be exported instead of lumber.

In February, exporters across Canada, with the exception of the Vancouver Forest District, were given a one month's extension on the expiry date of export permits approved on 1946 quotas. This was done to compensate for difficulties encountered in shipping, mainly shortage of rolling stock and delays due to weather. Some requests for further extensions are still being received but they are being denied.

Exports in the first quarter of 1947 have largely been against 1946 export credits, particularly in Eastern Canada.

STATISTICS

U.S.A. - Permits Approved for Period January 1 to March 31, 1947:-

	Softwood	Hardwood	Total
(Lbr. 47,176	81,098 M	1,156 M	82,254 M
B.C. Coast(Logs 33,922	259,241 M	52,469 M	311,710 M
	340,339 M	53,625 M	393,964 M
As Compared with 1946	281,402 M	34,066 M	315,468 M

Export Permits approved for all other Countries for period January 1 to March 31,	1947	- 152,416 M
" " " " "	1946	- 108,034 M
Shipments of lumber to U. K. in January	1947	- 36,465 M'
as compared to January	1946	- 50,276 M'
Shipments of lumber to U. S. in January	1947	- 98,926 M'
as compared to January	1946	- 74,688 M'
Shipments of lumber to all Other Countries in January	1947	- 45,047 M'
as compared to January	1946	- 17,103 M'

PULPWOOD

Domestic

During the quarter recommendations were made dated in writing February 19, to the Timber Controller that price ceilings on both rough and peeled pulpwood be removed at an early date, it being expected that such a measure would not be taken prior to the expiry of the War Measures Act, March 31, at the earliest.

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Recommendations were made by the Industry Pulpwood Advisory Committee to this Control on December 17, and again confirmed March 20 that such measures be taken.

On February 19, it was also recommended to the Timber Controller, in writing, that export control on rough pulpwood be removed at an early date as it was felt that the supply was adequate, providing price ceilings were removed, enabling Canadians and Americans to compete in a free market.

At the same time, it was recommended that a measure of control be maintained on peeled wood, as the supply of peeled wood was out of line with the demand.

Export

For the quarter ending March 31, 1947, export permits have been approved to the extent of 560,000 cords, rough basis, in comparison with 663,000 cords, rough basis, for the corresponding period last year.

Shipments against approved permits as at February 28, 1947, stood at 172,000 cords in comparison with 191,000 cords to February 28, 1946.

Pulpwood carloadings for the calendar year 1946 were 20 percent over the calendar year 1945, but, it is not expected that this level will be maintained in 1947, due to the continued withdrawal of run-down equipment, which is not being made up by new equipment and the fact that grain movements again next Fall will probably have a reducing effect.

Inventories held by exporters corresponds very closely to those held at the corresponding date last year. The car shortage situation will first reflect on export wood as the Canadian railways will, in the first place, embargo the movement of Canadian cars to the United States and exporters will be left with only foreign cars to take care of their requirements.

WOOD FUEL

General

The steady cold weather of the last three months, snow conditions, and shortage of box cars caused local wood fuel shortages, but these were successfully overcome and in general supplies proved adequate to meet demand and no serious supply situations arose.

Decontrol

In view of plans for decontrol, steps were taken March 31, to make a large decrease in staff.

Steps are being taken to speed up the filing by dealers of subsidy claims on wood moved prior to March 31 and the work is being arranged to examine and pass on these claims as quickly as possible so as to terminate activities of this control with a minimum of delay.

CONCLUSIONS

Mr. M. McNicol, Deputy Timber Administrator, is presently in Vancouver and will also hold a meeting at Edmonton with producers with a view of working out price adjustments on lumber, and also endeavour to correct certain inequitable distribution problems, where such inequitable distribution has caused difficulties in placing lumber in certain areas, particularly in the Prairie Provinces.

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C A N A D I A N A R S E N A L S L I M I T E D

GENERAL:

Administration and Organization:

Colonel M.P. Jolley, O.B.E., President of Canadian Arsenals Limited, tendered his resignation effective as of March 31, 1947.

The modification of the RXF/268 Radar Set from a minimum range of 300 yards to a new minimum of 100 yards has been completed satisfactorily. To promote the rental of these Sets, an advertisement has been placed in Canadian Shipping and Marine Engineering News. This publication has a circulation of over 600 Canadian and 700 foreign shipping companies in 68 countries. Information regarding the Set and terms of rental has been forwarded to Canadian Trade Commissioners in 27 different countries.

Agreements covering operational base spares have been forwarded to all servicing companies. These are being supplied to them on a consignment basis.

Mr. W.E. White of this Company attended a meeting in the Department of External Affairs to consider the possible contributions of Canadian Arsenals Limited to the plan for installing Loran stations in the Canadian Arctic. A further discussion is to take place with the Department of Transport.

Colonel J.W. Lugard of the Ordnance Board of the United Kingdom visited Canadian Arsenals Limited in connection with small arms developments, and also visited the Small Arms plant at Long Branch to discuss with them the new designs that are being produced there.

Dr. Wilkins, Director, Chemical Research and Development from the United Kingdom, in a visit to Ottawa outlined the United Kingdom research programme before a meeting of personnel from the Services, C.A.R.D.E., National Research Council, and Canadian Arsenals Limited. Plans have been made to eliminate duplication of work.

A discussion on picrite and peroxide was held with Sir Charles Wright, Chief Royal Navy Scientific Service, and Dr. I.G. Slater, Scientific Advisor to British Admiralty Delegation, Washington.

Arrangements were finalized this period with the Department of Reconstruction and Supply enabling Canadian Arsenals Limited to withdraw from War Assets Corporation any surplus parts of any contract previously declared surplus by Research Enterprises Limited prior to the formation of our Instrument and Radar Division.

The Deputy Minister of Department of National Defence has authorized that Colonel Carrie, in addition to his other duties, be appointed our Liaison officer in the United Kingdom.

C.A.R.D.E. has rented some of the buildings at Val Rose for use in their proposed shell filling work.

A meeting of the Engineering Staff and Plant Managers was held at Cherrier and Longueuil on March 27 and 28.

Engineering Development:

With respect to the manufacture of sintered iron driving bands, data is being tabulated on the preparation of iron powder.

A small scale experiment relative to the production of Iron Driving Bands from the deposit of iron electrolytically was carried out. The results obtained indicated the necessity of further small scale tests prior to commencing on full scale trials.

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Production:

Advice was received this period that the original arrangements in regard to supplying a Munition Plant to the Chinese Government were tentatively cancelled. Under the circumstances operations were limited finishing up what was already in process. The Chinese Government Supply Agency have requested lists of single purpose tooling, covering both the 9 MM and the 7.92 plants, which will be available to them from Canadian surplus. The 9 MM list has been completed and the 7.92 MM list will be forthcoming shortly when a meeting will be held with the Export Division of War Assets Corporation to decide on prices of this equipment to the Chinese.

DOMINION ARSENAL:

Administration and Organization:

The final balance sheet on the transfer from the Department of Reconstruction and Supply to Canadian Arsenals Limited has not yet been received.

Engineering Development:

The research in the development of the technique in the manufacture of light alloy cartridge cases was completed. Since the start of this development, the use of a fulminate cap has been kept under close investigation, and it was found that fulminate of mercury and potassium chlorate have a very corrosive and destructive action on this aluminum alloy. To overcome this, American type caps were manufactured and tested. At the same time a Canadian cap composition containing no chlorate was ordered, but has not yet been received.

Material for the production of approximately 5,000 rounds has been received. Cases will be made from this material and fired in batches of 500.

Tests on the application of a new type of lacquer are being made on the cases.

Maintenance and Conversion:

The conversion programme at the Palace Hill plant is 90 percent completed, at Val Rose plant 65 percent completed and the Filling Division 80 percent completed.

GUN DIVISION:

Administration and Organization:

A 10 percent wage increase was granted to hourly-paid employees, payable as from December 1, 1946.

With the tapering off of the three gun programmes, a heavy reduction in staff is being made, retaining only those with the best skill and ability, with preference to veterans, and also taking into consideration length of service.

Engineering Development:

The only work being handled at present at this Division is completing the design of the amphibious trailer.

Production:

The first Penguin Mk. 11 on the U.S. contract was completed and shipped by U.S. Army Air Transport to Northern Regions.

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On the Canadian Penguin Mk. 11 contract, one vehicle is being fitted with the cab and nine hulls are awaiting cabs.

It is intended to complete one pilot amphibious trailer before proceeding with the balance of the contract, in order to permit proof of drawings, and any adjustments or small changes in design.

It is anticipated that C.A.R.D.E. will be forwarding orders to manufacture a cordite cutting machine and glass blowing lathe.

This period saw the completion of:

47 - 40 MM Bofors equipments.
24 - 17 Pdr. anti-tank guns.
17 - 5.5" Gun Howitzers.

Maintenance and Conversion:

This Division was unable to complete its plant conversion programme as its resources were required during the year for production requirements.

GUN AMMUNITION DIVISION:

Administration and Organization:

86 percent of employees taking the St. John's Ambulance First Aid Course successfully passed the examinations.

Engineering Development:

A Hydrizing unit for atmospheric control to operate in conjunction with a Lindberg Electric Furnace was installed and enabled the Division to supply anodized parts in sufficient volume to satisfy the increased production of Penguin cabs.

An experimental cadmium plating outfit was made up, and is in continuous use plating small parts for Penguin cabs.

A high frequency coil for heating 4.2" bomb billets was made up and research is continuing. Progress has been made towards bracketing the frequency best suited to heating various size of billets.

Production:

Manufacture of Bangalore Nose Cap Couplings is progressing favourably. Shipment of the order will be made almost immediately wooden nose caps are received.

The Long Delay Switches contract was retarded due to not yet been able to obtain pen steel snouts. Another delaying factor is lack of manufacturing data which is holding up production of the timing element.

Difficulties were encountered in the production of Penguin cabs. However all complications were overcome and cabs are being produced in increased volume.

Maintenance and Conversion:

The oil fired heat treat furnaces have been replaced by electric furnaces. A self-contained Hydraulic Nosing Press, which can operate independently of the Forge Press has been installed.

An improved tensile testing machine has been set up for laboratory use.

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Plant Clearance:

War Assets Corporation have moved out a quantity of stores including scrap brass, obsolete driving bands, copal varnish, and electrical equipment.

SMALL ARMS DIVISION:

Administration and Organization:

A revised schedule of wage rates amended to conform generally with increases granted in industries in the district was introduced in January. The new schedule has resulted in an average wage increase of 7 percent for hourly-rated employees.

Engineering Development:

Much progress was made on design investigations on the C.A.L. 9MM Machine Carbine, although various changes in firing trials are still continuing. A trial of the 20 MM belt-feed mechanism (Oerlikon and Polsten) was held, and although some modifications were required, the trial in general was successful. Three additional models, as requested by the Department of National Defence, are in process of manufacture, and approximately 25 percent completed. Engineering drawings on the C.A.L. Light Automatic Rifle (U.S.T. 65) have been completed and manufacturing is approximately 95 percent completed. Assembly has commenced on various parts, and all components will be ready for assembly shortly.

Production:

All contracts with the Army, Navy, and Airforce for rifles C. No. 7.22", Mk. 1 and spare parts were completed.

The repair contract for Rifle No. 4 was terminated, and all rifles in process of repair were completed. A total of 10,919 rifles were overhauled.

Production on the Backsight, Mk. IV Rifle, No. 4 contract is practically completed.

Special and Extraordinary:

Approximately 16,000 square feet of floor space in the machine shop area has been made available for rental, and is being leased to two firms for two-year terms.

FILLING DIVISION:

Administration and Organization:

This Division was placed on a 5-day, 45-hour week on March 2, and a revised wage rate schedule for hourly-paid employees has been approved. The official operating license for the plant for the current year has been obtained, and is being kept up-to-date by submitting revisions through the Chief Inspector of Explosives, Ottawa, as the occasion arises.

Engineering Development:

The experimental work in connection with the mechanization of detonator filling is progressing satisfactorily.

Production:

The filling of Fuze 230, Mk. 4 or 5 is now complete and packaging has commenced. The breakdown of 25 Pdr. Smoke Shell continues in a satisfactory manner, and daily production has now reached 3,200.

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This period saw the breakdown of 7,630 - 4.5" How. Cartridges, and the breakdown and destruction of detonators No. 83, Fuzes No. 480, Primers No. 11 and 15, Tracers No. 12 and Exhaust Valves.

Maintenance and Conversion:

The necessity of diverting a large number of tradesmen to other work has put the reconversion programme behind schedule, thereby making it impossible to complete this work by the end of the fiscal year 1946-47.

Special and Extraordinary:

With respect to the tentative agreement of Shawinigan Water and Power Company to pay a fee of $150.00 monthly for performing certain switching operations, a contract between the Division and said company is in the course of being approved by both parties.

EXPLOSIVES DIVISION:

Engineering Development:

A 250 foot Power Conveyor for handling the destruction of propellant explosives was installed and is in operation.

Work is progressing favourably relative to the installation and alterations to equipment required for the T.N.T. recovery from Anti-Tank Mines. Breakdown of the Mines will commence shortly.

Production:

191,000 Cartridges, 6 Pdr. 7 Cwt. were broken down during this period.

Maintenance and Conversion:

Several unused transformers were cut off and alterations made to feeder lines, thereby making a considerable saving in electric power.

Plant Clearance:

All buildings, equipment, and outside services have been written up and a complete listing of the tools is being made.

An official of Canadian Arsenals Limited spent some time at the Defence Industries Limited plant at Nobel, Ontario, in an effort to close up this project. War Assets Corporation is still using this warehouse which was allocated for the storage of Canadian Arsenals Limited "Blue Tag" equipment, and until War Assets complete their screening of the plant no final inventory can be taken.

C.A.R.D.E. are custodians of certain pieces of equipment they required which were turned over to them by this Division on a loan basis.

INSTRUMENT AND RADAR DIVISION:

Administration and Organization:

Six representatives from the Marconi Company and four from the Department of Transport attended a course of instruction on R.X.F./268 Radar Equipment, and it is believed the results obtained were very valuable.

A portion of building 2A has been leased to Reo Motors and this same Company will also lease building 32 immediately material located in these premises is disposed with.

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Engineering Development:

The Engineering programme includes development work on certain aspects of the V.T. Fuze.

Work on the Directional Binoculars has been proceeding on the production of graticules for the binoculars and is almost complete. Assembly of the graticules in the binocular will be made shortly.

Development work on the reduction of the minimum range of the R.X.F./268 Radar Set to 100 yards has been satisfactorily completed. The plant is modifying fifty sets incorporating the modification to reduced minimum range. Also fifty modification kits for use with the modified sets are being prepared.

A demonstration set has been installed in a building on the waterfront at Toronto.

Production:

With respect to R.X.F./268 Radar Sets the position is as follows:

Shipped to March 31, 1947	118
Installations completed as at March 31, 1947	114
Installation in progress	4
Further orders awaiting finalization of Contract	8
Additional probable orders indicated	40

Plant Clearance:

Work on inventories of material and equipment is practically completed.

C E N T R A L M O R T G A G E A N D H O U S I N G C O R P O R A T I O N

NATIONAL HOUSING ACT

Joint Loans: During the quarter, by authority Order-in-Council P.C. 1095, dated March 25, 1947, provision was made for doubling for a period of 10 years the rates of depreciation normally allowed for rental housing projects comprising four or more family units. Basic qualifications include rentals under $70 a month, based on a standard 4-room unit; veterans' preference for occupancy of completed units; and an average of at least 1.75 bedrooms per unit.

The order provides that any project wholly constructed between March 31, 1947, and December 31, 1949, and started prior to January 1, 1949, will be allowed double depreciation on the full cost of construction. Any project under construction on March 31, 1947, will be allowed double depreciation on costs incurred after that date. Any project not completed by December 31, 1949, will be allowed double depreciation only on costs incurred prior to that date.

In tabling the Order-in-Council, the Minister announced too that legislation will be introduced shortly under the National Housing Act to increase to 30 years the period of amortization for this type of rental housing.

Priorities for building materials are also being granted for rental housing projects which meet the same requirements as those set out in the order respecting double depreciation.

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Figures are not yet available on the number of joint loans approved during the quarter. Statistics for Parts 1 and 11 of the National Housing Act for January and February, the latter preliminary, by provinces, with comparative figures for the preceding two months and the corresponding period last year, follow:

	January-February 1947		January-February 1946		November-December 1946	
Province	Units	$	Units	$	Units	$
P.E.I.	...	...	...	...	1	5,340
N.S.	8	45,740	19	84,740	5	25,920
N.B.	5	24,640	...	...	5	25,120
Que.	59	318,140	129	599,300	236	1,030,700
Ont.	161	777,620	273	1,160,680	561	2,641,540
Man.	24	115,180	16	70,740	69	328,940
Sask.	...	...	19	80,360	4	17,800
Alta.	36	155,940	55	245,740	86	400,400
B.C.	124	464,560	145	605,840	515	2,385,170
Total	417	$1,901,820	656	$2,847,400	1,482	$6,860,930

Integrated Housing Plan: Status of projects at March 31, 1947, is as follows:

	Family Units			
	No. Per Agreement	No. of Ind. Loan Appl's Issued	Work Started	Complete
Quebec Region				
Montreal single	70	63	63	45
Montréal duplex	278	278	274	56
Quebec "	26	26	26	
Val d'or single	14	14	14	14
Quebec Region Total	388	381	377 97%	115 29%
Ontario Region				
Aylmer	10	10	10	
Dundas	6	6	6	
Galt Area (incl. Hespeler)	29	29	29	1
Grimsby	4	4	4	
Hamilton Area (incl. Stoney Creek)	425	415	326	155
Kitchener & Waterloo	70	70	61	28
London	87	87	69	60
Newmarket	28	28	28	8
Niagara Falls (incl. Humberstone & Stamford Twp.)	12	12	12	5
St. Thomas	6	6	3	
Orangeville	10	10	10	
Oshawa & Whitby Area	203	147	102	67
Sarnia	15	15	15	15
St. Catharines	8			
Thorold	10	4	4	2
Toronto Area	351	277	275	145
Ontario Region Total	1,274	1,120	954 75%	486 38%

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	Family Units			
	No. Per Agreement	No. of Ind. Loan Appl's Issued	Work Started	Complete
Prairie Region				
Fort William Area	237	196	162	103
Winnipeg	654	505	486	200
Saskatoon Area	62	62	62	50
Prairie Region Total	953	763	710 75%	353 37%
B.C. Region				
Vancouver single	353	299	198	3
" duplex	10	10	4	
Haney	10	10	10	
Mission City	18	18	8	
B. C. Region Total	391	337	220 56%	3 1%
Quebec Region	388	381	377	115
Ontario "	1,274	1,120	954	486
Prairie "	953	763	710	353
B. C. "	391	337	220	3
Grand Total	3,006	2,601	2,261 75%	957 32%

Note: Percentages shown in columns 3 and 4 are based on column 1 (No. of Units per Agreement)

Loans to Limited-Dividend Companies:

SECTION 9

L/D 7 - Burlington Housing Corporation, Burlington, Ont.

Report from field on March 15 indicates that no significant progress has been made beyond position as stated in month-end report for February.

L/D 10 - Long Lac Pulp and Paper Company, Terrace, Ont.

This company has decided to finance its housing outside of the provisions of the N.H.A.

L/D 11 - Marathon Paper Mills of Canada, Ltd., Marathon, Ont.

This project is about 98% completed. Three housing units are reported to be unoccupied; one hundred and twenty-five are occupied.

L/D 3 - Housing Enterprises of Canada, Ltd., Toronto, Ont.

Three hundred and seventy-nine units are now substantially completed.

Progress of completion is as follows:

December	1946	28 units
January	1947	25 "
February	"	123 "
March	"	203 "
Total		379 units

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Following is construction progress and details of completion by project, up to March 31, 1947:

L/D 3	Location	No. of Units	Type	% Complete	Remarks	Completion:
101	Vancouver-A-Terrace	136	R	79%	Progress improving	49
102	Vancouver-B-Broadway	213	M	70	Progress improving	62
103	Victoria	104	S	23	Progress improving	
104	New Westminster	116	M	37	Sub-trades slow	
201	Regina	100	S	23	Progress improving	
202	Saskatoon	50	S	41	Progress improving	
203	Calgary	104	S	29	Progress improving	
204	Edmonton	88	M	22	Progress improving	
301	Stratford	108	S	51	Plasterer shortage	22
302	Chatham	145	S	35	Progress improving	6
303	Windsor	113	S	46	Progress improving	
304	St. Thomas	65	S	40	Job improving	4
305	Sarnia	60	S	68	Progress good	
306	London A	186	S	37	Progress fair	3
307	London B	43	M	60	Progress good	
401	Hamilton	116	S	78	Plasterer shortage	35
402	St. Catharines	102	S	57	Progress fair	20
403	Kitchener	114	S	51	Improving	16
404	Brantford	54	S	52	Improving	
405	Owen Sound	63	S	62	Progress better	8
406	Guelph	61	S	54	Progress improved	
407	Waterloo	50	R	32	Bricklayers difficulty	
502	Toronto A	32	M	31	Bricklayer shortage	
503	Toronto B	36	M	14%	Bricklayer shortage	
601	Peterborough	128	S	44	Progress fair	
602	Kingston	88	S	34	District Manager changed	10
603	Brockville	52	S	54	District Manager changed	
604	Lindsay	52	R	53	Subs slow	
701	Montreal-Villeray	150	M	90	Cleaning up various trades	100
702	Montreal-Benny Farm	384	M	29	Framing progressing	
705	Three Rivers	57	S	50	Progress good	
802	St. John	106	S	78	Finishing, plastering and painting	44

1947 Program

Program as reported previously is to be curtailed owing to anticipated high costs of developing projects; the reduced program, following, may be proceeded with providing the listed conditions are obtainable.

Location	No. of Units	Type	Remarks
New Westminster "A"	120	R/M	Applications to purchase land approved. Construction subject to reasonable tenders which are being called about May 1.
Vancouver Little Mountain Park	400	M	Only providing City and C.P.R. land can be secured at a reasonable price; then subject to tenders.
Jericho Beach	400	M	Providing land costs and tenders reasonable.
Edmonton "A"	64	M	Application to purchase land approved. Construction subject to reasonable tenders; these are being called about April 15.

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Location	No. of Units	Type	Remarks
Sarnia "A"	42	M	Application to purchase land approved. Construction subject to reasonable tenders; these are being called about April 21.
Hamilton "A" Young Property	334	M	Title to property obtained. Construction subject to reasonable tenders; these are being called about April 1.
Toronto Bayview-Eglinton	204	M	Title to property obtained. Construction subject to reasonable tenders; these are being called about April 15.
Ottawa Mann Avenue	408	M	Application to purchase land approved. Construction subject to reasonable tenders; these are being called about April 7.
Montreal North Benny Farm	436	M	Subject to rezoning of property; then subject to negotiation of low target price with Mount Enterprises Ltd.
Decarie-Namur	500-600	M/R	Land to be assembled; prerequisite municipal legislation. Work to them proceed if tenders satisfactory.

SECTION 11

L/I 4 - Manufacturers Life, Oxton Road, Toronto, Ont.

Foundation formwork and steel placed to grade. No concrete poured.

Primary Producer Loans

L/D A1 - Cariboo Gold Quartz Mining Company, Wells, B. C.

Loan has been approved and agreement signed by Company. Plans are under revision to meet C.M.H.C. requirements. It is expected that weather conditions will hold up construction for another month.

L/D A2 - Port Neville Logging Co., Ltd., Vancouver, B. C.

Manufacturer of prefabricated units for this project is revising plans and costs. As result, Company is refraining from signing agreement with C.M.H.C. until revised costs received from manufacturer. It is therefore unknown when construction may commence.

L/D A4 - Gibson Mills Ltd., Tahsis, B. C.

Loan of about $193,000 has been approved by Order-in-Council #927 to assist in the construction of fifty units. Final plans are in process of being redrawn and it is expected that construction may commence within the next three weeks.

Farm Loans: During the quarter, activities of the Farm Loans Division were directed for the most part to development of procedure for the making of joint farm loans; discussions with the governments of the three Prairie Provinces regarding required adjustments in provincial legislation; and discussions with the lending institutions. At the end of March, replies had not yet been received from the provincial governments. Consideration was also given to the question of building standard requirements and recommendations for houses constructed on farms. No date has been set for proclamation of Part III of the National Housing Act, which deals with Rural Housing.

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Home Extension Loans: In the three months ended March 31, a total of 3 Home Extension Loans, providing for five new dwelling units and involving an amount of $9,750 were approved.

Emergency Shelter: New Commitments during the first three months of 1947 totalled some $621,000, bringing the aggregate (since January 1, 1946) to $2,518,832.34.

Two universities have indicated that they will require additional units for the 1947-48 term.

As a result of Wartime Prices and Trade Board Order No. 688, which modified eviction control with respect to houses purchased between October, 1944 and July, 1945, it is anticipated that cushion requirements for the summer and autumn of this year will exceed earlier estimates.

A revised unit report was prepared as of March 1 showing 6,522 occupied units and a further 996 nearing completion. Projects which are about to get under way will provide an additional 750-800 units.

Wartime Housing Limited: Approximately 26,900 units were under administration at March 31 and a further 4,000 are in various stages of construction. Some 56% of the completed houses are occupied by servicemen. In addition, two staff houses are operated for single men.

Total rental income amounts to more than $8 million a year. During the last 15 months, more than a 50% reduction was effected in month-end rental arrears.

In March, the Executive Committee of Central Mortgage and Housing Corporation approved two projects for a total of 200 houses. Two additional projects have been recommended for a total of 100 units. Providing the latter are approved, the total approval for the 1947 program will amount to 2,843 houses in 34 municipalities.

During the month, negotiations were initiated with 13 municipalities, five of which proved fruitless. Negotiations are progressing in the other eight municipalities for 560 units. The 1947 building program, as started in July, 1946, to date shows proceedings still under negotiation with 33 municipalities for a total of 3,435 units.

Sales to tenants are being carried on in five municipalities with returns from branches indicating sales agreements have been signed for 181 houses. Negotiations are virtually completed for the "en bloc" sale of 334 units in Arvida. There are an additional 323 live prospects out of a total of 1,398 houses offered. Regional offices report negotiations for sale are being carried on with 24 municipalities, which should permit of an additional 4,702 houses being offered to tenants for purchase.

Central Mortgage and Housing Corporation

Corporate: Decentralization of lending activities into the Regional Offices is now virtually complete. The Maritimes Regional Office opens on April 1 and, as of March 31, the Winnipeg branch office was discontinued and its functions taken over by the Prairie Regional Office.

The External Auditors completed their annual audit of the Corporation's books during the quarter, their report disclosing a profit for the year of $145,941.85, which has been transferred to the Reserve Fund in compliance with Section 31 of the Corporation Act.

Mr. W. W. McLaughlin resigned as a director of the Corporation and was succeeded by Dr. W. A. Mackintosh, Dean of the Faculty of Arts, Queen's University.

A new branch office was opened during the quarter in Regina, Saskatchewan.

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Personnel: There were 1,615 employees on the payroll of the Corporation for the month of March, 1947.

General: During the quarter (February 18), the display of models of prize-winning designs in the Canadian Small House Competition opened in Toronto. In a period of three weeks, more than 27,000 people visited the exhibit. The display then moved to Hamilton and will be shown in ensuing weeks in Kitchener, Ottawa, Montreal, Moncton, Halifax and Quebec City. After two weeks at the Canadian National Exhibition, as a part of the Corporation exhibit now being planned and designed, the models will tour western cities.

Concurrently with the Toronto opening, the Corporation's new publication of small house plans, "67 Homes for Canadians", went on sale and is being well received. Working drawings for the designs shown will be available shortly at a cost of $10 a set.

C R O W N A S S E T S A L L O C A T I O N C O M M I T T E E

Herewith is a brief report covering the principal activities of the Crown Assets Allocation Committee for the quarter ending March 31, 1947, as under:-

A recommendation that War Assets Corporation continue to carry out the present policy in respect to priority requests from Federal Government Departments, Provincial Governments, Municipalities and Public Bodies, provided the material is available at the time the request is received from inventory on hand at the Corporation's outlet where the request is received or to which it is referred, and that the Corporation be further relieved of the necessity of carrying requests on its records, for future delivery, of material which is not immediately available.

A recommendation that surplus scrap materials resulting from the operation of hospitals under the direction of the Department of Veterans Affairs be disposed of directly by the persons engaged in operating the said hospitals and accounted for in such manner as directed by the Minister of Veterans Affairs. (P.C. 634 February 20, 1947)

A recommendation that Order in Council P.C. 7909 October 10, 1944, which provided conditions and a method of pricing for the sale of surplus machine tools and other production equipment, be revoked, as it was felt that the Order in Council had served its purpose. (P.C. 750 March 4, 1947).

There were no meetings of the Committee held in the months of February and March as no major policy problems requiring study and recommendations by the Committee were apparent.

During the quarterly period 1,227 individual Reports of Surplus received from Federal Government Departments were processed, showing an original cost figure of approximately $49,360,390.

In these reports, the types of surplus indicated as involving the greatest dollar value fall into the following three categories, namely:-

Airfields and Airdromes	$5,219,100.
Boats and Vessels - all including special equipment	15,284,400.
Buildings - hutments and sectional on Crown-owned land	5,203,600.

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The action by the Chairman in respect to the disposition of assets reported surplus during the quarter has been approved and confirmed by the members.

P A R K S T E A M S H I P C O M P A N Y L I M I T E D

The following is a brief review of the operations of this Company for the quarter ending March 31, 1947:-

S.S. "GREEN GABLES PARK"

Originally bareboat chartered to Western Canada Steamships Limited. Delivered to Dolphin Steamship Company Limited.

S.S. "HIGHLAND PARK"

Originally bareboat chartered to Saguenay Terminals Limited. Redelivered to them on January 31, 1947, under Agreement of Sale.

S.S. "SIMCOE PARK"

Originally bareboat chartered to Saguenay Terminals Limited. Redelivered to them on January 31, 1947, under Agreement of Sale.

S.S. "WESTEND PARK"

Originally bareboat chartered to Seaboard Owners Limited. Delivered on February 2, 1947, to Triton Steamship Company Limited, under Agreement of Sale.

S.S. "WINNIPEGOSIS PARK"

Originally bareboat chartered to Seaboard Owners Limited. Delivered on February 14, 1947, to Andros Shipping Company Limited, under Agreement of Sale.

S.S. "MISSION PARK"

Originally bareboat chartered to Canadian Transport Company Limited. Delivered on February 16, 1947, to Montreal Australia, New Zealand Line Limited, under Agreement of Sale.

S.S. "TECUMSEH PARK"

Originally bareboat chartered to Canadian Transport Company Limited. Delivered on March 17, 1947, to Argonaut Navigation Company Limited, under Agreement of Sale.

S.S. "LORNE PARK"

4,700 tonner, originally bareboat chartered to Canadian National (W.I.) Steamships. Delivered on January 4, 1947, to Canadian Leader Limited (Canadian National (W.I.) Steamships Ltd.) under Agreement of Sale.

S.S. "MAISONNEUVE PARK"

4,700 tonner originally bareboat chartered to Canadian National (W.I.) Steamships. Delivered on January 9, 1947, to Canadian Highlander Limited (Canadian National (W.I.) Steamships Ltd.) under Agreement of Sale.

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S.S. "CARTIER PARK"

4,700 tonner originally bareboat chartered to Canadian National (W.I.) Steamships. Delivered on January 14, 1947, to Canadian Victor Limited (Canadian National (W.I.) Steamships Ltd.) under Agreement of Sale.

S.S. "SHAKESPEARE PARK"
S.S. "BLOOMFIELD PARK"
S.S. "WENTWORTH PARK"

4,700 tonner originally bareboat chartered to Saguenay Terminals Limited. Redelivered to them as of January 31, 1947, under Agreement of Sale.

S.S. "OAKMOUNT PARK"

4,700 tonner originally bareboat chartered to Picbell Limited (formerly P. & B. Investments Limited). Delivered to Oakmount Steamship Company Limited (Andros) on March 5, 1947, under Agreement of Sale.

S.S. "LANSDOWNE PARK"

4,700 tonner formerly operated by Canadian National Steamships from East Coast to Mexico. Delivered to Federal Commerce and Navigation Company Limited on March 14, 1947, under Agreement of Sale.

S.S. "FORT KULLYSPELL"

Originally bareboat chartered to Canadian Transport Company Limited. Delivered to Acadia Overseas Freighters Limited on January 4, 1947, under Agreement of Sale.

S.S. "FORT COLUMBIA"
S.S. "FORT PANMURE"

Originally bareboat chartered to Furness (Canada) Limited. Delivered to Saguenay Terminals Limited as of January 31, 1947, under Agreements of Sale.

S.S. "FORT ST. CROIX"

Originally bareboat chartered to Canadian Shipowners Limited. Delivered on February 19, 1947, to Argonaut Navigation Company Limited, under Agreement of Sale.

VESSELS UNDER CHARTER TO THE MINISTRY OF TRANSPORT OF THE UNITED KINGDOM

Originally there were ninty-one (91) vessels in this Agreement, and we wish to report the following changes:

Vessel	Termination Date of Charter	Reason for Termination
MOUNT DOUGLAS PARK	August 19, 1946	Lost at sea
FORT AKLAVIK	January 31, 1947	Sold to Charterer
FORT ASH	" " "	" " "
FORT BELL	" " "	" " "
FORT CUMBERLAND	" " "	" " "
FORT DAUPHIN	" " "	" " "
FORT ENTERPRISE	" " "	" " "
FORT GLENLYON	" " "	" " "
FORT GLENORA	" " "	" " "
FORT NAKASLEY	" " "	" " "
FORT SPOKANE	" " "	" " "

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ALLOCATION OF ADDITIONAL VESSELS TO COMPANY

(a) "Stores Issuing Ships"

The following thirteen stores issuing ships, now in the hands of the British Government under Mutual Aid Agreement, have been transferred to the jurisdiction of this Company:-

FORT ALABAMA
FORT COLVILLE
FORT CONSTANTINE
FORT DUNVEGAN
FORT KILMAR
FORT LANGLEY
FORT EDMONTON
FORT McDONNELL
FORT PROVIDENCE
FORT ROSALIE
FORT SANDUSKY
FORT WAYNE
FORT WRANGELL

(b) "Maintenance Ships"

The following eight ships, built as maintenance ships for the Royal Navy, are to be taken into the books of this Company:-

BEACY HEAD
BERRY HEAD
DUNCANSBY HEAD
FLAMBUROUGH HEAD
HARTLAND POINT
MULL OF GALLOWAY
RAME HEAD
BUCHAN HEAD

P O L Y M E R C O R P O R A T I O N L I M I T E D

STEAM AND POWER PLANT

The semi-annual turnaround on No. 1 boiler was completed during February but the turnaround on No. 5 has been held up as it was necessary to return the boiler to service when the forced draft fans on Boilers Nos. 3 and 4 were taken down for inspection and repairs. The return of warm process water to the Power House from the butadiene unit began during the quarter and has reduced the coal consumption. Its use in the mixing tank of the fly ash disposal system has reduced the rate of build-up of scale in the disposal line. Less frequent treatment of the line with inhibited acid is now necessary in order to maintain the rate of flow.

Commitments for 250,000 tons of coal have been entered into and some shipments from the mines have already been made. Arrival of four shiploads is anticipated during the first two weeks of April.

SUSPENSOID CRACKING COILS

No. 9 cracking coil and the four Imperial Oil coils operated satisfactorily during the past three months. Various coils were off stream for inspection at intervals in January and early February and a lower feed rate to the Light Ends Unit resulted.

FEED PREPARATION UNITS

(a) Light Ends Recovery Unit

Difficulty was experienced in maintaining steady operations in this unit early in the quarter due to the lower feed receipts from the cracking coils. The arrangement for purchase of feed stocks from Canadian Oil Companies Limited was terminated in January for economic reasons. The unit was shut down for a complete turnaround on March 18 and is expected to be put back on stream during the first week of April.

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Transfers of ethylene to the ethylbenzene section and to the butyl plant during the quarter were as follows:

	Ethylbenzene Section	Butyl Plant
January	930,200 lbs.	38,700 lbs.
February	796,100 lbs.	26,100 lbs.
March	567,500 lbs.	42,200 lbs.

(b) Isobutylene Extraction Unit

The new acid concentrator was put into service during January. Early performance was erratic because of insufficient contact with the acid. The condition was improved by heating the sulphuric acid in the old concentrator before adding it to the system. The entire unit was shut down for inspection and repairs on March 19 and put back on stream March 28. During the interval the brick work in the bottom of the new concentrator was replaced and smaller rings were installed in an attempt to provide better contact with the acid.

Every effort is being made to obtain a market for the substantial quantities of surplus isobutylene which will be available throughout the year. The possibility of converting isobutylene to di-isobutylene and tri-isobutylene in the unit for use in the manufacture of synthetic detergents, resins, wetting and dispersing agents, is being studied.

(c) Butylene Concentration Unit

Operations in this unit have been smooth and uneventful during the quarter though the feed rate to the unit was reduced as a result of the shutdown of the isobutylene extraction unit in late January and difficulties with the new acid concentrator in that unit during early February. This in turn reduced butadiene production. Small quantities of butane were used in the power house but a large portion was sold to the gas companies and to a refinery in the U.S. when transfers to Imperial Oil were reduced due to a shortage of tank cars for moving gasoline. The unit was taken down for turnaround on March 21 and put back on stream March 29.

BUTYL RUBBER PLANT

Butyl rubber production was low during February due to the shorter month and time off stream to effect mechanical repairs, but was maintained at a high rate throughout the month of March. Several types of butyl were produced during February and March including GR-I-40 which is used in paper coating, GR-I-80, a special polymer which is being evaluated by the industry, and GR-I-Y-15, the fast curing butyl used for inner tubes. GR-I-Y-15 being slower reacting also contributed to decreased production in February.

The unit costs (ex depreciation and obsolescence) of the specification material produced during the months of January and February were 12.272¢ and 15.618¢ respectively. The higher unit cost in February was due to the lower production and to loss of methyl chloride at the agitators and catalyst pumps.

Production of butyl during the quarter was as follows:

January	2,552,615 lbs.
February	1,830,385 lbs.
March	2,486,747 lbs.

STYRENE PLANT

Sufficient benzol is being brought in by rail from Sydney, N.S. and the Soo to meet our requirements and arrangements have been made to have two tankers load benzol at the Soo in the latter part of April. We have accepted an offer by the Steel Company of

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Canada at Hamilton to ship one tank car per week and possibly two during the summer. Following the shutdown of the Light Ends Unit the ethylbenzene section was taken off stream due to the lack of ethylene and advantage was taken of the shutdown to reline one of the reactors. Styrene production has continued at a high rate throughout the quarter despite the shutdown of the ethylbenzene section. There is an adequate inventory of ethylbenzene to meet styrene requirements until after ethylene deliveries are resumed.

The unit costs (ex depreciation and obsolescence) of the styrene produced during January and February were 5.143¢ and 5.271¢ respectively.

Production of ethylbenzene and styrene during the quarter was as follows:

	Ethylbenzene	Styrene
January	2,796,755 lbs.	3,857,900 lbs.
February	2,564,157 lbs.	3,468,973 lbs.
March	2,424,400 lbs.	3,165,367 lbs.

BUTADIENE PLANT

No operating difficulties were encountered in the dehydrogenation sections during the quarter. Section B was shut down early in March for a turnaround and was put back on stream on March 14th. Although the roof of the superheater furnace had to be renewed, the balance of the equipment was found to be in good condition after more than eight months operation. Five tank cars of butadiene were imported during February and twenty-four during March to enable the production of GR-S to be maintained at maximum level. The extraction section operated smoothly throughout the quarter.

The unit costs (ex depreciation and obsolescence) of the specification material produced during January and February were 9.734¢ and 10.385¢ respectively.

Production of butadiene during the quarter was as follows:

	Fresh	Recycle
January	5,672,100 lbs.	1,352,000 lbs.
February	5,007,800 lbs.	1,375,100 lbs.
March	4,037,800 lbs.	1,456,700 lbs.

BUNA-S COPOLYMER PLANT

Although eight different types of rubber and latex were produced during March uniformly high production was maintained throughout the quarter. Soap continues in very short supply but our requirements for April are assured. Work has commenced on the three twelve thousand gallon latex storage tanks which are to be installed beneath the pigment building.

The unit costs of the specification material produced during January and February were 12.340¢ and 12.280¢ respectively.

Production during the quarter was as follows:

	GR-S	Latex
January	7,176,236 lbs.	148,373 lbs.
February	7,049,028 lbs.	134,733 lbs.
March	7,369,951 lbs.	147,455 lbs.

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CONSTRUCTION

Construction of the maintenance and stores building for the copolymer plant has been substantially completed, except for pouring the concrete floor. This work will get under way when weather conditions permit. The renovation of the second floor of the time office has been completed. Outside masonry work on the butyl storage building is nearing completion and the permanent roof will be constructed when weather conditions improve. The footings for columns, foundation walls, and compressors for the new compressor building in the Light Ends Recovery Unit have been poured and cast iron drains have been installed. Work on the foundation walls will get under way shortly. The interior of the cold room for the butyl pilot plant has been completed and equipment is now being installed. Pouring the floor in the pilot plant section is now under way and as soon as the masons are finished on the butyl rubber storage building, brick veneering the outside of the pilot plant will be commenced.

EXPORTS

Exports of GR-S during the quarter were as follows:

	January	February	March
Czechoslovakia	671,999 lbs.		
France	1,119,993 lbs.		1,119,980 lbs.
Yugoslavia	1,539,971 lbs.		
South America (Bunge Corp. N.Y.)	9,998 lbs.		
Italy		659,983 lbs.	1,319,980 lbs.
Poland		880,000 lbs.	
Switzerland		10,918 lbs.	

Exports of GR-I during the quarter were as follows:

	January	February	March
Czechoslovakia	111,995 lbs.		
Italy		1,120,000 lbs.	
South America (Bunge Corp. N.Y.)			2,200 lbs.

EMPLOYMENT

The number of employees on the Polymer payroll and those of its two associated operating companies as of March 31 follows:

Polymer Corporation Limited	1434
Canadian Synthetic Rubber Ltd.	306
Dow Chemical of Canada Ltd.	92
	1832

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W A R A S S E T S C O R P O R A T I O N

1. SUPPLY DEPARTMENT

(1) Organization

There is a further reduction in the number of declarations received. The total number of declarations received was 2,277 of which 1,227 were received from Government Departments and 1,041 from contractors of the Department of Reconstruction and Supply.

(2) Plant Clearance Division

Plant Clearance Division sent to various Regions, 1,750 declarations of surplus. There were 5,618 declarations completed in the Regions and returned to Ottawa, leaving 12,623 still current in the Regions. Approximately 69 percent of the declarations for moveable surpluses given to the Corporation are now completed January 1 to March 31, 1947 -

No. of files received from Procurement Division - 1,560

No. of declarations forwarded to Regions:

Region	Number	Declarations Completed	Declarations on Hand in Regions
Winnipeg	88	197	342
Halifax	296	887	1,255
Vancouver	280	855	2,556
Toronto	516	1,643	4,091
Montreal	566	2,009	3,926
Newfoundland	4	27	453
Totals	1,750	5,618	12,623

No. of files in process in Head Office - 61

(3) Warehousing Division

The Corporation is now operating 51 Warehouses across Canada and of these it has been decided to discontinue sending any further surpluses into eighteen. The contents of these 18 Warehouses have been reported to Merchandising Department with a request that the surpluses be disposed of by sales action which will enable us to close these Warehouses.

At the end of March there were 2,511 employees, including Maintenance Staff in our Warehouses and aggressive steps are being taken to reduce this staff.

New procedures are being installed in the Warehouses which will give greater control over the surpluses and ensure prompt shipments. These new procedures should reflect a marked improvement in the efficiency of Warhouse operations and result in a substantial staff reduction.

Region	Warehouses Operating Mar.31/47	Total Available Area Sq.Ft.	Total Occupied Area Sq.Ft.	Total Personnel Mar.31/47	Approx. Tonnage Rec'd.	Approx. Tonnage Shipped
Maritimes	6	614,381	235,743	304	2,457.25	2,978.55
Quebec	11	1,555,913	1,085,088	761	9,107.03	6,723.70
Ontario	12	2,338,964	1,461,889	873	3,825.18	11,237.22
Prairies	8	578,608	372,253	156	2,477.33	2,437.69
Western	14	1,163,699	538,915	417	5,421.32	6,806.52
Totals	51	6,251,565	3,693,888	2,511	23,288.11	30,183.68

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(4) Reclamation Division

Operations at Valleyfield Reclamation Depot have shown a marked improvement. There was some delay for the first two months in obtaining sales action on the re-screening of available surpluses at Valleyfield but some 400 sales orders have been received and shipments are being made promptly. Generally speaking, goods can be shipped within 48 hours of receipt of Sales Orders at Valleyfield.

Some very substantial shipments have been made which is affording some relief in Warehouse space required but there is need for continued aggressive sales action which should show increasing results in the very near future. The Plant is continuing to operate two shifts per day in order that maximum relief may be given to the Services who are still holding substantial quantities of used clothing.

(5) Security Division

Substantial reductions have been made in the number of Security Guards employed with a consequent reduction in cost. At the end of March there were 225 locations which required 989 Security Guards on duty at one time. These 989 positions were filled by 1,423 Guards. The cost of security for the month of March was reduced to $178,554.77, whereas at the beginning of the quarter Security costs were running in the neighborhood of $240,000.00 per month.

(6) Surplus Property Division

Major demolition projects continue at Debert, Camp Borden and demolition was started at Medicine Hat, Alberta. Large quantities of salvaged building materials have been accumulated through the winter months but releases are now beginning to come in for the use of this material in the spring building programme.

2. MERCHANDISING DEPARTMENT

(1) Sales

The total sales of the Corporation amounted to over $39,000,000 as compared with slightly over $52,000,000 during the previous quarter. The total foreign sales from October to December 1946 amounted to over $16,500,000, while during this quarter foreign sales totalled only $6,500,000, a decline of $10,000,000. Sales to the Dominion Government were less than half those for the previous quarter, with a total of slightly over $2,000,000, while sales of materials distributed to Canadian centres, other than the Dominion Government, were approximately the same.

Nearly 88 percent of the sales of the Corporation were completed by the Merchandising Department which reported sales in excess of $34,300,000 for the first quarter of 1947; this was a decline of about three and a half million dollars as compared with the last quarter of 1946 when the Merchandising Department showed sales of $37,972,000 - 72.5 percent of the Corporation's sales.

From October to December 1946 the Export and Special Sales Divisions completed sales valued at about 42 percent of the total for the Department, while from January to March their sales were about 20 percent of the Department's total. Ship sales during the previous quarter amounted to slightly over $9,000,000 but from January to March their sales totalled over $15,400,000 (47 percent of the sales of the Department). Ships sold during the quarter included 19 Park Vessels, 2 cargo ships the "Canadian Constructor" and the "Canadian Challenger", and 10 North Sand type ships to the British Ministry of Transport. Also included in the above total

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were the sales of two German built ships which were awarded to Canada during January by the Inter Allied Reparations Agency in compensation for Canadian shipping losses during the war. A third reparations vessels "Empire Gangway" was awarded but has not yet been turned over to the Corporation for disposal.

The volume of work, as indicated by the number of invoiced sales, has increased by about a third since the previous quarter. This additional work was accomplished with a staff of 1,544, an increase of only 70 people since December 31, 1946. The average sale handled in the Department, excluding sales of ships, decreased from $1117 during the last quarter of 1946 to $787 during the period January to March 1947.

The number of availability reports received by the pricing divisions during the quarter totalled 96,445, a decline of 4,331 from the total received during the previous quarter. 95,169 availability reports were processed, of which 51,357 were handled by Consumer Goods, Machine Tools and Aircraft Components Divisions, which processed 22,871, 18,013 and 9,473 availability reports respectively.

During this quarter warehouse sales were conducted at Warehouse No. 4 Scarboro, Ontario, at Warehouse No. 55 Montreal, P.Q., and at Warehouse No. 23 St. James, Manitoba. Final reports for the sale at Scarboro showed a total attendance of 4,041 during the four days, with 8,430 bids received on the 334 lots on display; a total recovery of $69,753.78 was received for the materials offered in this sale. The display at Warehouse No. 55 included 286 lots of radio and radar equipment of which 285 were sold for approximately $33,000; another sale is presently being prepared at this location. First reports on the sale at St. James, Manitoba, show a total attendance during the four days of 5,875 with more than 5,500 bids received. The sale at Warehouse No. 48 in Dartmouth, N.S., which was originally planned for March has been postponed to April 15 to 19 includive; it is estimated that this sale will realize around $60,000.

Since January many of the functions of the Regional Sales Office have been taken over by the Branches with consequent reduction in the Regional Staff and release of personnel for use elsewhere in the division. All routine work is now carried on in the Branch Offices with result that Regional staff have been released for closer supervision and direction of sales.

Further steps were taken to speed up the disposal of all materials. All Branches are concentrating on the rapid disposal of complete availability reports with a view to closing out as many files as possible. In this regard particular emphasis is being placed on disposal of material which is located in certain warehouses which are to be vacated as soon as possible. Increased authority has been granted to the Branches with regard to pricing; non-standard goods are now being cleared to the Branches for sale on a bid basis and it is considered that this will greatly increase the rate of disposal of such materials.

(2) Organization

With a view to speeding up disposal of surplus, a new Division, the Advertising Division, was set up in January under the supervision of the Director of Distribution with Mr. A.H.V. Woolrich as Division Chief. Upon the resignation of the Chief of the Market Research Bureau in January, the Statistics Division of the Organization and Personnel Department was combined with the Market Research Bureau to form the Market Research and Statistics Division under Miss H.P. Fitzsimmons. For the purpose of assisting Regional and Branch Sales Offices and Special and Export Sales Divisions

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in promoting disposal action with respect to chemical process equipment and supplies, a new section, Chemical Equipment and Supplies Sales Section, was set up under the supervision of the Director of Regional Sales with Mr. D.A. McGillivray as Chief.

3. LANDS AND BUILDINGS DEPARTMENT

(1) Buildings with Land

(a) Total Declarations received.....36

(b) Total Sales of Buildings with Land for Last Quarter.....$708,089.64

(c) Total Sales of Buildings with Land for this Quarter.....$1,561,554.33

(d) Declarations involved in (c) above.....37

(e) Special Sales:-

(i) Sale was concluded of all Crown-owned buildings and land at Fairchild Aircraft Limited, Longueuil, sale amounting to $1,100,000.00. Part of this surplus was sold to the George Weston Company Limited, which included the main area of the Crown-owned land and buildings together with portions of the Crown-owned western extension of the Plant, which had been built partially on Fairchild land. The remainder of the Crown-owned buildings with some small parcels of Crown-owned land were sold to Fairchild Limited.

The transaction was a very involved one making necessary transfer of certain Fairchild land to the Weston Company, over which the Crown had no jurisdiction, interchange of servitudes over the lands of each party, covering services, and hypothec from Fairchild Company to the Crown covering not only lands and buildings sold to them, but also their own property which the entire plant had been built.

(ii) A parcel of land consisting of three lots, and one building erected thereon, the whole situated in the City of Prince Rupert, B.C., after having been publicly advertised for sale was sold to the Finning Tractor and Equipment Company Limited, Vancouver, B.C. for $13,500.00.

(iii) A parcel of land and 18 buildings erected thereon which was formerly the Megantic Military Camp, sold to the Canadian Legion, Megantic Branch, Megantic, Que., for $16,321.00, for a Veterans Housing Project.

(2) Buildings without Land

(a) Total Declarations received.....161

(b) Number of Sales Directives referred to Branches.....260

(c) Total Estimated Salvage Value of (b) above.....$1,142,101.58

(d) Total Sales of Buildings without Land for last Quarter.....$1,362,386.35

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(e) Total Sales of Buildings without Land for this Quarter.....$1,070,135.22

(f) Declarations involved in (e) above.....202

(g) Special Sales:

(i) A group of 41 huts and certain services at Penhold Aerodrome, Penhold, Alberta, were sold to the Government of the Province of Alberta for $61,302.00. These buildings were sold under a special agreement with the above Province and must be removed from the site.

(ii) A group of 36 buildings situated at No. 10 Release Centre, Moncton, N.B., sold to Housing Enterprises Limited for $65,733.83. The material salvaged therefrom is to be used for Veterans' Housing projects.

(iii) A group of 7 buildings situated at Edmonton, Alta., and being part of a group of buildings forming the former U.S. Army Northwest Service Command, H.Q., sold to Central Mortgage and Housing Corporation for $68,500.00. The material salvaged therein to be used for Veterans Housing projects.

(3) Summary

(a) Total Sales Last Quarter:

Buildings with land	$ 708,089.64
Buildings without land	$1,362,386.35
Total	$2,070,475.99

(b) Total Sales this Quarter:

Buildings with land	$1,561,554.33
Buildings without land	$1,070,135.22
Total	$2,631,689.55

(4) General Remarks

(a) It is to be particularly noted that the sales reported herein are only those for which this Department is in possession of copies of Sales Orders. Many other sales are at present in the process stage by Branches.

(b) It should also be noted that sales referred to in this report do not include those made by the Ottawa office during the period under review.

4. COMPTROLLER'S DEPARTMENT

(1) Regional Accounting

During the month of March, a visit was made to the Prairie and Western Regions. The accounting in these Regions would now appear to be well in hand and all accountants are giving close attention to Accounts Receivable. The financial statements as of March 31, have not as yet been finalized but it is expected that the position of the Accounts Receivable will show a marked improvement. Several outstanding accounts at Vancouver Branch against shipyards are now in process of being investigated by a member of the General Auditor's staff and, once this has been finalized and prices agreed upon, we expect the accounts in question will be cleared without further difficulty.

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(2) Head Office Accounting

During the past six weeks, a special drive has been made to effect collection of Federal Department accounts outstanding both at Head Office and Branches, and we hope to show a marked decrease in these outstanding balances on the year-end statements as of March 31.

Due to the fact that we are entitled to retain our 5 percent commission only on sales which have been finalized by payment, our interim statement as of February 28th shows that we are short funds to the extent of $288,217.90. This situation will correct itself in the March 31st statements, as approval has been given to increase our commission rate to 7½ percent retroactive to April 1, 1946, and to 10 percent as from April 1, 1947. The collection of the outstanding Federal Department accounts will also assist in relieving this situation.

(3) Audit

The following is a summary of the audits which have been completed by the General Audit staff during the quarter under review:-

Financial	29
Warehouses	40
Plant Clearance Reviews	44
Special Investigations	18
Tenders	8
Miscellaneous	14
	153

In addition to the above, 359 contracts have been reviewed and analyzed, and special work has been done on behalf of the Deputy Minister of Reconstruction and Supply.

The total active Audit staff now stands at 103.

(4) Revenue and Expenses

The following is a summary of the operations of the Corporation for the months of December 1946, January and February 1947, as shown in the Books of Account:

	December 1946	January 1947	February 1947	T o t a l
Gross Proceeds of Sales	$14,286,299.48	$11,532,179.32	$13,821,766.27	$39,640,245.07
Direct Charges: Freight, Handling Packing and Reconditioning of Clothing; Warehouse , Dismantling and Scrapping; Technical Services	2,431,285.86	2,543,702.28	4,992,525.44	9,967,513.58
Net Proceeds of Sales	$11,855,013.62	$ 8,988,477.04	$ 8,829,240.83	$29,672,731.49
5% Fee	$ 592,750.68	$ 499,423.85	$ 441,462.04	$ 1,483,636.57
Other Income	18.51	16.67	50.98	86.16
Total Revenue	$ 592,769.19	$ 499,440.52	$ 441,513.02	$ 1,483,722.73
Administrative Expenses	846,310.74	922,957.12	896,255.65	2,665,523.51
Excess of Expenses over Revenue	$ 253,541.55	$ 473,516.60	$ 457,742.63	$ 1,181,800.78

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Included in Direct Charges are the following special items:

	December 1946	January 1947	February 1947	T o t a l
Mutual Aid Contracts	$399,699.51	$ 270,952.86	$ 347,431.23	$1,018,083.60
Wartime Shipbuilding	456,149.32	321,293.25	2,651,880.64	3,429,323.21
Ammunition Disposal Costs	24,896.52	544,691.16	125,591.34	695,179.02
	$855,848.83	$1,136,937.27	$3,124,903.21	$5,142,585.83

(5) Operating Surplus

Excess of Revenue over Expenses as at November 30, 1946, including deficit of predecessor Company (War Assets Corporation, Limited)	$2,944,025.26
Deduct Excess of Expenses over Revenue for months of December 1946, and January - February 1947	1,181,800.78
Surplus as at February 28, 1947	$1,762,224.48

(6) Staff

The staff of the Department as at March 31, 1947, numbered 489, including the General Auditor's staff.

5. PUBLIC RELATIONS DEPARTMENT

(1) Press Releases

Press Releases, in English and French, prepared and distributed during the 76 working days of the quarter totalled 98 as compared with 88 in the October - December 1946, quarter, and 100 in the July - September quarter. The total number of releases issued for the 303 working days of the 1946-47 fiscal year was 403, an average of about 1.33 per day. By comparison the releases issued in the previous fiscal year totalled 118.

(2) Special Information

Information of special character intended for publication was prepared and forwarded to several inquirers, including material on Aircraft Sales for James Montagnes, free lance aircraft-magazine writer, Toronto, and on key personnel of the Corporation for S.C. Willson, The Monetary Times, Toronto.

(3) Enquiries

In addition to the above, enquiries came from news services, newspapers, periodicals, etc., including the Canadian Information Service, Ottawa; the Vancouver Sun, Ottawa Journal, Toronto Star, Montreal Gazette, Montreal Standard, Montreal Star, and others. These enquiries were not as numerous as in previous quarterly periods and this is believed to be due to the greater amount of information about the Corporation now being issued regularly, and the consequent falling off of rumors and reports being picked up.

(4) French Division

Besides handling the usual translations of advertisements and press releases for this department, the French Division has carried out translation work on a considerable scale for other departments.

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Translations of letters, documents, etc. have been as follows:

	This Quarter		Last Quarter
January	156	October	137
February	138	November	113
March	120	December	75
Total	414		325

(5) Advertising

Advertising placed by Head Office during the quarter aggregated about 320,000 lines, (approximately 1,150 newspaper columns) and 135 pages in trade magazines, as compared with 237,500 lines and 33 pages in the previous quarter. Estimated costs for the January - March quarter were $61,100, and for the October - December quarter $37,100. Figures for the January - March quarter were:

	Newspaper Lineage	Periodical Pages	Estimated Cost
January	109,400	33½	$20,000
February	98,700	43½	21,000
March	112,000	58	20,100
Totals	320,100	135	$61,100

Approximate division of the expenditure for the quarter was: Bulletins, $31,000; Ships, $12,600; Warehouse Sales, $9,800; Lands and Buildings, $2,300; Aircraft $2,000; Automotive, $1,200; Miscellaneous, $2,100.

6. LEGAL DIVISION, SECRETARY'S DEPARTMENT

Completed agreements and documents recorded in the Legal Division totalled 379, as set out below. This table also shows totals for the last quarter and cumulative totals to March 31, 1947.

	Total for Oct., Nov., Dec. 1946.		Total for Jan., Feb., March, 1947		Total to March 31/47	
SHIPS						
Agreements for Sale	10		7		132	
Bills of Sale	175		110		844	
Mortgages	16		16		117	
Charter Agreements	0		0		9	
Releases	3	204	12	145	15	1,117
REAL ESTATE						
Sales of Land	12		21		96	
Sales of Land & Bldgs.	23		26		137	
Sales of Bldgs. Only	8		2		32	
Demolition Agreements	7		2		16	
Settlement of Leases	10		8		40	
Mortgages	4		5		13	
General (Easements, etc.)	19		2		50	
Leases	21		19		144	
Lease Set. & Sale	6		5		45	
Letters Patent	21	131	23	113	44	617

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	Total for Oct., Nov., Dec. 1946		Total for Jan., Feb., March, 1947		Total to March 31/47	
MISCELLANEOUS						
Agreements for Sale	31		14		107	
Assignments of Ref. Portion of Excess Profits Tax	13		4		40	
Chattel Mortgages	13		6		27	
Insurances	34		26		89	
Services	11		3		32	
General Commitments	1		15		59	
General	25		26		126	
Aircraft Sales	75	203	27	121	102	582
		538		379		2,316

7. ORGANIZATION AND PERSONNEL DEPARTMENT

(1) General

There was no substantial change in the organization of the Corporation's structure, nor in its total staff. There were, therefore, no unusual demands on the services provided by the Organization and Personnel Department. The one outstanding feature of this Department's work was the development and introduction of an extended Merit Increase Plan and a revised and more closely co-ordinated salaries structure affecting all but the most senior positions.

The Salaries Committee held its Second and Third Meetings at which several features of staff management policy were refined, particularly in reference to separation.

(2) Organization and Job Classification Division

The Corporation's job specifications for the monthly-rated classes were all revised in conformity with the new salary structure which was necessitated by the expansion of the merit increase principle. In addition job specifications were issued for 13 new standard classes. As anticipated, the expansion of the Merit Increase Plan resulted in a substantial reduction in the number of recommendations concerning re-classification.

(3) Recruiting and Assignments Division

This Division is placing greater emphasis on filling vacancies by transfer within the Corporation rather than by recruiting new personnel. In order to facilitate the increasing number of internal transfers, the procedure governing this operation was revised. The Separation procedure was also changed in conformity with the development of policy governing this aspect of personnel.

(4) Training and Welfare Division

A full-time Division Chief was assigned to this function which will enable us to place greater emphasis on the fostering and co-ordination of staff welfare.

The Employees' Handbook which has been under preparation for some time was completed and sent to Press.

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(5) Investigation Division

During the quarter there were:

12 dismissals as a result of unfavourable fingerprinting reports.

79 investigations completed which resulted in 7 prosecutions and 5 convictions

3 cases involving the separation of 13 employees.

At the end of the quarter there were 12 pending cases involving prosecution.

(6) Administrative Services Division

There continues to be a heavy demand on all aspects of Administrative Services. The further decentralization of this function was indicated by the appointment in each of three regions of a Supervisor of Administrative Services under the direction of the Regional Personnel Representatives.

W A R T I M E H O U S I N G L I M I T E D

The total estimated value of authorized funds to February 28, 1947, amounts to $128,770,125.58 and covers, in addition to work completed, under construction and awaiting contract, such services as sewers, water, roads and walks, with storage sheds or basements for all houses; also Halifax and Moncton water development providing:-

31856 Houses
15 Hostels
65 Staff Houses
17 Bunk Houses
17 Dining Halls
29 Schools, plus 2 room addition at Welland.

MARCH DECLARATIONS - 1947

Mar. 26th	Halifax, N.S. Project #3	Misc. stores and equipment from Staff House & Comm. stored at 121¼ London St.
Mar. 25th	Halifax, N.S. Project #3	Misc. stores & equipment from Staff House & Comm. stored at 135 Connolly St.
Mar. 25th	Halifax, N.S. Project #3	Misc. stores & equipment from Staff House & Comm. stored at 588 Gottingen St.

Location	Project No.	Houses	Funds Authorized
Funds authorized during March, 1947.			
St. Catharines	14	40	$193,440.00
Portage la Prairie	3	25	125,900.00
Kelowna	2	35	167,360.00
Arnprior	1	50	251,350.00
TOTAL AUTHORIZED March, 1947		150	738,050.00

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Location	Project No.	Houses	Funds Authorized
Projects approved by C.M.H.C. during March 1947			
Cowichan Lake	1	100	$530,000.00
Galt	2	100	491,900.00
TOTAL APPROVED March 1947.		200	1,021,900.00
Projects recommended to C.M.H.C. during March 1947			
Acton	1	50	249,550.00
Stratford	2	50	249,550.00
TOTAL RECOMMENDED during March 1947		100	499,100.00
Contracts awarded during March 1947		Nil	Nil
P.C. Authorities awaiting contract as at March 31, 1947.			
Edmonton	7	250	
Saskatoon	4	100	
Regina	6	150	
Brandon	2	50	
Port Arthur	4	50	
Fort Francis	1	25	
Kenora	1	50	
Perth	1	50	
St. John	9	100	
St. Catharines	14	40	
Portage la Prairie	3	25	
Kelowna	2	35	
Arnprior	1	50	
TOTAL AUTHORITIES awaiting contract as at March 31, 1947		975	

W A R T I M E S H I P B U I L D I N G L I M I T E D

SHIP CONSTRUCTION

During the quarter January 1 - March 31 two (2) 7500 ton Motor Ships were completed, one (1) built by Burrard Dry Dock Company Limited, Vancouver and one (1) built by Davie Shipbuilding and Repairing Company Limited. One Type "C" Coaster was also completed at St. John Dry Dock and Shipbuilding Company, Saint John, N.B.

There remains to be completed one (1) Type "C" Coaster at Saint John, N.B. which has been delayed somewhat because of the considerable alterations required by the Purchaser.

CLAIMS AND SURPLUS

On January 1, 1947 there remained to be settled a total of fifty-six (56) claims and when the work of the Claims Division was handed over to the Contract Settlement Board the number of claims

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outstanding was three (3). Thus, of a total of 1,244 claims submitted to Wartime Shipbuilding 1,241 were settled before the Division was closed.

Declarations of Surplus during the quarter numbered thirty-five (35). This work along with claims has been passed to the Contract Settlement Board.

DIVISIONAL OFFICE

On March 15 the last of the Divisional offices, the Vancouver office, was closed and all files and records shipped to Ottawa.

COMPLETION OF MOTOR SHIPS

Considerable progress has been made in securing replacements for the temporary installations on the Motor Ships and completion of this work depends on the speed with which suppliers can furnish the necessary equipment which is to be installed as the vessels call at the port of Montreal.

W A R S U P P L I E S L I M I T E D

Orders		$1,240,399
Invoices to date	$1,232,618	
Less: Price Adjustment	50,000	
Refund on Contract 72-190	26,974	
Net Billings		1,155,644
Cash Receipts (Gross)	1,247,355	
Less Refunds: Price Adjustments	50,000	
Advance Payments	22,605	
Less Refunds: Cash Received on Navy Contract 72-190	26,974	
Less Refunds: U.S. Commercial Co., 72-197	21	
" " 72-572	75	
Cash Receipts (Net)		1,147,680

ORDERS:

With further adjustments, our contract register has been increased by $11,164,198.99 leaving our total orders to date at $1,240,399,752.86.

ACCOUNTS RECEIVABLE:

The outstanding balance is $7,866,830.60. Of this amount $421,686.67 is outstanding more than sixty days of which $421,593.43 is applicable to U.S. Navy Contract WSL. 72-1131 where the U.S. Navy allowed the appropriation to lapse as of June 30, 1946. We are

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advised by the Navy that this account was passed for payment by their Finance Officer and was included in the Deficiency Bill presented to Congress for approval in November, 1946. Payment cannot be obtained until this Bill shall have been passed by Congress. The remainder of the accounts outstanding comprise termination charges filed with the various United States agencies since February 1, 1947.

TERMINATIONS

During the quarter, eight termination certificates were issued, leaving one termination still to be settled, viz., WSL. 72-150 with Canadian Car & Foundry Company Limited, Montreal, P.Q.

GENERAL

At the present time, there are five contracts which require further billing by War Supplies Limited before completion and there are seven contracts entered into by War Supplies Limited with United States agencies that have been transferred to Canadian Commercial Corporation for processing. Also, there are five inquiries pending at the present time.

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W.L.M. KING PAPERS

Memoranda and Notes

1940-1950

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Collateral - Dept of Reconstruction

1

C182500

Q U A R T E R L Y

S U M M A R Y

April 17, 1944 to December 31, 1945.

THE DEPARTMENT OF RECONSTRUCTION

Honourable C.D. Howe, Minister.

C O N F I D E N T I A L

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QUARTERLY SUMMARY

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AIR DEVELOPMENT BRANCH

The major assignment undertaken by this Branch was a Canada-wide survey to determine inter-community travel between the most important centres. The survey was planned in the early spring and undertaken in July and August, during which time a personnel of approximately 100 was engaged in gathering pertinent data across Canada. This phase of the survey was finalized by mid-September, and since that time the personnel of this Branch has been engaged in compiling the information obtained in order to prepare a full statistical report on such matters as hotel registrations, business travel, business functions, employment conditions, tourist attractions, transportation services and economic characteristics of the points surveyed. About a third of the final report has gone forward to the King's Printer and the balance will follow before the end of January, 1946. The report should be available for distribution early in February.

Another section of this Branch is preparing an historical statistical report on commercial air services in Canada with a view to determining future trends of air traffic in various sections of Canada. Originally this report had as its basis the data covering the years 1938 to 1944, inclusive, but recently it was thought advisable to go back to 1930 wherever possible. The report will show a break-down by major companies as well as a cross-section summary of total operations from 1930 to 1944.

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COMPTROLLER'S BRANCH
SUMMARY OF EXPENDITURES AND REVENUE
FISCAL YEAR 1945-46 TO NOVEMBER 30,1945

Expenditures	Totals	Department Supervising Expenditures: Reconstruction	Transport	Mines & Resources	Unencumbered Balance of Estimates
War Appropriation (Approved estimates for reconstruction purposes)					
I. Surveys, Investigations and Research -					
Estimate for the year	$ 307,500.00	$ 3,750.00	$212,500.00	$25,000.00	$66,250.00
Expenditures reported to date	24,984.27	3,750.00	21,234.27		
II. Subsidies -					
Estimate for the year	12,000.00	12,000.00			
Expenditures reported to date	5,746.65	5,746.65			
III. Reconstruction Projects -					
Estimate for the year	745,000.00		745,000.00		
Expenditures reported to date	30.71		30.71		
IV. Government owned Companies and Agencies					
Estimate for the year	2,511,703.00	2,511,703.00			
Expenditures reported to date	--				
Total Estimate for the year	$ 3,576,203.00	$ 2,527,453.00	$957,500.00	$25,000.00	$66,250.00
Total Expenditures reported to date	30,761.63	9,496.65	21,264.98	--	--
Ordinary					
Vote 308 - Departmental Administration and other expenses					
Estimate for the year	$ 1,500,000.00	$ 1,500,000.00			
Expenditures to date	530,507.94	530,507.94			
Revenue					
Ordinary					
Refund of previous year's expenditure	$ 89.80	$ 89.80			
Special Receipts					
Sale of Surplus Assets by War Assets Corp.	18,545,486.12	18,545,486.12			
	$18,545,575.92	$18,545,575.92			

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COMPTROLLER'S BRANCH
SUMMARY OF EXPENDITURES AND REVENUE
FISCAL YEAR 1945-46 TO NOVEMBER 30,1945

F.E. No.	Classification of Estimated Expenditures	Estimates	Cash Allotted	Expenditure Reported	Department Supervising Expenditure
	I. Surveys, Investigations and Research				
11	Investigation in Mineral Economics	$ 25,000.00	$ 8,000.00	$ -	Mines & Res.
12	Proposed sites of Air Strips at Red Lake, Ont.	10,000.00	9,500.00	3,875.79	Transport
13	Surveys etc. - Straits of Canso	35,000.00	11,000.00	2,667.68	Transport
14	Preparing plans for construction of airport runways	75,000.00	60,000.00	10,035.40	Transport
15	Contribution to Industrial Development Board, Winnipeg, Man.	3,750.00	3,750.00	3,750.00	Reconstruction
19	Surveys re Airstrips at Chibougamau, Que.	10,000.00	9,000.00	4,655.40	Transport
22	Airport Runway Load Testing Program	75,000.00	75,000.00	-	Transport
16	Special Services:				
	H. B. Ferguson, Washington, U.S.A.	7,500.00	7,500.00	-	Transport
	Unallocated	66,250.00	47,000.00		
		$307,500.00	$230,750.00	$ 24,984.27	
	II. Subsidies				
10	M & C Aviation Co. Ltd. Prince Albert, Sask.	$ 12,000.00	$ 8,500.00	$ 5,746.65	Reconstruction
	III. Reconstruction Projects				
18	Construction of a Landing Strip at Red Lake, Ont.	$ 745,000.00	$ 100,000.00	$ 30.71	Transport
	IV. Government owned Companies and Agencies				
	Canadian Arsenals Ltd:				
20	Administration	$1,107,229.00	$ 370,000.00	$ -	Reconstruction
21	Capital and Operation	1,279,474.00	430,000.00	-	Reconstruction
17	Forest Insects Control Board	125,000.00	25,000.00	-	Reconstruction
		$2,511,703.00	$ 825,000.00	$ -	
	Total War Appropriation	$3,576,203.00	$1,164,250.00	$ 30,761.63	

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C O M P T R O L L E R ' S B R A N C H
SUMMARY OF EXPENDITURES AND REVENUE
FISCAL YEAR 1945-46 TO NOVEMBER 30,1945

	Estimates	Net Expenditures	General Administration	Coal Commission	Regional Councils	Forest Insects Control Board
Salaries	$ 555,000.00	$333,213.32	$293,256.74	$14,349.99	$22,046.45	$3,560.14
Travelling & Living Expenses	200,000.00					
Travel		69,515.84	46,217.19	18,480.94	4,108.65	709.06
Per diem Allowances		18,753.60	660.00	13,151.10	4,800.00	142.50
Accountable advances outstanding		40,840.01	11,033.58	2,306.43	27,500.00	
Advertising	25,000.00	1,439.51		1,439.51		
Telephone, Telegrams & Postage	100,000.00	4,994.48	3,104.61	1,257.82	632.05	
Printing, Stationery & Equipment	350,000.00	11,272.65	10,687.76	79.41	505.48	
Professional & Special Services	150,000.00	49,521.14	3,179.43	46,341.71		
Freight, Cartage & Express	20,000.00	521.91	272.84	159.68	89.39	
Contingencies	100,000.00	435.48	322.84	112.64		
	$1,500,000.00	$530,507.94	$368,734.99	$97,679.23	$59,682.02	$4,411.70

Note
Of the total estimate of $1,500,000 only 8/12 had been voted at November 30, 1945.

Summary by Regional Councils

British Columbia	$ 4,882.19
Alberta	3,594.40
Saskatchewan	6,244.78
Manitoba	5,178.32
Industrial Ontario	4,466.66
Northern Ontario	4,858.72
Quebec (Montreal Area)	6,705.51
Quebec (Quebec Area)	8,794.54
New Brunswick	6,513.09
Nova Scotia	5,943.81
Prince Edward Island	2,500.00
	$59,682.02

C182506

CO-ORDINATOR OF REGIONAL RECONSTRUCTION COUNCILS

The preliminary work of forming a Regional Council in each province in Canada, with the exception of Ontario and Quebec where there are two councils, has been completed, and they are now organized with permanent chairmen and secretaries in each case.

The past months have been spent largely in educating the councils in the scope and limit of their activities. In the preliminary stages they have dealt with many matters which it was not really intended the Regional Councils should handle but the directives sent out to them are gradually taking effect.

During December, the Industrial Reconversion Branch was amalgamated with the Regional Councils. As the work of these two branches overlapped, the amalgamation took place very smoothly. The councils have expressed considerable satisfaction on this move as it has brought them closer to industry, and to War Assets Corporation.

A most useful purpose can be performed by the Regional Councils in gathering together information from the particular spheres in which they operate. The Department at Ottawa naturally has an overall picture but many cases are going to arise where more specific information will be required, and a recommendation from a local advisory board is going to prove very useful.

DEPRECIATION COMMITTEE

On November 24, 1944, the Depreciation Committee was constituted, in a letter of even date written by R.A.C. Henry then Deputy Minister of the Department of Reconstruction.

It was to be called the Depreciation Committee of the Department of Reconstruction and its personnel was as follows:

Chairman	-	R.A.C. Henry
Members	-	H.J. Carmichael
		W.A. Mackintosh
		J.G. Godsoe
Secretary	-	J.J.D. Brunke

This Committee was established to advise the Honorable the Minister in issuing certificates for "double depreciation" as laid out in Order-in-Council P.C.8640 dated November 10, 1944.

A working committee was established representing the members of the committee and by the end of January 1945, suitable application forms had been drawn up and submitted and accepted by the Department of National Revenue (Taxation Division) for distribution to industry.

As at January 2, 1946, the following list of applications for depreciation under P.C. 8640 was approved.

PROVINCES	APPLICATIONS	EXPENDITURES
Nova Scotia	31	899,729.47
Prince Edward Island	1	50,000.00
New Brunswick	41	3,055,716.10
Quebec	437	76,783,956.55
Ontario	832	136,515,273.79
Manitoba	46	2,539,476.94
Saskatchewan	19	585,751.40
Alberta	34	1,406,703.28
British Columbia	120	22,437,937.83
Cumulative totals	1561	244,274,545.36

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The Depreciation Committee is now composed of the following:

Chairman	-	V.W. Scully
Members	-	W.A. MacIntosh
		F.M. Ross
		T.F. Flahiff
Secretary	-	J.S. Benning

Certain expenditures approved by the Depreciation Committee have since been disqualified by the Department of National Revenue (Taxation Division). Since it is the opinion of the Committee that the disqualification of these expenditures will militate against the national interest steps are currently being taken to submit a brief to the Department of National Revenue. To this end, the Secretary has been having discussions with Mr. Gavsie, General Counsel of the Department with the view of submitting a brief to the Department of National Revenue (Taxation Division).

E C O N O M I C R E S E A R C H B R A N C H

The preliminary stages of the work of this Branch were directed towards a general appraisal of conditions to be faced in the reconversion and post-war periods. A series of papers, dealing with tentative forecasts of the problems to be met, culminated in the Government White Paper which outlined in general terms the aims of the present Administration. These earlier studies, which pointed out the necessity for the collection and analysis of material basic to informed action, have led to the development of the following sections.

(1) AREA STUDIES:

During the war, production of munitions, ships, aircraft, etc. resulted in great population shifts. In the transition period local unemployment will arise until the population re-adjusts itself to employment opportunities in other regions. Consequently, information which will reflect present conditions and future trends is collected for 42 so-called danger areas. This information deals with population, housing, employment by occupation and industry, forecasts of capital expenditures in manufacturing, labor demand and supply, building activity, special depreciation, forecasts of war employment, and public projects. In addition, narrative reports have been prepared giving a general background to the post-war situation in each area. All of these studies have been distributed to the Regional Councils for comment and in some instances replies have been received which either provide further background information or indicate additional requirements necessary to improve the picture. Exchange of information is continuing with a view to improving these studies. The Area Study Summary Tables are compiled and published monthly and distributed to Regional Councils and other Government Departments.

(2) INDUSTRY STUDIES:

Employment in certain areas is related to one or two basic industries. Moreover, some Canadian industries have been rapidly expanded during the war and face difficult reconversion problems. With these points in mind, it is desirable that a series of industrial studies be made to give some indication of the nature of the problem in the main industries. An analysis of the steel industry based on information available in Ottawa has been completed as a sample study. Expansion of this work into shipbuilding and aircraft industries is the next step under consideration. On completion, the preliminary reports may be distributed to other Government departments with a view to obtaining their comments and collaboration.

A member of this Branch is at present visiting some of the Maritime industrial centres at the request of the Minister to gain first hand information concerning the immediate problems in the coal and steel industries. This is being done in co-operation with the Regional Councils.

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(3) CHART BOOK:

A series of charts and accompanying memoranda reflecting current economic trends have been prepared and distributed in book form. The book is kept up to date and is being expanded. It is at present being re-edited and more appropriately indexed for convenient reference.

(4) FORECASTING AND TARGETS:

A procedure is being developed intended to obtain, during the early part of the calendar year, a forecast of employment and National Income levels up to the end of the year. The yearly forecast will be supplemented by shorter term forecasts. Supplementary to this is the target work which is intended to estimate for designated future dates the labor force, its distribution, and income levels which could be considered concomitant with a reasonable measure of full employment. Various memoranda have already been prepared on concepts and preliminary procedures. An inter-departmental committee has been formed for consultation during the development period and discussions have been held with the National Income Unit of the Dominion Bureau of Statistics and with other departments concerned to determine the nature and scope of their contribution to the work. A method of relating expenditure to employment has been devised and work in connection with this aspect of forecasting and target determination is going forward.

(5) MONTHLY SUMMARY OF CANADIAN ECONOMIC CONDITIONS:

In addition to the forecasting work above, the branch has undertaken to prepare a short monthly report on the current economic position in the country and to indicate the significant trends in operation. Two reports have been issued in the months of November and December.

(6) CAPITAL FORECAST:

A survey planned to reflect capital and repair expenditures in private industry and public utilities including manufacturing, mining and central electric stations was undertaken with the assistance of the Dominion Bureau of Statistics early in the year. The results of this survey covering expenditures planned for the calendar year 1945 were available in August of this year. Arrangements have been completed with Dominion Bureau of Statistics to extend the coverage of this survey for 1946 to include logging, steam and electric railways, air, water and highway transportation, construction companies, chain and department retail establishments, wholesale establishments, chain theatres and restaurants, and banks. The questionnaires are now being sent out. This forecast has considerable economic significance in itself and also provides basic material for the over-all forecast. (See (4) above).

(7) SURVEY OF RESEARCH AND EXPERIMENTAL WORK IN CANADA:

This work is being carried out in collaboration with the Research and Development Branch of Reconstruction. A questionnaire covering research in private industry has been completed following discussion with officials of selected companies and has now been distributed to a small number of companies. It is hoped that this sample coverage will test the adequacy of the questionnaire and also obtain information which will be of assistance in developing the research program of the Department.

(8) PUBLIC PROJECTS:

An inventory has been undertaken on forms PPF 1, 2 and 3 of Dominion Public Projects in terms of type, location, estimated cost and stage of planning.

More detailed information from all Federal departments is now being received on Schedule "A" in fulfilment of the provisions of P.C.4942. Schedule "B" which is to be used by the estimating section of the Public Projects Branch has also been prepared. In addition Schedules "D" and "G" similar to "A" but for use in provincial and municipal projects for the reserve are also ready for use.

Another set of Schedules, "C", "E" and "H", has also been prepared for use in forecasting capital formation and total payments to the public by the three levels of government for the fiscal year 1946-47. Through

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co-operation with the Regional Councils, commuting areas are being determined around cities of over 10,000 population, in order to have a better knowledge of the employment-giving effects of the various projects on each city.

Uniform filing and record systems to take care of the above data have been established for the Co-ordinator of Public Projects, the Co-ordinator of Resources Development, and the Economic Research Branch.

A system of machine records for analyzing and summarizing projects in the reserve has also been completed.

In the month of December a survey of the post-war construction projects in the program of the following departments was completed for the Dominion-Provincial Conference in January 1946:

Department of Public Works,
" " Agriculture,
" " Post Office,
" " Fisheries,
" " National Defence,
" " National Health & Welfare,
" " Justice,
" " Veterans' Affairs,
Board of Transport Commissioners,
National Harbours Board.

This compilation was presented to the Inter-departmental Committee on Public Investment.

(9) SPECIAL DEPRECIATION:

Statistical records of all applications for special depreciation under P.C.8640 are maintained in this branch. This information is broken down by provinces, industries and danger areas. At December 31, 1,496 applications, involving expenditures of more than $229 million, had been approved.

(10) AIR TRANSPORT STUDY:

Information incidental to granting of licences by the Air Transport Board has been compiled in this branch. Tabulations made on volume of traffic in 130 cities and towns covering company travel, company functions, convention trade and post-war prospects in these centres. This work is now completed.

(11) HOUSING:

The housing section has made a forecast of material requirements for 1946 for a housing program of fifty, sixty and seventy thousand units. These estimates were compared with a Wartime Prices and Trade Board forecast of available supplies in 1946 with a view to determining possible bottlenecks. A memorandum was submitted to the Deputy Minister together with a draft letter to the Minister indicating what shortages are likely to occur in the field of building materials.

(12) EMPLOYMENT PROBLEMS AND SPECIAL ASSIGNMENTS:

The section which studied war employment in Munitions and Supply Economics Branch, has recently been attached to our staff. The survey of 800 plants primarily engaged during the war on war contracts is being continued temporarily in order that the reconversion process in these plants particularly in respect to employment may be closely followed. A new part has been added to the questionnaire distributed in this survey in order to obtain more detailed information on factors affecting reconversion such as labor, equipment and material shortages. Other special studies are also underway, such as a comparison of the Canadian war effort with that of the U.K. and U.S., a study of the recovery value and progress of conversion in Crown plants, and longer term work in connection with obtaining additional employment data and more uniform classifications of statistics in employment and industrial categories.

(13) SERVICE PROJECTS AND RESEARCH:

This section has summarized the functions, expenditures and plans of the Departments of Mines and Resources, Fisheries, and Public Works,

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and has prepared a memorandum on the principles of extending Prairie Farm Rehabilitation Act activities to Canada as a whole. Other studies under way are, a survey of Dominion Government expenditures on research and related activities, expenditures by the Dominion Government under conditional grants and grants-in-aid, and a memorandum on the functions and expenditures of the Department of Transport. A list of service projects in the public investment program of the Dominion Government for 1946 and following years was prepared for the use of the Inter-departmental Committee on Public Investment and for the Dominion-Provincial Conference.

(14) DEMOBILIZATION:

In co-operation with the three Armed Services, monthly tabulations are prepared on demobilization rates, giving a breakdown of discharges by danger areas and showing the numbers remaining on strength that will probably return to these areas. These reports are circulated to the Regional Councils and other Government Departments.

(15) LIBRARY:

A library has been established to serve the needs of Economic Research and other branches of the Department. This unit handles the distribution of reports prepared in this branch, provides service in obtaining published material from other sources, and summarizes articles of interest for circulation. Recent books on economic theory and current business problems are being added to the library as well as publications by other governments on questions of interest to the department. Fifty journals, periodicals and newspapers are available for circulation to anyone in the department interested in receiving them regularly.

(16) DOMINION PROVINCIAL RELATIONS:

This unit is engaged in an analysis of Dominion and Provincial combined expenditures and their relation to the whole economy. The procedure with respect to Dominion cost-sharing planning-grants to the provinces and municipalities has been worked out, complete with draft order-in-council and regulations, application forms and other pertinent documents.

(17) PUBLIC INVESTMENT AND CAPITAL FORMATION - 1926 to 1941:

This work was completed and published some months ago for the use of the Dominion-Provincial Conference on Reconstruction. It provides a factual summary of Public and Private Investment outlay in Canada from 1926 to 1941. It has also provided the foundation for other studies of this nature which are at present under way.

(18) LOCATION AND EFFECTS OF WARTIME INDUSTRIAL EXPANSION IN CANADA 1939-1944:

This report has been completed and was tabled in the House of Commons on December 15. In general it covers changes in the industrial pattern, population shifts, and the effects of some of these changes on particular areas and industries. The report is available in English and French and since its release has been given considerable publicity and wide circulation.

(19) GENERAL:

In addition to the above, memos and statistical tables on matters of immediate concern have been prepared as required. Considerable committee and consultation work is also carried on with other Departments. Until recently, this office acted as a focal point for the collection of statistical data to be transmitted to Washington for inclusion in the Combined Statistical Summary of the Combined Production and Resources Board. Brief monthly reports dealing with munitions production, price control, raw material supplies and distribution of the labor force were also submitted. Negotiations are at present under way to determine what exchange of information might be desirable in the future. There is also a constant exchange of information on a variety of subjects between this Branch and the Regional Councils.

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INDUSTRIAL RECONVERSION BRANCH

Industrial reconversion really began after Canada had passed the peak of war production late in 1943. As war contracts diminished, contractors began to gradually reconvert their plants and enter limited production of essential civilian goods to the extent of labor and materials being made available. The pace of complete reconversion quickened considerably following V-E day and has, in large part, been accomplished. It is the Director-General's opinion that there is no justification in maintaining an Industrial Reconversion Branch any longer. Full scale civilian production is now dependent on materials, tariffs, foreign exchange, etc., all of which are without the scope of this Department.

CROWN-OWNED BUILDINGS AND FACTORY EXPANSION:

The majority of large plants constructed by the Crown during war years have been sold or rented to private industry. Several transactions remain to be finalized as to detail, etc. Three plants, Defence Industries Limited, Verdun; Small Arms Limited, and part of the John Inglis Ordnance plant, have been converted to multiple tenancy operations with great success.

All controls on building have been lifted so that private industry can proceed with plant expansions, new buildings, etc. The only determining factor here is shortage of materials but this situation, from all reports, is improving.

PLANT CLEARANCE:

This job is well advanced, due to the fine work of Canadian Arsenals Limited, and War Assets Corporation. Only one complaint has reached this office in the last month that surplus material storage was holding up civilian production. Quick action was taken to remedy this situation and clear the plant in question.

MACHINE TOOLS:

The working force of the Machine Tool Committee was transferred to War Assets Corporation, effective August 1, 1945, and now comprise the Machine Tool Section of that Corporation. The sale of Crown-owned machine tools is proceeding as quickly as possible. During the month of November, 2,663 machine tools were sold to private industry for a return of $1,391,165.00 in accordance with the terms of the order-in-council governing disposal of capital equipment. The above figures are exclusive of custodian sales which are handled by Mr. Berry's staff in Ottawa. The pace of this disposal work is proceeding rapidly. For the week ending December 8, the Machine Tool Section quoted on $1,564,719.00 worth of business.

Canadian Arsenals Limited have transferred a large portion of single purpose machine tools to the various Government arsenals, and this work should be cleaned up within the next three months.

DEPRECIATION COMMITTEE:

This Committee, under the Chairmanship of the Deputy Minister, has its working force located in this Branch. Cumulative approvals of applications for depreciation under P.C. 8640 as at December 10, 1945, totalled $227,628,488.00. These expenditures by private industry all represent stages of industrial reconversion, the majority of which will provide new jobs. The work of the Committee is progressing smoothly.

INDUSTRIAL SELECTION AND RELEASE COMMITTEE:

This plan, which was originally sponsored by this Branch, called for the speedy release of skilled and technical personnel from the Armed forces to help firms in their reconversion.

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The majority of this work has been accomplished, and the Regional Reconstruction Councils are now handling all Committee work in the field for the Department. Lt. Col. T. F. Flahiff will continue to represent the Department on the central Committee in Ottawa.

LABOR:

While pockets of unemployment are presently apparent, and there is the usual seasonal unemployment, I cannot feel that the latest statistics issued by the Department of Labour give cause for concern.

There are still many jobs available for those unemployed and when the impetus of new construction and plant expansion has taken place, many new jobs will be provided. I think it can be said that with the initial shock of reconversion, industry has absorbed those laid off, and those discharged from the Armed forces, in surprisingly large quantities.

JOINT COMMITTEE ENEMY SCIENCE AND TECHNOLOGY:

This Branch has sponsored this work and the initial studies of enemy science and technology have been made by a group of scientists and industrialists, most of whom have recently returned from Germany. This work is very current, and it is recommended that it continue under the guidance of Lt. Col. T. F. Flahiff who has transferred over from this Branch to the Deputy Minister's office.

STAFF:

The field offices of the Branch were disbanded, effective November 30, and certain key personnel transferred to the Regional Reconstruction Councils. Lt. Col. Flahiff, Assistant Director-General of the Branch, has been transferred to the Deputy Minister's office, and the personnel of the Depreciation Committee will be transferred to that office, effective December 31.

L A B O R A D V I S E R

It is the function of the Labor Adviser to advise the Minister and the Department on reconstruction problems and policies as they affect labor, and to keep in contact with labor organizations, to know their views, and to receive their representations. He arranges and assists at meetings between the Minister and representatives of labor organizations, receives and studies the submissions of these organizations, and is the Chairman of the Reconstruction Labor Committee which represents the principal labor organizations in Canada.

The Labor Adviser is also the liaison officer between the Department of Reconstruction and the Department of Labor. He represents the Department of Reconstruction on the National Selective Service Advisory Board and other interdepartmental committees.

The Labor Adviser is Chairman of the Industrial Production Co-operation Board which advises and assists in setting up labor-management committees in industry.

The Labor Adviser was appointed in March, 1945. Following his appointment, the Minister issued a statement of policy on "Labor and the Department of Reconstruction" in which he outlined proposals for the co-operation of organized labor in the work of reconstruction.

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In April the Minister invited the Trades and Labor Congress of Canada, the Canadian Congress of Labor, the Railroad Transportation Brotherhoods, and the Canadian and Catholic Confederation of Labor to designate a representative on a Reconstruction Labor Committee which was being set up to co-operate with the Minister and the Labor Adviser. Following receipt of the recommendations from each organization the Committee was constituted and met forthwith under the chairmanship of the Labor Adviser. The Committee drafted plans and procedures for regular meetings between the Minister and representatives of organized labor in different industries and areas of Canada with a view to discussion of reconstruction problems affecting the workers in those industries.

The Reconstruction Labor Committee consists of -

H. Carl Goldenberg, Labor Adviser, Chairman
John W. Bruce, Trades and Labor Congress of Canada
Pat Conroy, Canadian Congress of Labor
Alfred Charpentier, Canadian and Catholic Confederation of Labor
A. J. Kelly, Railroad Transportation Brotherhoods

J. C. Dobie, Department of Reconstruction, Secretary.

The Committee has met at different times with the Labor Adviser, and on occasions with the Minister. In accordance with the procedure drafted by it, the Minister has met with representatives of -

(a) United Steel Workers of America
(b) The International Association of Machinists, Montreal Aircraft Lodge 712
(c) The United Automobile Workers of America, Local 112
(d) The United Electrical and Radio Workers.

In addition to the formal meetings, a number of informal discussions with individual trade union leaders and with representatives of industry have been held.

Where workers in particular plants desired to discuss reconversion problems, meetings were held with the Labor Adviser and the Director-General of Industrial Reconversion. These included meetings with representatives of the workers of DeHavilland Aircraft, Ottawa Car and Aircraft, Massey-Harris, and others. These meetings have helped to clarify Government policy and to create a better understanding with the workers.

The Labor Adviser maintains a close liaison with the Department of Labor. In this capacity he frequently consults with and advises the Department of Labor on a wide variety of matters, for example, the relaxation of National Selective Service controls, unemployment insurance payments to displaced war workers, the release of army personnel to essential industries, the release of technical personnel to industry, wage controls, industrial relations policy, etc., etc.

Since September 30, the Labor Adviser has also been acting as Labor Liaison Officer for the Department of Munitions and Supply, and his staff is still engaged in work relating thereto which will continue for some time.

The sudden termination of the European war in May, 1945, created a number of immediate problems requiring a constant interchange of information with the Labor Department and with the representatives of organized labor. While some of these problems are still far from being solved, the gradual return to peacetime conditions and the resumption of their functions by the normal peacetime Departments of Government are substantially diminishing the duties and responsibilities of the Labor Adviser.

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LIAISON OFFICER WITH DEPARTMENT OF TRADE AND COMMERCE

Operations have not included any items of major importance. Brief comments under various categories are as follows:

DEPARTMENT OF TRADE AND COMMERCE

The task of reorganizing the Department of Trade and Commerce under the new Deputy Minister is proceeding slowly. With the opportunities for export trade which now exist, particularly in respect to establishing Canada on the ground floor in competition with the United States and Great Britain, it is rather unfortunate that the Department of Trade and Commerce is not in better shape to provide aggressive action.

EXPORT CREDITS INSURANCE CORPORATION

Discussions have been held with H. T. Aitken, Chief Executive Officer of the above Corporation, with a view to securing knowledge of the operations and scope of this organization.

They do not appear to have any immediate problems affecting the Department of Reconstruction.

EXTERNAL TRADE ADVISORY COMMITTEE

The Liaison Officer was nominated as an alternate to Dr. W. A. Mackintosh on the above Committee.

No meetings of the above Committee or its Standing Committee have been held recently.

RAILWAY EQUIPMENT OPERATIONS

(i) French Locomotives

December 18, 1945, saw the finalization of an order for 140 locomotives for France, which has been under negotiation, under the Liaison Officer's direction, since September, 1944.

This order totals $18,193,000.00, split between the Canadian Locomotive Company, Kingston, and the Montreal Locomotive Works, Montreal, and will provide approximately five to six months' full employment for both these plants.

(ii) French Freight Cars

Negotiations for 9000 freight cars for France are proceeding, with reasonable prospect of success during the month of January.

This program will, if finalized, aggregate about $20,000,000.00 and will be spread over a wide cross section of Canadian industry.

(iii) Shipping Facilities

During December, a report was completed and submitted to W. M. Neal, covering the possibility of converting a number of Canadian ten thousand ton freighters, geared for heavy lifts, to enable the shipment of such items as complete locomotives from Canadian ports.

INDUSTRIAL SURVEYS

Full information and files on railway equipment investigations and surveys carried out during the past two years were provided to the Economic Research Branch as a matter of general information in connection with industrial surveys which they have under consideration.

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PUBLIC PROJECTS BRANCH C182515

The first few weeks after the formation of the Public Projects Branch were devoted to

(a) consultation with other government departments;

(b) investigation and preparation of various factors to be applied by the screening and estimating section of Public Projects to information obtained from all sponsoring agencies concerning proposed construction projects to establish:

(1) factors for average labor rates for provincial areas and the Dominion as a whole.

(2) price factors for major construction materials for Canada and for each provincial area.

(c) preparation, in co-operation with the Economic Research Branch, of Schedules "A" and "B", to be used for the collection and compilation of this information.

Assistance was given to other government departments, and to the Economic Research Branch in securing further details and revisions to the information included in the report of the Sub-Committee on Public Projects to the Committee on Public Investment which was used in setting up the proposals of the Government of Canada made to the Dominion-Provincial Conference on Reconstruction in August, 1945. This included compilation of estimates of annual maintenance costs and other annual costs which would result if and when construction projects were put into execution.

Schedules "A", partially completed as agreed upon, have already been received for some of the items which government departments wish to include in the 1946-47 estimates, and these projects have been screened promptly upon receipt. Care is being exercised to ensure that the remainder of the projects which are to be included in the 1946-47 estimates will be handled without delay when they reach this Branch, to the end that full co-operation is extended in assembling the public projects program included in the estimates, in final form, as soon as possible.

Projects totalling $23,442,000.00 have been estimated and screened for nine government departments and their various subsidiaries.

A scheme for the provision of planning grants for provinces and municipalities has been worked out in co-operation with the Economic Research Branch to the point of preparation of a draft Order in Council. Much thought has been given to the problem of providing advice to provinces and municipalities regarding engineering aspects of the Dominion public projects policy, and recommendations have been prepared for establishment of regional engineering offices across the country so that these will be ready for consideration when action is desired.

A project in Quebec at King's Wharf has been put in hand to relieve unemployment in Quebec City. Expenditures for labor and material to November 31 have amounted to $16,475.00. The total estimated cost of the project is $71,500.00, and steps are being taken to allocate this amount from the Reconstruction vote for the fiscal year 1945-46.

In order to make provision that all officers of this Branch will adhere to a common procedure in dealing with other departments of government, instructions have been prepared and issued to the staff of the Branch outlining details for implementation of the provisions of Order in Council 4942 (1945), which provide for consultation between other departments and the Department of Reconstruction to establish whether or not individual projects are postponable.

The total staff of this Branch is now 29.

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As noted in the November report:

"During the period under review, active measures have been taken in co-operation with the Reconstruction Department's personnel officer, the Wartime Bureau of Technical Personnel and the Civil Service Commission, to secure adequate and appropriate staff to meet the anticipated demands on the Branch. In some cases, suitable personnel were located by this Branch and referred to the Civil Service Commission for appointment. In other cases, the Civil Service Commission has sent personnel to officers in this Branch for interview and recommendation with regard to their suitability for the work. Many individuals have made inquiries regarding employment in the Branch but have felt that the salaries established are not as attractive as those available to them in industrial and commercial activity. It is realized that the greatest possible care must be exercised to avoid acquirement of more highly qualified staff than is essential to enable the Branch to carry out its duties efficiently, but consideration has also been given to staff requirements to take care of a probable greatly increased volume of work, and, so far, it has been found difficult to secure qualified and experienced technical persons as fast as they have been needed."

ORGANIZATION AND PERSONNEL BRANCH

PERSONNEL STATISTICS

No. employed as at December 31/45 assigned to positions authorized by Civil Service Commission within the establishment of the Department of Reconstruction.	MALE	FEMALE
Recruited from Munitions and Supply	20	56
Recruited from other Government Departments	18	40
Recruited from Outside Agencies	7	25
O.A.S. (Overseas Active Service)		
Army	18	
Navy	14	
R.C.A.F.	21	
N.O.A.S. (No Overseas Active Service)		
Army	5	
Navy	2	
R.C.A.F.	4	
	109	121
On Loan from Permanent Government Departments	6	3
Privy Council Appointments	28	0
	143	124
TOTAL	267	
Regional Reconstruction Councils (Includes Members and Staff) all P.C. Appointments.	135	
GRAND TOTAL	402	
Staff retired from Payroll since Inception to December 31, 1945.	59	64

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Overall Resume of Personnel by Branches as at December 31, 1945.

BRANCH	NO. OF EMPLOYEES	NO. OF OPEN POSITIONS
Deputy Minister's	69	13
Public Projects	30	29
Economic Research	91	14
Air Development	9	18
Research & Development	27	4
Resources Development	7)	)
Forest Insects Control Board	14)	6)
Industrial Reconversion	9	4
Co-ordinator of Controls	2	2
Co-ordinator of Regional Councils	135	0
Canadian Advisory Targets Committee	9	0
	402	90

Inasmuch as the section of the Department of Reconstruction responsible for Personnel, Stationery, Office Space, Equipment, etc. was amalgamated with the Organization and Personnel Branch of the Department of Munitions and Supply on October 23, 1945, and as of January 1, 1946, becomes a Division of the Secretary's Branch of the Department of Reconstruction and Supply, this report covers the activities of this section from the inception of the Department of Reconstruction to its conclusion as at December 31, 1945. This will, therefore, give a complete picture of the activities of this particular section during the life of the Department of Reconstruction.

Other than the Branch changes enumerated in the previous report ending November 30, 1945, there have been no organization changes effecting branches during the month of December.

STATIONERY STATISTICS:

1. Number of requisitions issued to King's Printer covering Stationery Supplies. 691
2. Number of requisitions issued to King's Printer covering printing work. 90
3. Number of requisitions issued to Munitions and Supply Stationery Division for Stationery and Printing. 347
4. Number of copies of Hansard Reports distributed daily with the Department. 13

The Stationery Section located in Building #3 was also amalgamated on October 23, 1945, with the Stationery and Equipment Division of the Organization and Personnel Branch which serviced the Department of Munitions and Supply.

For the time being at least, this section will continue to be located in Building #3 servicing that building as a sub-station of the main stationery office which is located in Building #2.

STATISTICS ON SPACE, FURNITURE AND MACHINES

1. Number of requisitions to Public Works Department covering furniture, structural alterations, buzzers, etc. 300
2. Number of requisitions to Department of Munitions and Supply for surplus furniture. 73

In addition to the commentary given in the report ending November 30, it would be well to state that the section responsible for office furniture, equipment etc. has also been amalgamated with the Equipment and Stationery Division of the Department of Munitions and Supply.

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This tends for efficiency in servicing the new Department of Reconstruction and Supply especially as the same personnel will be handling all phases of this work.

As reported on November 30, the furniture and office machine situation is much better to-day than it was six months ago. No difficulty is experienced in filling requisitions for furniture due to the surplus of used furniture available as a result of certain branches in Munitions and Supply ceasing to function.

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BRANCH		No. of Telephones: Instr.	Locals	Ext.	No. of Rooms	Bldg. No.	Type-writers	Adders	Compto-meters	Dicta-phones	Trans-cribers	Calcu-lators	Total Office Machines
Deputy Minister's		19	12	7	22	3	31					1	32
Public Projects		12	8	4	19	"	7	1					8
Industrial Reconversion		3	2	1	3	"	6						6
Research and Development		5	3	2	7	"	3						3
Resources Development		16	9	7	21	"	9						9
Labor Adviser		4	2	2	4	"	3						3
Liaison Trade and Commerce		2	1	1	2	"		1					1
Royal Commission on Coal		11	3	8	11	"	5	1					6
Air Development		1	1		5	"		2					2
Economic Research		26	16	10	46	"	36	7		2		4	13
Co-ordinator Controls		4	3	1	5	"	2			1	1		4
	TOTALS	103	60	43	145		102	12		3	1	5	87
							REGIONAL RECONSTRUCTION COUNCILS						
Toronto							3	1					4
Vancouver							2						2
Quebec							1						1
Montreal							2						2
Moose Jaw							1						1
Saskatoon							1						1
Calgary							1						1
Summerside, P.E.I.							1						1
Halifax							1						1
	TOTALS						13	1					14

TOTAL NUMBER OF REQUISITIONS TO PUBLIC WORKS DEPARTMENT - 300

TOTAL NUMBER OF REQUISITIONS TO MUNITIONS AND SUPPLY - 73

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REAL ESTATE BRANCH

GENERAL

The Branch was authorized by order-in-council P.C. 247/6173, effective August 20, 1945.

At inception, the work of the Branch was broadly defined, viz.

> The Director General of Real Estate was responsible for the co-ordination of negotiations for purchase or lease of Crown-owned real estate by other government bodies, i.e., provinces and municipalities, and more particularly, any negotiations which may bring about the use of temporary buildings for emergency housing or shelter.

Subsequent operations forced the broadening of duties to include negotiations for buildings to be used as hospitals, schools and small industries.

However, lack of a common policy and failure to use a single channel for disposal of Crown real estate resulted on several occasions in conflicting negotiations over the same property.

Therefore, on November 16, 1945, the Director General of Real Estate submitted a memorandum to the Cabinet Committee on Reconstruction requesting approval of a clarification of policy for this Branch. Accordingly, at the Cabinet Committee meeting of November 19, 1945, the recommendation was approved and the following directive issued:

> "That the Director General of Real Estate, Department of Reconstruction, be responsible for negotiations for the use or purchase of government controlled real estate by other government departments, provincial and municipal governments and semi-public bodies such as universities and schools, and that applications from these groups for use or purchase be forwarded to him".

All negotiations are carried on according to the policies and within the price range established by War Assets Corporation.

LIAISON

During September and October the Director General visited each province of Canada with the exception of Prince Edward Island and had conferences with cabinet representatives of the respective provincial cabinets and also with representatives of the Councils of all the larger cities of Canada. The Regional Liaison Officer attended at each meeting.

The points stressed at each conference included:

(a) That if some public or semi-public use of any Armed Services installations and war workers' hostels was required, it was the policy of the Government and the work of this Branch to try to make them available,

(b) The real estate is to be disposed of by normal procedure but expedited by liaison of this Branch.

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(c) The real estate is to be disposed of by priority, viz.

(1) Federal Government departments.
(2) Provincial governments
(3) Municipal governments
(4) Semi-public bodies, universities and schools.

(d) In case of temporary buildings, disposal to be made by purchase at 8 - 12% of original cost of buildings, plus cost of land, or by lease for the nominal sum of one dollar for the period to May 1, 1946, with the purchase method stressed as preferable.

(e) It was further stressed that any installation not available or immediately required should be applied for at an early date, so that priorities for public use would be protected.

(f) Buildings required for emergency housing or university requirements should be considered at once.

The information as outlined above was generally well received and the price of purchase considered fair if it was necessary to purchase. Every municipality and some provinces pointed out that they considered buildings for housing or shelter should be supplied free where they could be made available.

TYPES OF OWNERSHIP

(a) Land and buildings owned by Federal Government. This is largely the case of Armed Services installations some distance from urban centres.

(b) Land owned by province, municipality or a body controlled by either, and the buildings owned by Federal Government. This is largely the case where Armed Services and war-workers' hostels are located near or in urban centres. The leases of the land vary as to conditions, but in the main are for the duration and six months to one year afterwards. Most of these leases are for one dollar per year but have a "restoration of property" clause.

(c) Land owned by private corporations or individuals, and buildings owned by Federal Government. This is the case of many small installations in or near urban centres. Leases are for the duration and six months to one year afterwards. Some rent is usually paid and a restoration clause is generally found.

(d) Land and buildings leased by Federal Government. This is largely confined to permanent structures leased for the duration and six months to one year afterwards, with restoration the usual case.

SALES, NEGOTIATIONS AND INQUIRIES

(a) Sales expedited or negotiated to point of possession.

(b) Possible sales in the above category.

(c) Inquiries regarding purchase of buildings and properties. (noted below)

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Province of Prince Edward Island

1.	Charlottetown	(a)

Province of Nova Scotia

1.	Halifax	(a)
2.	Amherst	(b)
3.	Mulgrove	(c)
4.	Tuft's Cove	(c)
5.	Dartmouth	(b)
6.	Shelburne	(c)
7.	Sydney	(c)
8.	Hartsport	(c)
9.	Yarmouth	(c)
10.	Annapolis Royal	(c)
11.	Indian Head Beach	(c)
12.	New Glasgow	(c)

Province of New Brunswick

1.	Saint John	(a)
2.	Edmundston	(b)
3.	Chatham	(b)
4.	Fredericton	(c)

Province of Quebec

1.	Montreal	(b)
2.	Quebec City	(c)
3.	Granby	(a)
4.	Ville La Salle	(Leased)
5.	Longue Pointe	(c)
6.	Lake Megantic	(c)
7.	Lauzon	(c)
8.	Joliette	(c)
9.	St.Paul L'Ermite	(a)

Province of Ontario

1.	Toronto	(a)
2.	Ottawa	(a)
3.	London	(a)
4.	Kingston	(c)
5.	St. Catharines	(a)
6.	Windsor	(c)
7.	Kitchener	(a)
8.	Brantford	(a)
9.	Brockville	(b)
10.	Hamilton	(c)
11.	Eastview (Ottawa)	(c)
12.	Wingham	(c)
13.	Cobourg	(c)
14.	Powmanville	(a)
15.	Simcoe	(c)
16.	Guelph	(c)
17.	Goderich	(c)
18.	Port Albert	(leased to county)
19.	Burlington	(c)
20.	Clinton	(c)
21.	Chatham	(c)
22.	Gananoque	(c)
23.	Lanark	(c)
24.	Blenheim	(c)
25.	St. Thomas	(b)
26.	Wallaceburg	(a)
27.	Fort William	(a)
28.	Port Arthur	(c)

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Province of Ontario (continued)

29.	Kirkland Lake	(c)
30.	Kemptville (Agricultural School)-Province	(a)
	McMaster University	(a)

Province of Manitoba

1.	Winnipeg	(a) (others pending)
2.	Brandon	(a) (others pending)
3.	St. James	(c)
4.	Flin Flon	(a)
5.	Cormorant Lake	(c)
6.	Carmen	(c)

Province of Saskatchewan

1.	Regina	(a) (others pending)
2.	Saskatoon	(a) (others pending)
3.	North Battleford	(a) (others pending)
4.	Swift Current	(b)
5.	Prince Albert	(b)
6.	Yorkton	(b)
7.	Weyburn	(b)
8.	Estevan	(b)
9.	Moose Jaw	(b)
10.	Mossbank	(b)
11.	Dafoe	(b)
12.	Caron	(b)
13.	Halbrite	(a) (others pending)

The Provincial Government of Saskatchewan has requested that all buildings located at surplus R.C.A.F. stations and army camps be sold to them in order that they may salvage material for construction of houses in urban centres and establish educational and health institutions throughout the province.

Province of Alberta

1.	Calgary	(a)
2.	Edmonton	(a)
3.	Medicine Hat	(a) (others pending)
4.	Red Deer	(a)
5.	Lethbridge	(a) (others pending)
6.	Bowden	(a)

The Provincial Government of Alberta has expressed a desire to purchase all buildings located at surplus R.C.A.F. stations and army camps including buildings formerly occupied by American forces and not required by the various Departments of the Dominion Government. Negotiations are begun when each property is considered surplus to the requirements of the respective Dominion Government Departments, thereby avoiding delay where urgency dictates that transfers be expedited.

Province of British Columbia

1.	Vancouver	(a)
2.	North Vancouver	(b)
3.	Victoria	(a)
4.	Kamloops	(b)
5.	Alberni	(b)
6.	Port Alberni	(b)

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Province of British Columbia (continued)

7.	Terrace	(b)
8.	New Westminster	(a)
9.	Saanich	(b)
10.	Oak Bay	(b)
11.	Delta	(b)
12.	Prince George	(c)
13.	Prince Rupert	(c)
14.	Abbotsford	(c)

University of British Columbia (a) (others pending)

TYPES OF LEASES

(a) Leases already negotiated by this branch are for the period to May 1, 1946, and are mainly for buildings on land not owned by the municipality. Included are leases of buildings to:-

(1) Vancouver, B. C.
(2) London, Ont.
(3) Toronto, Ont.
(4) Ottawa, Ont.
(5) Saint John, N. B.
(6) Montreal, P. Q.
(7) Kitchener, Ont.
(8) Winnipeg, Man.

(b) Applications have been made by many municipalities for leases of buildings at one dollar per year for 3 - 5 years, but none has been made on these terms.

(c) Several buildings have been leased to municipalities for housing by other Government Departments. Examples are -

(1) Brandon, Man. 5 buildings at no cost. Granted May, 1945, by N.D.H.Q. (Army).

(2) Quebec, P.Q. Buildings housing 800-900 persons, at no cost, granted May, 1945 by Army.

(3) Saint John, N.B. 8 Buildings at $50 per month since May, 1945, negotiated by War Assets Corporation.

SPECIAL FEATURES

(a) It has been found that most municipalities have developed a belief that they would receive the buildings owned by them after the Services were through with the buildings. This is usually traced to the conversations at the time of original lease.

(b) The sale of buildings causes a delay of about one month in commencement of alterations. This is due to the necessity of getting agreement in city councils and then making arrangements for financing.

(c) Some municipalities refuse to pay the cost of 8%, although the situation is serious in their area. Emergency Shelter Administrations, of Wartime Prices and Trade Board, have considered the situation in Victoria, B.C. serious enough to subsidize the city to about 60% of the price being paid to War Assets Corporation.

(d) Some municipalities decline to take any action where distances are excessive. Examples of this are, viz.

(1) Regina, Sask. where the Province of Saskatchewan has arranged transportation facilities to "The Beach", which is forty miles from the city. Here there are over fifty cottages suitable for winter occupancy.

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(2) Montreal, P.Q. where Wartime Housing have been more or less forced to operate a hostel, due to the inaction of the municipal authorities.

(e) Some provinces are aiding the municipalities in purchase and alteration of the buildings. Outstanding examples are the loan of $1,000,000 from the Province of Alberta to the City of Edmonton, to purchase buildings at Dawson Creek, salvage them and erect 600 homes in Edmonton; and the purchase or proposed purchase of buildings by the Province of Saskatchewan for various municipalities.

INDUSTRIAL RECONVERSION

Some municipalities, i.e., smaller cities and towns, are interested in procuring buildings and airport hangars at low cost, and if possible, for one dollar per year, in order to entice industry to their areas. An example of this is the negotiations between the City of Chatham, N.B., and the Government, for part of the Chatham Airport, in order to accommodate a woodworking industry ultimately employing 150 men.

CONCLUSION

The activities of the Branch are progressively increasing and a great many public bodies have been most complimentary regarding the efforts of the Department of Reconstruction to supply information and expedite sale negotiations.

RESEARCH AND DEVELOPMENT BRANCH

I. ORGANIZATION AND PERSONNEL

1. Professor J. C. Wilhelm as Assistant Director-General of the Branch was active in the initial organization stages for both the Branch and the Department. A foundation was laid for a branch organization that could carry out the program for research and development briefly outlined in the White Paper of April, 1945. Professor Wilhelm resigned in September to return to the staff of the Physics Department at the University of Toronto.

2. The Information Service has been set up under the Directorship of F. E. Lathe with a staff of technical investigators and librarian assistants. This group is located at the National Research Council to facilitate the work which requires ready access to a technical library. Mr. Lathe and several of the technical personnel are permanent members of the National Research Council Staff on loan to the Department of Reconstruction to carry out this work.

3. Technical officers have been appointed for the office in Ottawa to work on special projects such as Communications Research and Building Research, and to assist in reviewing any specific problems that arise.

4. Appointments have been made to most of the regional areas of at least one Technical officer. These personnel will assist not only the Branch but the Regional Council in carrying out the Research and Development phases of Reconstruction.

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5. All technical personnel have been given a preliminary training course which consists of a month to six weeks' familiarization work in Ottawa. Visits and discussions are arranged to the various Government laboratories in Ottawa as well as major universities and industrial organizations in Toronto and Montreal. This training period is designed to acquaint the Technical officers with the facilities that are available to carry out research and to establish a personal contact with some research scientists. It also gives an insight into the types of problems that have been done and may suggest where a specific problem might be tackled. These personnel are also made conversant with the terms of the Income War Tax Act, Section 5(1)(u), as members of the Branch have been acting as investigators for the President of the National Research Council regarding claims made under this section of the Act.

II. LIAISON WITH REGIONAL RECONSTRUCTION COUNCILS

6. The Associate Director-General has visited the regional areas except Northern Ontario and Prince Edward Island. During these visits the local universities and research foundations have been contacted for discussions on research in general and Building Research in particular. These personal contacts with the Chairman, Secretary and some of the Council members have proven most beneficial to the Branch as well as quite popular with Council members. Technical officers for the regional areas have been selected with the full concurrence of the regional chairman in each case. Rather extensive discussions have been held with the Chairman and Secretary of the Councils regarding the work of the Branch and in particular the scope and nature of the duties of the Regional Representatives.

7. Arrangements have been made for Mr. Gray to visit the Prince Edward Island area early in January for discussion with the Chairman and Secretary regarding the Branch representation in that area. Arrangements have also been completed to have the Manitoba Regional Representative visit the Northern Ontario area at Sault Ste. Marie to discuss the scope of the work of the Branch and acquaint the Regional Council with our organization. This visit will be followed by a visit by Mr. Gray to make arrangements for the necessary coverage of that area.

III. LIAISON WITH OTHER GOVERNMENT DEPARTMENTS

8. Very close contact is maintained with all Government departments with research or laboratory groups in order that the correlation of any proposed projects shall be complete.

9. Mr. Gray has been acting as Co-ordinator of Technical Research for the National Housing Administration and queries received by N.H.A. of a research or new technical nature are handled by this Branch.

10. Mr. Gray is also a member of the Sub-Committee on Building Materials of the Interdepartmental Housing Committee. Problems of a technical nature regarding new materials or substitute materials are investigated by this Branch and recommendations made to the Sub-Committee.

11. C. J. Campbell, Director of Communications Research for the Branch, has taken a very active part in many of the Canadian and International Committees and Organizations in the communications field.

(a) C.E.R.C.A. The third meeting of the Commonwealth and Empire Conference on Radio for Civil Aviation was held in London, England, during July and August of 1945. The Director of Communications Research took an active part in the program and acted as chairman of the committee charged with studying and recommending telecommunication systems for Commonwealth and Empire standardization. Canada was requested to undertake an extensive development program, but due to the reduced strength

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of the Radio Branch at National Research Council, it has been necessary to advise the United Kingdom that Canada is unable to undertake this commitment and, for the time being, will concentrate on the completion of the Canadian-developed "Distance Indicator" for civil aviation.

(b) Interdepartmental Committee on Telecommunications. This Department is represented on this committee with a view to coordinating Canadian research and development on equipment for this field. The Director attended the Bermuda Telecommunications conference held in November, 1945 and was a member of the Technical Developments Sub-Committee.

(c) Canadian Radio Technical Planning Board. This board consists of several panels and is responsible for technical recommendations on standards, tolerances, frequencies and type of equipment necessary to meet Canadian requirements. The activities of the board and its panels are closely related to communications research and development in Canada and, therefore, an effort is made to maintain active representation on all panels.

(d) P.I.C.A.O. The Director was appointed as the Canadian Representative on the Communications Sub-Committee of the Provisional International Civil Aviation Organization, which met in Montreal from October 18 to November 9. As a result of some 18 meetings, a final report of this session was prepared and a draft of "P.I.C.A.O. Communication Standards and Recommended Practices" was prepared. The Director was appointed Vice-Chairman of this Sub-Committee and as Chairman of the Drafting Committee.

IV. TECHNICAL INFORMATION SERVICE

"Questions and Answers for Manufacturers"

12. It was decided early in 1945 to produce a booklet which would outline the basic plans of the Research and Development Branch and in particular would advertise the service being set up to assist manufacturers and individuals in their technical problems.

13. The first printing consisted of 5,000 English and 1,000 French copies and the distribution was mainly through the Regional Reconstruction Councils and regional technical representatives. The booklet has proven quite popular and has helped in establishing very satisfactory figures for the Information Service. A second printing was necessary as the Canadian Manufacturers' Association had requested 6,000 copies for distribution to their members, with an explanatory covering letter, referring to the Industrial and Scientific Research Conference held at their 74th Annual General Meeting, June 5, 6, and 7, 1945. Results of this distribution should be very interesting and should show up in the volume of questions passed to the Technical Information Service.

14. The formation of the Technical Information Service was authorized early in 1945, but enquiries were not received in appreciable number until after distribution of the bulletin "Questions and Answers for Manufacturers" was begun. To November 28 enquiries number 225, of which 100 have been received in the past six weeks. These have come from many sources - Regional Reconstruction Offices regarding local problems, men from the Services wishing to undertake some business with which they are not familiar, companies intending to manufacture new products or improve their technical processes, banks requesting information in which their clients are interested, contractors and builders regarding new methods of construction, and even high school students wanting information for essays and public speaking contests!

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15. Sources of information are almost as varied as the enquiries themselves. Periodically senior members of the staff meet in conference to discuss the latest enquiries. Their knowledge of the problems under consideration and their suggestions as to sources of additional information are pooled. Allocations are then made, usually to one person only, but frequently different phases of a subject are handled by two or more members of the staff working in co-operation. The National Research Council's Library, with its complete indexes to most of the world's scientific and technical literature, periodicals in German, Russian, French, and other foreign languages, Government reports, patent abstracts, etc., forms the major source of information. Its co-operative staff will secure almost any publication desired, even though it be not available in Ottawa or in Canada. Specialists on the staff of the N.R.C. and elsewhere in the Government service are frequently called into consultation. Letters are written to industrial research laboratories in Canada and the United States - to any one who is likely to have the desired information. A few enquiries are referred outright to other Government departments.

16. Draft replies to enquiries are checked for adequacy by the Director of T.I.S., who frequently refers them back for further study or adds information from independent sources. The objective is to supply, not merely answers to the specific questions asked, but the information needed by the enquirer to solve his problem satisfactorily.

V. BUILDING RESEARCH

17. The Building Research field is one that is most fertile and that requires considerable co-ordination of effort. Mr. Gray has discussed building research and housing research in particular with many of the interested groups in both the United States and Canada. Close liaison is being maintained with the sections of the United States Government agencies such as National Housing Agency, Federal Public Housing Authority, National Bureau of Standards and Forest Products Laboratory which are concerned with the technical research aspect of the housing and building program. Every effort is being made to review the work of these groups as well as such groups as the Research Laboratories of the American Society of Heating and Ventilating Engineers and the Illuminating Research Laboratories of the General Electric Company. Where sound scientific results that are applicable to Canadian conditions have been obtained every effort will be made to co-ordinate these results with work in Canada.

18. The subject of Building Research proved to be so broad that it was considered essential after the preliminary investigation to organize the subject in all its aspects. This requirement resulted in the compilation of a pamphlet titled "Correlation of Research on Building Elements", which was produced to:

(a) Organize the subject of Building Research.

(b) Review past work in this field.

(c) Review present work and facilities in this field

(d) Locate organizations or individuals desiring to work in this field

(e) Act as a basis for compiling projects requiring study

(f) Act as a basis for compiling a bibliography in this field.

19. The original distribution was mainly to Government Departments having research facilities, independent research groups and universities with Science Faculties. Several information copies were sent to professional organizations and British and United States interested parties.

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20. Sufficient replies to the questionnaire have now been received to warrant compilation of the information. This work is nearing completion and requires information from one or two of the original addressees to complete the work and have it ready for study and possible publication.

21. R. M. Battles, one of the technical officers of the Ottawa office, has started a preliminary study of solar radiation figures for Canada to ascertain the requirements for this subject in relation to building studies.

VI. COMMUNICATIONS RESEARCH

22. Close contact has been maintained with the larger firms in the Canadian radio industry who appear to be aware of the need for communications research and its co-ordination in Canada. Requests for technical information have been satisfied where the information is available.

23. Active liaison has been maintained with the Radio Branch of the National Research Council. This has taken a definite form in the assistance being given to the Canadian National and Canadian Pacific Railways Communications Divisions in microwave field strength measurements for a proposed radio telephone link from Montreal to Toronto. Considerable progress has been made on this project during the past two months.

24. C. J. Campbell, Director of Communications Research, has submitted his resignation to take a position with Trans-Canada Airlines as Assistant Superintendent of Communications. This resignation has been accepted and will become effective January 14, 1946. Arrangements are being completed with the Radio Branch of the National Research Council to ensure proper coverage of Mr. Campbell's field.

VII. BRITISH INTELLIGENCE OBJECTIVES SUB-COMMITTEE

25. The Research and Development Branch was given the responsibility of selecting, organizing and despatching the scientific and technical teams that proceeded to the U.K. and Europe under the B.I.O.S. concerned with the investigation of enemy science and technology. This work has been handled with the complete co-operation of Lt.-Col. T. F. Flahiff of the Industrial Reconversion Branch who was particularly concerned with the technical personnel and technical phases of the investigation.

26. In all, 42 technicians and scientists proceeded under this arrangement, all but 7 or 8 having returned to Canada. The reports are being received and consideration is now being given to the best method of disseminating to industry the information gained.

27. A Press Conference, under the auspices of the Department of Reconstruction, was held in the Chateau Laurier on December 14. This was attended by twenty-six of the scientists and technicians who proceeded to Germany under the B.I.O.S. arrangements. V.W.T. Scully, Deputy Minister of Reconstruction, was in the chair. He was assisted by Dr. C. J. Mackenzie, Director-General, Research and Development Branch, Lt.-Col. T. F. Flahiff, Executive Assistant to the Deputy Minister and Assistant Director-General of the Industrial Reconversion Branch, and Archibald H. Newman, Director-General of the Publicity Branch. Brief statements were issued by several of the leaders of groups, outlining the scope of the work and many of the interesting industrial plants and research organizations that were visited. Minutes of this conference are available from the Publicity Branch.

VIII. "SUMMARY OF CURRENT TECHNOLOGICAL DEVELOPMENTS"

28. The Research and Development Branch have taken over the responsibility of duplicating and issuing this publication that was started by the Production Board of the Department of Munitions and Supply. Copies

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 266, pages C182500-C183135

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are sent to roughly 500 manufacturers, as well as information copies to all of the regional representatives. Prior to the Branch assuming this duty the Production Board made a survey of those receiving copies to ascertain their use and value. They received a little over 100 replies definitely requesting that the service be continued, indicating that it is of some considerable value.

29. These reports, prepared each month in the United States by the staff of the Productivity and Technological Development Division of the Bureau of Labor Statistics, summarize recent changes in processes, materials, and manufacturing techniques as reported in current trade and technical periodicals. Preparation of the "Summaries" started at the end of 1941 as a by-product of the Division's regular work. At present, the reports cover about 200 selected periodicals each month and accordingly represent a wide selection of current industry developments.

30. The items presented are short abstracts of articles or notes appearing in the cited periodicals. Brief special reports on matters of current interest, based on a number of sources or on the work of the Division, are also frequently presented at the end of the abstract section.

31. The distribution which was set up under the Production Board is being broken down into areas which correspond to the Branch organization and copies will be supplied to the Regional Representatives. It is hoped in this way to have a further review of the use that is made of this bulletin, as well as ensuring an equitable distribution.

IX. PRESENTATION OF PAPERS

32. In addition to addressing university groups Mr. Gray has presented papers to -

"The Royal Meteorological Society of Canada" and "American Society of Heating and Ventilating Engineers" (Toronto Chapter)	5 Nov.	Toronto
"La Societe Industrielle de Quebec"	14 Nov.	Quebec City
"Engineering Institute of Canada" (Halifax Branch)	22 Nov.	Halifax

33. These addresses have covered the work of the Branch very briefly and outlined in particular the proposals for correlating building research in Canada as well as some of the more interesting research projects that must be undertaken.

R E S O U R C E S D E V E L O P M E N T B R A N C H

PERSONNEL

The first official appointment in this Branch was that of the Co-ordinator on March 31, 1945. Other appointments followed, as noted below.

DATE	APPOINTMENT	NAME
March 31, 1945	Co-ordinator of Resources Dev.	A. A. MacKay
May 30, 1945	Deputy Co-ordinator (Forestry)	D. Roy Cameron
May 11, 1945	Chief of Forestry Division	E. Menard
June 1, 1945	Executive Assistant	W. O. McBride

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DATE	APPOINTMENT	NAME
Sept. 14, 1945	Chairman, Forest Insects Control Board	E. Menard
Sept. 15, 1945	Principal Map Curator	D. Aubry
Dec. 15, 1945	Entomological Technical Officer	Dr. J. McBrien Cameron
Dec. 15, 1945	Deputy Co-ordinator (Mining)	N. B. Davis and Staff

The organization of stenographic staff, correspondence and map filing systems, office equipment and facilities was completed in the permanent address, Rooms 231-239, No. 3 Temporary Building on July 5, 1945.

In the interval since organization, the Branch staff has endeavoured to carry out the terms of reference applicable to this Branch and have familiarized themselves by personal contact and correspondence with all officers and routines of all Federal and Provincial Departments of interest and concern.

Considerable correspondence has been entered into with government and private agencies in acquiring reference reports, maps and recommendations on items of Reconstruction affecting the field of natural resource development.

LABOR

(a) Employment Surveys and Manpower Requirements Forecasts were instituted and compiled for the Mining Industries and Forest Industries across Canada by National Selective Service, provincial governments and technical societies.

(b) Industrial Selection and Release Board - Requests totalling 27 have been dealt with in expediting technical releases from the armed services. Two applications were re-submitted for consideration.

(c) Wartime Bureau of Technical Personnel - Transfer of employment of 5 technical men in mining industry was recommended.

Reclassification for labor priority in prospecting and new development were discussed and recommended in conference with appropriate National Selective Service officials.

Preparation and reclassification of Prevailing Rates of Wages for Department of Mines and Resources was successfully screened and passed to the Department of Labor.

EQUIPMENT PROCUREMENT

The following items involving equipment procurement have been submitted.

NO.	ARTICLE	AGENCY	USE	DISPOSITION
1.	Canso Aircraft #9823	Frobisher Explor. Co.	Baffin Land	Secured
2.	K-23 Camera, Sextant Film	Cameron " "	N.W.T.	"
3.	ARP Surplus F.F. Equipment	All Provinces	F.F. Fighting	"
4.	Canso Aircraft-Lease	A/C Fauquier & Assoc.	N.E. Quebec	Postponed
5.	Truck - 1 Ton Panel	Prov. of Ontario	Geol. Survey	N.A.
6.	Life Rafts - Surplus	Prov. of Quebec	" "	Secured
7.	Truck - 2 Ton Stake	N.A. Goldfields	Placer Mining	N.A.
8.	Mining Equip. Permit	Howe Sound Explor.	Mining	Secured

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NO.	ARTICLE	AGENCY	USE	DISPOSITION
9.	Truck - 1 Ton Panel	Wright-Hargreaves-Exploration Limited		Secured
10.	Cons. Equip. released from Nat. Defence	Surveys & Eng. Branch	Highway Maint.	Inspection by M.& R.
11.	8 Cwt. Army Trucks	Prov. of Quebec (Forest Service)	F. Fighting	War Assets
12.	Transmission Poles	Howe Sound Explor.	Power Line	N.A.
13.	Canso Aircraft #9823	Frobisher Explor.	Baffin Land	Returned
14.	Cameras and Equipment	Cameron "	N.W.T.	Retention

MINING REPORTS - GENERAL

	TITLE	SOURCE
1.	Expansion of Geological Survey	J. D. Bateman, Geologist
2.	Mining Development - Chibougamau Area	Deputy Minister, Quebec
3.	Gassification of Herbert Coal District	Bureau of Mines
4.	Housing for Mining Areas	Ontario Mining Association
5.	Plans for Prospectors	Director of Technical Information.
6.	"Reconstruction applied to Gold Mining" (D.B.S. Gold Mining Review, 1945)	Resources Development Branch.

MINING - ROADS

The following requests for assistance were received but no action taken pending the Dominion-Provincial Conference.

	LOCATION	ENQUIRY
1.	British Columbia General Program	Dept. of Mines and Resources
2.	Cariboo Area - Road Program	House of Commons
3.	Pickle Crow Road and Survey	J. E. Hammell
4.	Red Lake Airport Road	Dept. of Transport
5.	Kenora to Red Lake Road	Kenora Board of Trade
6.	Upper Manitou Lake Road	Elora Gold Mines
7.	Polaris Taku Road, B.C.	Dept. of Mines - B.C.
8.	Goldhawk Porcupine Road	Ont. Dept. of Highways
9.	Snow Lake Road	Dept. of Mines - Manitoba
10.	Chibougamau - Lake St. John Road	Regional Council - Quebec
11.	Senneterre to Lake Waswanipi	" " "

MINING - COMMUNICATIONS

Estimates on ultra high frequency short wave transmission has been received on the following,-

1.	Kenora to Red Lake, Ontario	Dr. S. T. Fisher

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2. Lake St. John to Chibougamau, P.Q. Dr. S. T. Fisher

3. Long Distance Telephony
Ottawa to Halifax by U.H.F.Radio Dr. S. T. Fisher

MINING - AIRFIELDS

Data has been collected on the following,-

1. Report by C.P. Airlines of Airfield Location on North Shore
2. Request for Airport Location at Sudbury, Ont.
3. Request for assistance in Airfield Construction - Quebec (Quebec Regional Council)
4. Interdepartmental memoranda on Surveys for the Chibougamau Airstrip
5. Interdepartmental memoranda on Surveys for the Red Lake Airstrip

MINING - REQUESTS

	AGENCY	REQUEST	DISPOSITION
1.	Casa Lake Gold Mine	Cons. Permit	No
2.	Dunblane Mines	Financial Assistance	No
3.	Drumheller's Brd. of Trade	New Industries	Referred
4.	Northern Natural Gas Co.	Financial Assistance	"
5.	E. J. Crouch & Co.	Travertine Marble	Noted
6.	Mineral Rockwool, Elmac, N.B.	Technical Assistance	Referred
7.	Bureau of Mines	Lapidary Industry	"
8.	Royal Commission on Coal	Carbonization of Coal Investigation	Noted
9.	Acadia Coal Co. - N.S.	Financial Assistance ($980,000.00)	Investigation & Dept. of Fin.
10.	Canadian Indus. Minerals Nova Scotia	Tax Relief on Fluorspar	Referred
11.	Ottawa Silica & Sandstone	Financial Assistance	No
12.	J. P. Shaver	Peat Moss, P.E.I.	Referred

DEPUTY CO-ORDINATOR (MINING)

Appendix I attached lists the activities of this Division to December 31, 1945.

FORESTRY - REPORTS

Correspondence on reports received are as listed.

(a)

1. Canadian Forestry Association and Canadian Society of Forest Engineers are on record with offer of services and have submitted briefs on Forest Development.

2. Forest Products Industry Reports - Gilbert Jackson

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MINING - REQUESTS

	AGENCY	REQUEST	DISPOSITION
1.	Wasa Lake Gold Mine	Cons. Permit	No
2.	Dunblane Mines	Financial Assistance	No
3.	Drumheller's Brd. of Trade	New Industries	Referred
4.	Northern Natural Gas Co.	Financial Assistance	"
5.	E. J. Crouch & Co.	Travertine Marble	Noted
6.	Mineral Rockwool, Elmac, N.B.	Technical Assistance	Referred
7.	Bureau of Mines	Lapidary Industry	"
8.	Royal Commission on Coal	Carbonization of Coal Investigation	Noted
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3. British Columbia Industrial Research Council - Report on Forest Research Program.

4. Pulp and Paper Research Institute, Montreal Proposal for 5 year additional authority.

5. Forest Fire Protection - Exchange of correspondence and reports with all provinces.

6. Joint Executive Committee of Pulp and Paper Industry - Proposal for release of Forest Engineers.

7. Howard Smith Paper Company - Proposal on Colonization Scheme, Abitibi, Que.

8. Erosion and Water Supplies - E. P. Stebbing

(b)

1. Department of Agriculture - Proposal for Expansion of Forest Insect Survey.

2. Canadian Pulp and Paper Association - Report on Spruce Budworm problem by their Forest Insect Control Committee and subsequent recommendations.

FORESTRY - REQUESTS

	AGENCY	REQUEST	DISPOSITION
1.	K. U. Beer	Salvage of Logs - B. C. Coast	Referred
2.	E. Audet	Lumbering on Nigiscan River	No
3.	Can. Pulp & Paper Association	Forestry Mission to U.S.S.R.	Investigation
4.	Howard Smith Paper Company	Colonization Scheme - Abitibi	Noted

FOREST INSECTS CONTROL BOARD

Order-in-Council P.C. 6018 dated September 14, 1945, authorized the formation of the Board. Appendix II attached lists the quarterly report of the F.I.C.B. to December 31, 1945.

ACTING CO-ORDINATOR (FORESTRY)

Papers were prepared and given by the Acting Co-ordinator.

Dec. 3 - Women's Canadian Club - Toronto on "The Canadian Forestry Situation"

Dec.14 - Kemptville Board of Trade - Kemptville, on "Dominion Government Proposals and the Department of Reconstruction."

FISHERIES

	AGENCY	REQUEST	DISPOSITION
1.	Can. Int. Paper Co. (V. E. Johnson)	Fish Conservation & Fertilization	Referred
2.	Can. Int. Paper Co. (V. E. Johnson)	Aquarium - Ste. Anne de Bellevue	"

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TOURISM

1.	Report on National Tourist Advisory Committee	Noted
2.	Report on Canadian Association of Tourist and Publicity Bureaux	Noted
3.	Fort William, Civic Tourist Supervisor - Schreiber Highway	Referred

WATER AND POWER

	AGENCY	REQUEST	DISPOSITION
1.	Dept. of National Health	Dawson Creek, B.C. Water Purification Plant	Referred
2.	Int. Joint Commission	Pollution of St. Clair - Detroit Rivers	"
3.	P.F.R.A.	St. Marys and Milk River Irrigation Project	"
4.	Bruce County, Ont.	St. Lawrence Waterways	"
5.	Province of Alberta	Pembina River Power Development	"
6.	Lake of Woods Milling	High Water - Winnipeg River - Survey	

AGRICULTURE

1. Experimental Farm and Committees - Agriculture Reconstruction (Noted)

NORTHWEST TERRITORIES - REPORT

1.	Dr. J. E. Gill - Report on Survey Trip N.W.T. for Dept. of Reconstruction	Referred
2.	Yukon Territorial Council - Highway Program	Noted
3.	R. J. Donovan and Company - Reports on Radio Telephone Northwest Territories	Noted
4.	Dr. S. T. Fisher - Radio Communication Survey of N.W.T. for Dept. of Reconstruction	Referred
5.	Frobisher Exploration Company - Reports on Snare River Power Development	Survey
6.	Special Commission, N.W.T. - U.S.A. Construction Equipment	Referred
7.	Transportation Problems, N.W.T. - Conference notes taken by D. Roy Cameron	Referred

PROVINCES - ENQUIRIES

1.	QUEBEC - Civil Engineering Postwar Projects	Noted
2.	MANITOBA - Postwar Program for Dominion-Provincial Conference.	Noted

MISCELLANEOUS

1.	Canadian Institute of Mining and Metallurgy - Report and assistance	Noted
2.	Associate Committee on Geophysics - Report	"

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3. Enemy Science and Technology - Choice of Representatives - Referred

4. Ont. Mining Assoc. - Report of Mines' Ministers' Meetings - Noted

5. Dept. of Nat. Defence (Army) - Winter Exercises (Musk-Ox) Referred

6. Can. Construction Assoc. - Postwar Project Report Noted

7. Ont. McGill Association - Natural Resources Report Noted

MAP DISTRIBUTION SECTION

Complete copies are now on file of Maps published by,-

(1) Hydrographic and Map Service Dept. of Mines & Resources
(2) Mines and Geology Branch - Selected maps and geological reports
(3) Geographical Section - Dept. of National Defence (Coastal area)
(4) All Provinces - Selected maps and Resources Publication

REGIONAL RECONSTRUCTION COUNCILS

1. Maritimes, Ontario and Quebec - Notification of Budworm Epidemic Noted

2. Co-ordinator - Establishment of Branch Policy Ruling "

3. Saskatchewan - Request for Soil Survey Referred

DOMINION-PROVINCIAL CONFERENCE COMMITTEES

Reports have been prepared by the Committee on Public Investment for Cabinet Committee consideration prior to the Dominion-Provincial Conference, August 6, and incorporated into the Proposals of the Dominion of Canada.

Committee on Public Investment	Chairman:	A. A. MacKay
	Member:	D. Roy Cameron
Sub-Committee on Natural Resources	Member:	A. A. MacKay
	"	D. Roy Cameron
Sub-Committee on Agriculture and Combined Resources	Member:	D. Roy Cameron

In addition A. A. MacKay was a member of the Associate Committee on Geophysics - National Research Council. Supplementary Reports were prepared starting October 3 last by the above Committees for further consideration along the lines of clearer definition of Dominion assistance. Special conferences were held under the chairmanship of the Acting Co-ordinator to consider,-

(i) Dominion grants for specialized technical training;

(ii) The matter of present level of Civil Service technical salaries, and;

(iii) Federal Departmental Estimates on Reconstruction Projects under P.C. 4942.

ASSISTANT PROJECTS

1. Inter-Branch - Provision of funds ($10,000,000) to raise Provincial Standards in 1946. Submitted

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2.	Inter-Branch	- Planning Grant Recommendations	Submitted
3.	Dept. of Transport	- Saskatoon Airport Extension	Referred
4.	Mines and Resources	- Classification of Increased Expenditures	Noted
5.	Interdepartmental Committee	- Policy change Air Photography Proposal	Submitted
6.	Senate	- Cultural Centres in National Parks	Referred
7.	Regional Council, Quebec	- Landing Strips - Forestville and Baie Comeau	Submitted

ORIGINAL LISTING OF PROJECTS SUBMITTED THROUGH THE RESOURCES DEVELOPMENT BRANCH TO THE DEPUTY MINISTER.

PROPOSAL NO.	TITLE		AMOUNT
Mines and Geology Branch - Public Works Projects			
6.	Coal Preparation and processing Plant		$ 100,000.
7.	Mechanical and Maintenance Shops		300,000.
8.	Geological and Topographical Survey Buildings		1,700,000.
9.	Rehabilitation of Museum Building		250,000.
11.	Topographical Surveys and Maps		170,000./Year
12.	Geological Surveys - Maps and Reports		115,000./
14.	Research and Development of Mineral and Fuels		300,000.
15.	Extension of Museum Activities		250,000.
16.	Ground Water Surveys		30,000.
17.	Exploratory Drilling of Bituminous Sands		700,000.
18.	Geophysical Surveys and Drilling		-
19.	Extension of Explosive Testing, Etc.		17,000./Year
20.	Prince Rupert Highway		200,000.
Northwest Territories Projects			
22.	Yellowknife Airport and Approach Road		210,000.
23.	Office and Living Accommodation - Fort Smith		140,000.
24.	Administration Building		40,000.
25.	Insane Asylum		100,000.
26.	Hospitals		200,000.
27.	Residence for Field Officers		140,000;
28.	Schools		50,000.
29.	Yellowknife Airport		634,000.
30.	Residence, Medical Officers, Etc.		110,000.
32.	Administration Building - Whitehorse		50,000.
33.	Living Quarters - Klurne Park, Etc.		40,000.
34.	Roads - Whitehorse-Dawson City, Etc.		10,336,800.
Assistance to Provinces in Forestry			
35.	British Columbia	Dominion Share	19,145,716.
	Alberta		2,729,150.
	Saskatchewan		3,842,312.
	Manitoba		5,559,250.
	Ontario		13,525,287.
	Quebec		21,000,000.
	New Brunswick		7,262,500.
	Nova Scotia		2,212,500.
	Prince Edward Island		
Surveys and Engineering Branch - Reconstruction			
36.	Dominion Observatories - Magnetic Bldg.	Agincourt -	3,000.
37.	" " " "	Meanook	3,500.
38.	Observatory Grounds - Clearing, Etc.		27,000.

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Surveys and Engineering Branch - Reconstruction (continued)

PROPOSAL NO.	TITLE	AMOUNT
39.	Dom. Water and Power Bureau - Gauging Station	$ 5,000.
40.	Hydrographic Service - Wharf	80,000.
42.	Development - Main and Tourist Highways	10,000,000.

National Parks Bureau - Reconstruction

43.	Roads	359,950.
44.	Bridges	27,400.
45.	Electric	72,450.
46.	Shelter, Etc.	47,110.
47.	Park Boundaries	
48.	Replacements	944,000.
49.	Parking and Camp Grounds	42,214.
50.	Trails	274,500.
51.	Water Supply	111,750.
52.	Trail Shelter	43,000.
53.	Airports	300,000.
54.	Recreation	19,710.
55.	Buildings	452,550.
56.	Landscaping	69,400.
57.	Seawall, Etc.	73,250.
58.	Forestry	103,200.
59.	Fire Gap Roads	122,590.
60.	Sewerage	222,000.
61.	Street Works	167,500.
62.	Miscellaneous	112,804.
63.	Historic Parks	400,400.
64.	Halifax Citadel	200,000.
65.	Quebec Walls	100,000.
66.	Wild Life	1,135,000.
67.	Mt. Tremblant Park	1,000,000.
68.	Champlain Mt. Park	500,000.
69.	Proposed Yukon Park	500,000.
70.	Forest Products Labs - Bldgs. (Preliminary)	550,000.
71.	Dominion Forest Experimental Station	75,000.

Miscellaneous

4.	Snow Lake - Manitoba Road	300,000.
5.	Dept. of Fisheries - Reconstruction Plans, Films, Etc.	50,000.

Active Submissions

73.	Physical Metallurgy Laboratory Film - To be re-submitted	12,000.
10.	Air Photography (RCAF) to be negotiated commercially	500,000.

Cabinet Approved Projects

1.	Opening up the Northwest Territories	Principle
2.	Survey for Red Lake Landing Strip (Dept. of Transport)	10,000.
	Construction of Red Lake Landing Strip (P.C.5964)	745,000.
3.	Communication Survey - N.W.T. (Mines and Resources)	5,000.
13.	Investigations in Mineral Economics "	25,000.
21.	Great Bear River - Portage Road "	200,000.
31.	Grimshaw-Great Slave Road "	3,340,000.
41.	Engineering and Construction Service " (Grimshaw Road)	200,000.
72.	Vessel for Atlantic Herring Investigations Committee - Fisheries P.C.5687	100,000.
74.	Forest Insects Control Board - Organization (P.C.6018)	125,000.

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Cabinet Approved Projects (continued)

PROPOSAL NO.	TITLE	AMOUNT
75.	Survey for Chibougamau Landing Strip	$ 10,000.
76.	Assistance Grant for Landing Strips at Baie Comeau and Forestville, Que. (P.C. 367/7354)	50,000.

All the above projects files are in the process of being re-classified under a common numbering and filing system by the Economic Research Branch.

DEPUTY CO-ORDINATOR, RESOURCES DEVELOPMENT (MINES)

On December 1, 1945 with the closing out of Metal Control and the appointment of Deputy Co-ordinator, Resources Development (Mines), the following personnel transferred to that section:-

Norman B. Davis - Deputy Co-ordinator.
Miss R. E. Miller - Secretary.
O. C. Wilson - Chief Mineral Resources.
T. W. O'Neill - Records.

Several conferences were held with G. C. Monture, Chief, Economic Division, Bureau of Mines, to discuss general problems relating to metal and mineral production. It was tentatively agreed that Mr. Monture would act within the government as liaison for the Canadian Metal and Mineral Producers for necessary contacts with the Departments of Trade and Commerce, External Affairs, Finance and Reconstruction and Supply.

During the month letters were written to the Deputy Minister of Mines of all provinces, asking them to set forth in short form their particular problems relating to metal and mineral production and it was suggested that these problems would be discussed with each Deputy individually and later collectively, some time during the term of the Inter-provincial Conference which is scheduled to open January 28, 1946.

Correspondence in connection with problems relating to various projects in the mineral industry was attended to but no action was advised pending the outcome of the Inter-provincial Conference.

FOREST INSECTS CONTROL BOARD

PRELIMINARY MEETINGS

Four preliminary meetings were held between the period August 2, 1945 and October 13, 1945 and in attendance were representatives of the Department of Reconstruction, Department of Agriculture, Department of Mines and Resources, and industry, under the chairmanship of the Co-ordinator of Resources Development.

Business discussed at the preliminary meetings dealt generally with the Dominion Government's policy of conservation and development of natural resources and the proposal to establish a Forest Insects Control Board, charged with the co-ordination of all efforts, whether Dominion, provincial or otherwise, in an endeavour to control forest insect outbreaks.

Considerable discussion took place relative to the functions of the co-ordinating body and a good foundation laid for the operations of the present Board.

By virtue of Order in Council P.C. 178/7157, the following temporary appointments, as members of the Forest Insects Control Board,

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were recommended:

	Appointed
Major General Howard Kennedy President, Quebec North Shore Paper Co., 680 Sherbrooke Street, Montreal, P.Q.	Sept. 24/45
G. H. Prince, D. Sc., Deputy Minister of Lands and Mines, Fredericton, N.B.	Oct. 8/45
C. D. Orchard, Deputy Minister of Mines and Forests, Vancouver, B.C.	Oct. 1/45
Dr. Lionel Daviault, Chief, Bureau of Entomology, 53 Grande Allee, Quebec, P.Q.	Oct. 19/45
J. A. Brodie, Department of Lands and Forests, Toronto, Ontario.	Oct. 22/45

The Treasury Board further recommended that if one of the foregoing members is unable to attend a meeting of the Board, he be permitted to nominate one alternate and that such alternate be paid allowance and expenses in accordance with and subject to the terms of Order in Council of September 28, 1945, P.C. 183/6282, governing allowances and expenses of the above members.

FIRST FORMAL MEETING

The first formal meeting of the Forest Insects Control Board was held at 10.30 A.M. November 1, 1945, in the office of the Chairman of the Board, Room 1193, No. 3 Temporary Building, Ottawa, Ontario.

All such members as had officially been appointed were present at this meeting which was held under the chairmanship of the representative for the Department of Reconstruction.

Brief talks were given by the Board members wherein they outlined the problems facing their respective provinces, industry or departments, in respect of the common problem of insect infestation.

A seven point work program outlining the needs in connection with fundamental research, together with the estimates of the costs involved, was submitted to the Board by the representative of the Department of Agriculture.

The Board approved in principle the program and estimates and appointed the representatives of the Dominion Departments of Agriculture, Mines and Resources and Reconstruction to act in the capacity of a Work or Executive Committee to represent the Board in the revision of estimates and the general speedup of the work of the Board.

The Executive Committee

The Committee made a revision of the estimates for the work program and copies were forwarded to each member of the Board for approval and comment.

In the main, the revised estimates were approved and submitted to the Co-ordinator of Resources Development for his consideration.

In line with the policy and functions of the Board, as set out in order in council (P.C. 6018 dated September 14, 1945), the Co-ordinator held several meetings with the Executive Committee of the Forest Insects Control Board and representatives of the Department of Agriculture at which the estimates were finalized before a submission was made through

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the Deputy Minister of the Department of Reconstruction to the Deputy Minister of the Department of Agriculture for the purpose of ascertaining to what extent the Department of Agriculture was willing to co-operate in carrying out the work program approved by the Board.

The import of these meetings was a revision of the estimates and the submission of a proposal for the implementation of an expanded program and the resultant scientific research to combat the current budworm outbreak.

This submission has now gone forward to the Co-ordinator of Resources Development who is awaiting the outcome.

SECOND FORMAL MEETING

The second formal meeting of the Forest Insects Control Board was held in the office of the chairman, Room 1193, No. 3 Temporary Building, Ottawa, Ontario, at 9 A.M. Friday December 7, 1945.

All members of the Board were in attendance with the exception of C. D. Orchard, who was unable to attend due to prior commitments.

The discussions at this meeting centred mainly on the fact that the Board is seriously concerned, that the delay in implementing the program of work which it presented, will have a very unfortunate effect on the effectiveness of control measures, particularly against the spruce budworm in 1946.

In this respect, strong resolutions were passed and forwarded to the Co-ordinator of Resources Development for submission to the Deputy Minister of Reconstruction requesting that some effective action be taken to speed up the program as recommended by the Board.

A motion was passed appointing the representative of the Department of Agriculture to study and revise the program of estimates as originally submitted, taking into consideration the availability of staff, equipment and material for the year 1946-47 and with the approval of the Board submit to the Co-ordinator of Resources Development a program and estimate which the Board recommends to be carried out during the coming fiscal year.

PROGRESS

Lists of immediate requirements, regarding laboratory equipment for use in essential research work, have been received from five insect laboratories located at various parts of Canada.

In order to speed up the procurement of these urgently needed supplies, the Executive staff of the Board have initiated enquiries both through War Assets Corporation and commercial companies regarding the availability of such materials.

Some success has been attained in this connection and a definite source of supply established. Quantities and prices are expected to be available to the Board early in January.

Difficulties experienced in securing the services of qualified forest entomologists have been somewhat alleviated by the temporary appointment to the staff of the F.I.C.B. of J. MacBain Cameron by Order in Council P.C. 366/7354 dated December 15, 1945.

The executive Committee, by invitation, attended a meeting of the Canadian Pulp and Paper Association, held in the offices of the Association at 3420 University Street, Montreal, at 9 A.M. Friday December 14, 1945.

The import of this meeting centred mainly on a discussion of forest management and by request the Chairman of the Forest Insects Control Board presented a brief resume of the nature and functions of the Board in implementing insect control measures.

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The Chairman of the Forest Insects Control Board also presented an essay outlining his views on sylviculture as a method of insect control.

NEXT MEETING

The next meeting of the Board was called tentatively for January 11 and 12, 1946, to be held in the office of the Chairman at Ottawa.

S E C R E T A R Y ' S B R A N C H

The Secretary's Branch, originally set up as a division of the Deputy Minister's Office, has directed the following departmental activities:-

(a) Personnel, Equipment and Stationery - Until the appointment of P. W. Walters as assistant to the Deputy Minister on July 1, 1945, all matters relating to staff, equipment and stationery were handled by this division. In addition to actual employment of staff, the necessary routines were established, and record systems set up and maintained. The equipment and stationery sections were able to handle the greater part of the departmental requirements. Since July 1 the division has been directly under the Deputy Minister and on November 28, 1945, was merged with the Organization and Personnel Branch of the Department of Munitions and Supply.

(b) Orders in Council - 648 Orders in Council covering staff, disposal of war material and policy matters have been processed to date. The officer in charge has also rendered assistance to various other branches of the Department in preparing Treasury Board and other submissions.

(c) Real Estate - A procedure for sales of surplus Crown lands was settled with War Assets Corporation and the Department of Munitions and Supply, under which the Department of Reconstruction is responsible for the P.C. and arranging for the issue of Letters Patent by the Department of Justice and the Secretary of State. Of the 70 agreements of sale finalized by War Assets Corporation to date, Letters Patent have been issued for 41, 29 are in process, 14 of which are being handled by the Legal Branch of War Assets Corporation in Ottawa and for which no "further action" instructions have been received.

(d) Travel Priorities - Requests for priorities for land, sea or air travel have been screened by this division prior to lodging the requests with the proper branches of government.

(e) Liaison has been maintained with various departments and branches for such services as legal assistance, workmen's compensation.

(f) Central Registry has been established and is maintaining an over-all system for the Department which is comparable to that in Munitions and Supply. Since inception, 3,419 files have been created. The Registry also handles mail, railway express and messenger calls which have involved the following:-

Daily Volume of Mail	- Outgoing	100
	Incoming	265
Railway Express	- Monthly volume	- 50 pieces
Messenger Calls (Monthly)	- 600 (outside the building)	

(g) Parliamentary Returns - Requisite information has been compiled to enable the Parliamentary Assistant to prepare answers to the questions and orders for return.

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C A N A D I A N A R S E N A L S L I M I T E D

ORGANIZATION

Canadian Arsenals Limited, authorized under Order in Council P.C. 5929, became incorporated as a Company on September 20, 1945, under the following conditions:

1. Incorporation

The Company was incorporated under the Companies Act 1934, of the Dominion of Canada, by Letters Patent dated September 20, 1945, with an authorized capital stock of 1,000 shares without nominal or par value. These shares may be issued for such consideration as may be fixed by the Directors, but not exceeding in amount or value in the aggregate the sum of $50,000.00. The Company is a private Company and the number of its shareholders is limited to 50, not including persons who are in the employment of the Company. The Shares of the Company cannot be transferred without the consent of the Directors expressed either by resolution passed by a majority of the Board of Directors or by an instrument in writing signed by a majority of the Board.

2. Issuance of Shares

Twenty-two (22) of the authorized shares without nominal or par value have been issued as fully paid and non-assessable shares at the price of $1.00 per share, for which payment has been received from Messrs. Gowling, MacTavish & Watt. Seven (7) certificates were issued in respect of the shares subscribed for by the incorporators of the Company, and fifteen (15) additional shares were issued by the permanent Directors. The twenty-two (22) issued shares are now represented by share certificates as follows:-

Name of Registered Holder	No. of Shares	No. of Certificate
Clarence Decatur Howe in Trust for his Majesty the King in right of Canada	1	8
R. M. P. Hamilton	1	9
M. P. Jolley	1	10
J. G. Notman	1	11
N. P. Petersen	1	12
E. T. Sterne	1	13
A. Theriault	1	14
Clarence Decatur Howe in trust for his Majesty the King in right of Canada	15	15

Stock transfer powers in blank have been executed by each of Messrs. Hamilton, Jolley, Notman, Petersen, Sterne and Theriault.

3. Directors and Officers

The directors are Messrs. R. M. P. Hamilton, J. G. Notman, N. P. Petersen, E. T. Sterne, Brigadier A. Theriault and Colonel M. P. Jolley.

The officers of the Company are:

President and General Manager	-	Colonel M. P. Jolley
Vice-President	-	Brigadier A. Theriault
Secretary Treasurer	-	Mr. R. Flavelle

Resignations of all directors and officers have been signed to take effect upon acceptance by the board.

A Head Office has been organized and staffed to handle present problems.

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PROGRESS:

1. OPERATING POLICIES

Operating Policies have been established to cover the following activities.

(a) Selection from Government plants throughout Canada of basic machine tools, tooling and engineering information required for manufacture of military equipment and materials (except aircraft and ship building) and moving same to permanent Arsenal Centres.

(b) Selection and storage of single purpose equipment of a non-salable nature over and above basic Arsenal requirements.

(c) Sentencing of useless equipment as scrap for appropriate disposal by War Assets Corporation.

(d) Arranging for taking over physical assets of those properties to be retained as permanent Arsenals.

The main activities of the Company for the past quarter have been concerned with clearance of Contractors' plants and reconstruction of prospective Arsenal Divisions.

2. GUN DIVISION

The Longueuil Plant was taken over from Dominion Engineering Works Limited, on January 1, 1946.

All Contractors' plants having to do with guns, gun mounts, etc. have been surveyed with the exception of the Sorel Plant, which for the time being, is left undisturbed. Approximately 80 per cent of the machine tools required for the Gun Division have already been received and also approximately 70 per cent of the tools which are to be stored against future requirements. Good progress has been made in collecting engineering and manufacturing data pertaining to War Time manufacture.

Approximately 25,000 square feet of manufacturing space has been leased to Canadian Pratt and Whitney Aircraft Company.

Present prospects for future business covers largely the repair, overhaul and modification of stocks of Artillery equipment to be held in Canada for defence purposes.

Details of requirements and schedules are at present being worked out between Canadian Arsenals Limited and the Department of National Defence. It is anticipated that this work will take place over a two to three year period. It is not yet possible to estimate dollar volume or extent of personnel which may be involved.

Organization of personnel in the Gun Division at present includes management, engineering, accounting, maintenance and key shop personnel.

3. SMALL ARMS DIVISION

The plant of Small Arms Limited was taken over on January 1, 1946. Eighty-five to ninety per cent of the equipment required at Long Branch from Contractors' plants, having to do with Small Arms, has been received.

A plan for renting approximately 200,000 square feet of the plant has been worked out and has been leased to excellent manufacturing concerns for occupancy about the first of 1946 (some being already occupied).

An agreement has been reached with the Inspection Board of United Kingdom and Canada for the "take-over" of the major sections of their

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buildings for Arsenals use to assist the multiple tenancy rental scheme of the main office and factory buildings.

Contracts for 10,000 .22" calibre Aiming Rifles and some special Snipers rifles will carry through about ten months of 1946.

Present prospects for additional future business covers largely the repair, overhaul and modification of stocks of pistols, rifles, machine guns and cannon to be held in Canada for Defence purposes.

Details of requirements and schedules are at present being worked out between Canadian Arsenals and the Department of National Defence. It is anticipated that this work will take place over a two to three year period. It is not yet possible to estimate dollar volume or extent of personnel which may be involved.

Organization of personnel in the Small Arms Division at present includes management, accounting, maintenance and key shop personnel, plus labour involved in current contracts and reconversion of areas for rental.

4. AMMUNITION DIVISION

Lindsay Arsenal was taken over by Canadian Arsenals Limited on January 1, 1946.

All Contractors' plants to do with the manufacture of Shell, Fuzes, etc., have now been surveyed and over seventy-five per cent of the equipment selected has been received at Lindsay and the balance is on the move. Substantial storage has been arranged at Lindsay for single purpose equipment which is not salable and is being conserved under the Arsenal scheme.

The possibility of renting certain surplus areas is now receiving attention but so far there has been no specific demand for space at that point.

Prospects for future business is not encouraging as regards Gun Ammunition. A possibility exists for small experimental orders for certain types of new developments in the ammunition field. Capacity is now available for manufacture of all types of ammunition as may in future be required for training and preparedness in the Department of National Defence.

Organization of personnel has been arranged chiefly to cover problems of clearance of plants and conversion of Lindsay Arsenal.

5. SMALL ARMS AMMUNITION DIVISION

Dominion Arsenal, Quebec, will remain a Branch of the Department of Reconstruction and Supply with administrative responsibility vested in Canadian Arsenals Limited. This arrangement is effective January 1, 1946.

Dominion Arsenal, Quebec, is being converted to maintain manufacturing and engineering potential in the field of Small Arms Ammunition and Q.F. Cartridge Cases of all types.

All Contractors' plants having to do with Small Arms Ammunition and Q.F. Cartridge Cases have been surveyed and movement of selected equipment to Quebec is practically complete. A substantial amount of Q.F. cartridge case equipment is being left in the Plant of Dominion Bridge, Toronto, until clearance of this plant is required.

Four hangars at Cap de la Madeleine have been taken over and are being used for storage of surplus single purpose equipment in both the Small Arms Ammunition and Gun Ammunition field.

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Prospects for future business is not encouraging. A small development program is in hand in the matter of using aluminum for small cartridge cases. Plans are also in hand for tooling and proving manufacturing lines for the Chinese Government in the event that this project materializes. A limited program in rectification of Q.F. Cartridge cases is expected.

Capacity is now available for manufacture of all types of Small Arms Ammunition and Q.F. Cartridge cases as may in future be required for training and preparedness in the Department of National Defence.

Plans for utilization of areas have not yet been finalized but it is clear that there is a substantial surplus of manufacturing space available at Quebec.

Reorganization and dispersal of personnel from the past extensive operations has not yet been completed but it is anticipated that this will proceed to a reasonable solution before the end of the current fiscal year.

6. FILLING DIVISION

The plant at St. Paul l'Ermite was taken over by Canadian Arsenals Limited on January 1, 1946.

All Contractors' plants having to do with filling operations have been surveyed and practically all equipment is either at Cherrier Plant or enroute. The tooling and dies from the Packaging Division have also been received at Cherrier.

In order to give the management an opportunity of preparing the Plant for work under Canadian Arsenals Limited, production has been temporarily stopped by agreement with the Department of Munitions and Supply from the end of November, 1945, to the early part of February, 1946.

Work of filling 25 pdr. shell and a few miscellaneous items, previously suspended as mentioned above, will be put in hand about February.

Prospect for future business is somewhat limited. A substantial program of breakdown of surplus ammunition of certain types on behalf of War Assets Corporation is a possibility. This can be carried out profitably and will result in saving of useful material if the policy is adopted by War Assets Corporation.

Organization of personnel has been arranged to cover management, engineering, accounting, maintenance and key shop personnel plus labor required for current contracts and plant conversion.

7. EXPLOSIVE DIVISION

Assets at DeSalaberry Plant will be taken over by Canadian Arsenals Limited on February 1, 1946, and will be kept on a "Care and Maintenance" basis.

The magazines at St. Isidore, Quebec, will be maintained by Canadian Arsenals Limited to store bulk explosives and propellants for emergency use.

Canadian Arsenals Limited is prepared to maintain the amonium nitrate and picrite plant at Welland in a shut-down condition, if required.

The Hydrogen Chloride unit at Stormont Chemical is being prepared for shipment to DeSalaberry where it will be maintained in a shut-down condition.

The plant of the St. Maurice Chemical Company has already been cleared and the selected equipment moved to DeSalaberry. The disposal

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of the Hexachlorathane plant at Shawinigan Falls is still under consideration.

Inquiries have been made with a view to receiving a Hydrogen Peroxide and Hydrazine Hydrate plant from Germany, together with a Solventless Cordite plant line from England. Both of these items have to do with rocket fuels and propellants.

The Chemicals and Explosives Branch of the Department of Reconstruction is continuing to act for the Company in matters of plant clearance and reconstruction of plant.

8. INSTRUMENT DIVISION

Plant surveys in connection with the Instruments Division with the exception of Research Enterprises Limited have been completed, and equipment is being moved for temporary storage to the Small Arms Division at Long Branch.

The instrument and glass making group of buildings of Research Enterprises Limited will be taken over by Canadian Arsenals Limited during the Spring of 1946.

Plans have now been initiated to allocate and conserve essential equipment for the Instrument Division, thereby to expedite clearance of those sections of Research Enterprises Limited which have been sold to industries.

Prospect of business covers largely a repair, overhaul and modification program for optical instruments to be held in Canada for Defence purposes.

Detail of requirements and schedules are at present being worked out between Canadian Arsenals and the Department of National Defence. It is anticipated that this work will take place over a two to three year period. It is not yet possible to estimate dollar volume or extent of personnel requirements.

Organization of personnel in the Instrument Division has not yet been finalized but is planned to cover management, engineering, accounting maintenance and key shop personnel.

9. RADIO SIGNALS AND COMMUNICATIONS EQUIPMENT

A survey of plants of Radio and Signal Equipment has been completed and movement of equipment is now under way to the Longue Pointe Ordnance Depot, Montreal, at which plant storage has been arranged with the Department of National Defence.

10. AUTOMOTIVE AND TANK EQUIPMENT

The movement of miscellaneous tools of interest in this Division to the Army Depot at London is nearing completion. This work has been handled for Canadian Arsenals Limited by the Production Branch of the Department of Munitions and Supply.

General Motors and Ford are maintaining tooling for a limited period to permit the production of fifty (50) 4 x 4 Chassis per week.

The Tire Companies are keeping moulds and equipment for special tires in adequate quantities to meet any likely requirements.

11. FORGINGS AND DIES FOR GUNS AND MOUNTS

A survey has been completed of the forging industry and on the advice of Mr. J. C. Armer, Chairman of the Forging Committee for D. M. & S., a selection has been made of the forging dies to be retained against future emergencies. Arrangements are being made to store the dies retained at Lindsay Arsenal.

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12. CONCLUSION

Word of developments and designs for advanced types of equipment in hand and pending in the United Kingdom particularly would indicate the soundness of present arrangements to maintain a thorough "Industrial Preparedness" program through diversified organization of Canadian Arsenals Limited, if Canada is to be in a position to maintain its defences in future.

W A R A S S E T S C O R P O R A T I O N

1. Supply Department

(1) Organization

In reporting on the activities of the Supply department for the last quarter of 1945, it should be noted that, in the re-organization of the Corporation, the Supply department started to function in the first few days of the beginning of the quarter, The quarter can, therefore, be considered to be a formative period and the records which are available are not in the final shape which is desired, and future reports should show more information than is contained herein.

The various sections of the Supply department have been located in Ottawa, owing to the proximity of the various Government departments and agencies with which the Corporation has to deal. This has enabled us to create a close liaison with these departments and agencies, providing a quicker turnover of information and of action than would otherwise have been the case.

It was decided that the work of the Department should be decentralized as much as possible to assist in the clearance of the very large number of declarations coming from all sections of the country. Regional supply managers were, therefore, appointed in the Maritimes, Quebec, Toronto and Vancouver, and arrangements are under way for an additional manager in the Prairie Provinces. Sub-office was created in the Prince Rupert area in order to take care of the large declarations, not only from Canadian sources, but also from U.S. Government sources as well.

(2) Activities

Available statistical information covering the activities of the various Divisions of the Department is as follows:-

Procurement Division

Surplus reports were received in the following volume from:-

Government Depts. except Munitions & Supply	- 3,243
United States War Department	- 746
United Kingdom	- 96
Reconstruction and Supply	- 3,569
TOTAL	- 7,654

Plant Clearance

	Declarations Received by Plant Clearance	Declarations Processed to Sales	Plant Clearance	
			In Process	No Action
Dept. Reconstruction & Supply & other Depts. except as below	3,879	1,392	1,819	668
Army	471	-	427	44
Navy	798	75	630	93
Air	843	275	328	240
U.S. Government	876	147	278	451
TOTAL	6,867	1,889	3,482	1,496

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Warehousing Division

Region	Operating 1 Oct 1945	Operating 31 Dec 1945	Total Available Area 31 Dec 45 (sq. ft.)	Total Occupied Area 31 Dec 45 (sq. ft.)	Ratio Available Area to Occupied Area	Approx. Tonnage Reserved 31 Dec (Tons)	Approx. Tonnage Shipped 31 Dec (Tons)
Maritimes	1	1	146,000	95,000	65%	248	122
Quebec	7	10	2,000,000	581,000	29%	4,843	3,295
Ontario	7	9	1,045,000	630,000	60%	4,927	1,770
Man. & Sask.	1	2	197,000	54,000	28%	1,045	200
B.C. & Alta.	1	1	23,000	14,000	61%	7	187
Prince Rupert	-	-	-	-	-	-	-
TOTALS:	17	23	3,411,000	1,374,000	40%	11,070	5,574

Our greatest difficulty has been experienced in securing adequate warehousing accommodation. The situation has improved somewhat in both Quebec and Ontario, but is not yet sufficient to meet the needs. Our principal difficulties are, however, the forward requirements in the Maritime provinces, Prairie provinces and British Columbia. The lack of warehouses in British Columbia is of particular importance, as it is definitely holding up the work of clearing the various plants which are anxious to secure the space occupied by our material in order to proceed with post-war work. Up to the time of this report, there appears to be no relief in sight, but efforts are continuing in order to endeavour to relieve the situation.

Security Division

Region	Oct. 1 - Dec. 31 Locations	Employees
Maritimes	3	13
Quebec	18	308
Ontario	16	98
Man. and Sask.	1	5
B.C., Alta. & Prince Rupert	1	6
TOTAL	39	430

The Security division operates with the Canadian Corps of Commissionnaires, who provide and administer the various guards required by the Corporation. The number of guards so employed may not, therefore, appear in any other list of employees of the Corporation.

Reclamation Division

Dealing, in the main, with used clothing, boots, etc.

	Oct. 1 - Dec. 31
RECEIPTS	
Units Received and	2,436,153
Pounds Received	2,450,646
PRODUCTION	
Units Produced and	5,296,301
Pounds Scrap Produced	409,474
SHIPMENTS	
Units Shipped and	1,421,529
Scrap Shipped	693,437

The above report covers the operations at Valleyfield only. We have set up packing operations at Bouchard warehouse area to provide facilities to take care of orders from Munitions and Supply for European countries. This operation is a temporary one only and will be disbanded after the completion of these special orders.

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Traffic Division

This Division has been extended to each of the Regions, with a local representative to clear all traffic matters and to check transportation charges. This Division also handles all trucking and our operations in each region.

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2. Merchandising Department

(1) Total Sales

Sales made by the Merchandising department, exclusive of real estate, during the period April 1 to December 31, 1945, were $47,880,781.98.

Sales made during the last quarter, exclusive of real estate,were:-

October	-	$ 5,976,205.77
November	-	8,783,563.77
December	-	8,485,674.67
Total	-	$23,245,444.21, or approximately

49% of the total sales for the nine month period were made in the last three months, which indicates the rate of increase of the sales volume.

The sale of machine tools and production equipment, which is in short supply for reconversion purposes, was, during the nine month period ending December 31, $9,381,724.00, while the sales during the quarter under review were $5,057,516.78.

A large volume of hospital and surgical equipment was made available and disposed of to the Department of Veterans Affairs for use in the rehabilitation program for veterans. The same applies to office furniture and equipment, which was supplied to the offices for various Federal Government activities as made known to War Assets by the Department of Public Works, Department of Labor, and etc.

Window glass to the amount of $13,000.00 required by the City of Halifax was supplied to permit urgent repairs necessitated by the explosions.

Over 100,000 blankets urgently required by outdoor industries, such as the lumbering industry, were distributed nationally, as well as 1,000,000 yards of cambric and 350,000 suits of underwear.

(2) Organization

During the quarter, considerable progress was made in decentralizing the Merchandising department to permit the speeding up of the distribution of surplus. In general, this required the establishing of major Divisions designated as the:-

1. Mechanical Division
2. Consumer Goods Division
3. Communications Division
4. Automotive Division
5. Aircraft Division
6. Metals Division
7. Machine Tools Division
8. Ships Components Division
9. Scrap Division

each division being responsible for the:-

(a) Pricing. In general, to price all supplies for sale so that uniform prices will prevail for all parts of Canada on goods sold by the Corporation and to establish prices in accordance with Wartime Prices and Trade Board regulations.

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(b) Distribution. To establish yard sticks governing the distribution of supplies and to direct distribution by regions and branches in such a manner that the national distribution and sale of surplus will be proportionate in all Provinces of Canada.

(c) Policy and Procedure. By means of Advisory Committees to develop with manufacturers, distributors and wholesalers the policies and procedures to be followed by War Assets Corporation in the distribution of surplus goods to the various members of the represented trade groups. When these policies and procedures have been fully considered with the interested committees, they are presented by the Division concerned for final approval.

(d) Market Research. By means of reports from field sales offices and all other available sources to study the most constructive approach to the merchandising of all supplies. In this connection, the following main points are to be given prime consideration:-

(i) the requirements of the domestic market;

(ii) the likely effect of sales of surplus goods on the reconversion of industry;

(iii) the developing of suggestions for the domestic use of special equipment or supplies, primarily produced for military purposes;

(iv) information relative to the sale of supplies in Canada or abroad.

The information developed by these Divisions is passed to the regions and branches to permit aggressive selling activities on a uniform and standard basis.

(3) Direct Sales

A Head Office Direct Sales Division was further developed to merchandise those commodities which normally cannot be handled by Branches, such Division being responsible for and designated as:-

1. Special Sales Division, Ottawa, responsible for:-

(a) Custodian sale of machine tools and production equipment;

(b) The developing of the procedures covering the disposal of surplus M.T. spares and equipment in Longue Pointe Ordnance Depot, or surplus that may be directed thereto, as well as the surplus spares that may be retained by the manufacturers, and the disposal of such supplies;

(c) The developing of the procedure for the disposal of surplus new M.T. vehicles that may be at Longue Pointe, or in railway dumps, and the disposal of such vehicles;

(d) Other special assignments as designated by the President or the Vice-President in charge of Merchandising.

2. Ships Sales Division, responsible for the sale of complete ships.

3. Aircraft Sales Division, responsible for the sale of complete aircraft and major components.

4. Machine Tool Sales Division, responsible for the sale of machine tools, cutting tools and production equipment.

The developing of an Export Division was in process, which will contact all interested Government Departments and co-ordinate the formulating of a policy to be followed by the Corporation.

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3. Lands and Buildings

(1) Buildings (with land)

(a)	Total declarations received	- 39
(b)	Total sales of buildings with land for quarter	- $116,289.40
(c)	Declarations involved in (b) above	- 24

(2) Buildings (without land)

(a)	Total declarations received	- 181
(b)	Number of sales directives referred to branches	- 147
(c)	Total estimated salvage value of (b) above	- $819,226.00
(d)	Total sales of buildings without land for quarter	- $404,360.00
(e)	Declarations involved in (d) above	- 91

(3) Summary

(a)	Buildings with land	- $116,289.40
(b)	Buildings without land	- $404,360.00
	Total sales this quarter	- $520,649.40

(4) General Remarks

(a) It is to be particularly noted that the sales cited above are only those for which this Department is in possession of copies of Sales Orders. Many other sales are at present in the process stage by Branches.

(b) It should also be particularly noted that the sales referred to in this report do not include those made by the Ottawa Office or the War Surplus Branch during the period under review.

4. Custodian Sales

This Section functions at Ottawa and is the successor to the War Surplus Branch which had been set up originally to deal with sales of Crown-owned plants and equipment to existing users. Sales made by this Section during the period September 30, 1945 to December 31, 1945 were as follows:-

Lands and Buildings	- $2,804,162.61
Equipment	- $2,973,998.07

5. Overseas Sales

During the past quarter, the representative of the Corporation has continued to carry on negotiations with UNRRA and various foreign governments with a view to effecting disposal of surplus Canadian equipment located overseas. Although it is understood substantial sales have been made and important negotiations are in progress, no definite figures are available for the period under review.

It became apparent towards the end of December that difficulties would be encountered in providing continuing custody of surplus abroad, due to the evacuation dates for the Canadian Army being advanced. It was decided to despatch to Europe a Special Representative to investigate the situation.

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6. Summary of Sales for the Quarter:-

Merchandising	-	$23,245,444.21
Lands & Buildings	-	520,649.40
Custodian Sales	-	5,778,160.68
Total	-	$29,544,254.29

It should be noted that the above figures do not include Overseas Sales.

7. Comptrollers Department

(1) Note - As figures are not available for December, 1945, the figures quoted are those for September, October and November, 1945. With this exception, the remarks contained herein apply to the last quarter of the calendar year.

(2) Revenue and Expenses

Following are the summarized results of operations as reflected in the books of account for the months of September, October and November, 1945:-

	September	October	November	Total
Gross Proceeds of Sales	$2,918,704	$5,259,698	$11,050,894	$19,229,296
Direct charges; Freight, handling, Packing and Reconditioning of Clothing; Warehousing; Dismantling & Scrapping; Technical services	170,014	260,902	282,235	713,151
Net proceeds of sales	$2,748,690	$4,998,796	$10,768,659	$18,516,145
5% Fee	$ 137,435	$ 249,940	$ 538,432	$ 925,807
Other income	8,266	54,256	-49,150	13,372
Total revenue	$ 145,701	$ 304,196	$ 489,282	$ 939,179
Administrative and Operating expenses	257,808	308,938	373,769	940,515
Excess of revenue over expenses	$ -112,107	$ -4,742	$ 115,513	$ -1,336

From the above it will be seen that the increase in volume of sales in November has produced an excess of revenue over expenses of $115,513, and it is satisfactory to note that for the three months revenue has almost equalled outgo.

(3) Reorganization

During the period under review, the Supply and Merchandising Departments have taken shape, and in place of scattered individual branches, the country has been divided into regions. Considerable thought has been and is being given to re-aligning the accounts of the Corporation to reflect expenditures by regions, and it is hoped that, as from the beginning of the next fiscal year (April 1, 1946), a new classification of accounts will be in use which will provide fuller information than is now obtainable with regard to the operating costs of the Supply and Merchandising Departments.

(4) Staff

As at December 31, 1945, employees of the Department numbered 155 for the whole of Canada. This is much below strength, and a substantial

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increase can be looked for during the next six months.

The upswing in sales volume has added to the strain on the Accounts Receivable Section of this Department, and the engaging of properly trained and experienced personnel (to which reference was made in the briefs submitted to the Special Committee on War Expenditures and Economies) is still causing anxiety, However, every effort is being made to meet the situation as far as possible.

8. Organization and Personnel Department

(1) General

This Department, since its inception in September, has been engaged in co-ordinating organizational development, establishing lines of authority, planning field organization, and putting into operation a complete staff management program and personnel service.

An Organization and Job Classification Division has been set up to control the establishment; a Recruitment and Assignments Division has been established to screen all applications and formulate hiring policies.

Regional Personnel Representatives have been appointed in all regions and are assisting regional officials in building up their staffs and handling administrative services.

In the period covered by the report, hirings completed throughout the Corporation total 2,011; separations for the same period have been 415. These figures do not include the employment of numerous casuals whose engagement did not exceed 30 days. They are also exclusive of guards secured through the Canadian Corps of Commissionaires, and now number approximately 400.

The Investigation Division, under the direction of a former member of the Royal Canadian Mounted Police, has conducted numerous enquiries involving Corporation personnel.

A Statistics Division, headed by a former Chief Statistician of New Brunswick and later assistant to the Director of Research and Statistics of the Federal Department of Labour, has been set up.

Central Registry has been expanded to absorb a sharp increase in volume of material handled. From an average daily registration of 1,001 letters in October, the flow of incoming mail had risen to an average of 2,417 per day by the year end.

(2) Staff of the Corporation

Statistics showing the regional and overall staff picture indicate the extent of the growth of the Corporation. In view of the need for decentralization of company activities, it is considered that this regional growth is in proper relation to the much smaller expansion at Head Office.

	Sept. 30	Dec. 31	Inc.	% Inc.
Head Office	779	993	214	27.2
Regional	1,333	2,715	1,382	100.4
TOTAL	2,112	3,708	1,596	75.5

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From the facts outlined above, it is apparent that the reorganization of the Corporation, commenced in August, 1945, is now taking shape, one of the major problems still being the difficulty experienced in obtaining suitable top personnel. In this connection, it should be noted that during the period under review, the sittings of the Special Committee on War Expenditures and Economies were held. To fulfill the requirements of this Committee, a number of senior officials of the Corporation were in attendance throughout, and a great deal of material was prepared. These important matters necessarily occupied considerable time which otherwise would have been available for completing the reorganization program.

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QUARTERLY
SUMMARY

January 1st, 1946 to March 31, 1946.

THE DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Honourable C. D. Howe, Minister.

C O N F I D E N T I A L

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DEPARTMENT OF RECONSTRUCTION AND SUPPLY

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A I R D E V E L O P M E N T B R A N C H

During the last three months, in co-operation with the Air Transport Board, this Branch has laid the pattern of a study on economic characteristics of the most important cities and towns in Canada. The compilation of the material has already been started. The Bell Telephone Company of Canada is co-operating with the Department in preparing a list showing telephone subscribers in each municipality reached by its services. It is the intention of this Branch to obtain similar data from other telephone companies across Canada in order to present a full picture on the number of telephones installed in the cities and municipalities with which the survey is concerned.

A start has been made on the preparation of distance tables to show airport-to-airport mileages.

The Inter-Community Travel Survey is now ready for distribution, and copies have been sent to the Chairmen of the Regional Reconstruction Councils. Copies of the survey may be obtained from the King's Printer at $10.00 each. The King's Printer is not authorized to maintain a free list with respect to this survey.

The Minister's black books on monthly civil aviation statistics in Canada from 1943 to the end of 1945 have been completed, and the keeping of the data up-to-date is undertaken every month by the personnel of this Branch.

The historical statistical report on commercial air services from 1930 to date is now practically completed. It is hoped to be able to report by the end of April that the job has been finalized.

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C H E M I C A L S & E X P L O S I V E S P R O D U C T I O N B R A N C H

PROJECT TERMINATION

During the Quarter, final disposition was reached with regard to virtually all projects. Termination activities were completed in all but a few cases. The scope of the work undertaken is outlined in the following:

(a) Some 2,775 tons were moved to permanent storage for postwar security. Destruction of the 4,750 tons of obsolete and unrequired stores was 90% completed.

(b) All of the basic equipment required for postwar security was either moved to permanent storage or arrangements made for proper preservation on the existing site. Final consolidation remains to be carried out.

(c) Except for minor work which could not be carried out until fine weather permitted, decontamination was practically completed.

CONTRACTS

Steps were taken to terminate the few outstanding contracts and any items under dispute were placed in the proper hands for settlement.

ORDERS

Remaining orders were filled and no further committments were entered into for supply of materials through the Branch.

GENERAL

The Chemicals & Explosives Production Branch, as such, ceased to exist February 28, 1946. Minor outstanding items were handled during the month of March by the Advisor to the Purchasing Branch. Although undertaking new duties with Canadian Arsenals Limited, he will be available, if called upon, to answer such further questions as may arise from the past operations of the Branch.

It is intended to transfer and retain some of the files of the Branch with Canadian Arsenals Limited for future reference, but it is presently planned to send the remainder to Central Registry at the end of April.

This will constitute the final Progress Report relating to the Chemicals & Explosives Production Branch.

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C O M P T R O L L E R ' S B R A N C H

During the period just ended the work of some of the divisions of this Branch has declined and as a result staff reductions have taken place, while at the same time due to the increased demands for information and data from other Branches, War Assets Corporation, Canadian Arsenals and other Government Departments, the staff of other divisions have had to be increased by transfers or in some cases new appointments. Also due to certain Departmental changes the Branch has absorbed a few employees of other units in order that the functions of those units which are of a continuing nature may be maintained.

For comparison purposes the following information on staff and salaries is given:

As of December 31-1945		As of March 31-1946	
Staff	Annual Salaries	Staff	Annual Salaries
328½	$552,360.00	308½	$527,640.00

The above shows a net reduction of 20 employees for the period resulting from resignations and releases of married women (non dependent) and it is expected that further considerable reductions can be made as the clean up work now in hand is completed.

As of March 31, 1946, the resignations of W. McCready as Chief Officer and Henry Glover as Assistant Chief Officer of Production and Stores Accounting Division became effective, these vacancies have been filled by the following promotions: S. J. Jackson, formerly Chief Accountant, Production and Stores Accounting, to Chief Officer of the Division and W. E. Van Sickle formerly Supervisor of Stores Accounting Section to Assistant Chief Officer.

The following is a report by divisions.

MUTUAL AID AND OVERSEAS ACCOUNTING DIVISIONS

The volume of contractors' invoices passed for payment during the period has gradually fallen off and since December 31, 1945, approximatoly 4,500 have been processed.

At the present time this division is busily engaged in clearing contractors' invoices before treasury records are closed for the month of March. This is resulting in an individual analysis of those contractors' accounts where substantial advances have been made. Considerable progress has been made and it is anticipated that outstanding advances will be reduced to an absolute minimum and cleared as charges to the Mutual Aid Appropriation or the United Kingdom Cash Account, before the close-off this month.

The following operations are being conducted by various groups of the staff:-

(1) Preparation of a report covering all diversions from U.K. contracts, for the years 1940 to 1943.

(2) Reconciliation of the United Kingdom Equity in the "Pool."

(3) The preparation of claims for recovery of duties and taxes from Department of National Revenue on behalf of the Mutual Aid Board, United Kingdom, Inspection Board of the United Kingdom and Canada, and the various missions purchasing stores through this Department

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on a cash basis.

(4) Analysis of all shipments, prior to September 1, 1943, to Proof Establishments, and recovery for such shipments from the Inspection Board of the United Kingdom and Canada.

(5) Final clearance of all U.K. Freight Suspense Accounts, in accordance with confirmation received from the United Kingdom in their letter of March 16, 1946.

(6) Completion of a second detailed report of Mutual Aid Shipments under AID/GB Requisitions to Crown Colonies, Colonial Agents, Personal Accounts, etc.

(7) Balancing, reconciling and clearing of all components, purchased during the Mutual Aid period.

(9) Clearance of all amounts charged to the Munitions Production Allotment Fund, under authority contained in P.C. 6489, to loans and advances made on behalf of those countries, indicating their continuing requirements.

(9) Recording, accounting for and raising the necessary journal entries covering all stores declared surplus to War Assets Corporation.

(10) Preparing detailed reports of shipments made since V-J Day to France and China, based on Ocean Bills of Lading. This is in accordance with instructions issued by the C.M.A.B. regarding sales made to these countries.

(11) Preparation of a detailed report for the Financial Adviser's Office, covering payments to contractors, segregated as to contract number and year of payment, for the purpose of re-allocating renegotiation recoveries.

(12) Analyzing and clearing for payment an accumulation of invoices received from the aircraft manufacturers, which aggregate approximately $10,000,000.00.

PRODUCTION AND STORES ACCOUNTING DIVISION

Some progress was made during this quarter in finalizing the closing entries of pre-financed projects and in bringing other projects up to a point where final entries may soon be incorporated in the books of the Pool. Much reconciliation work, however, remains to be done in the case of some of the larger projects before final field forms can be completed. These matters are all being dealt with as expeditiously as possible and it is expected that several more projects will be cleared and closing entries made within the next month or so.

A large number of billings have been received from Montreal Locomotive Works for tank spare parts and these have been billed out to the requisitioning agencies during the month of March. Pressure is continuing for billings yet to be received from this project and it is understood that as fast as they can complete their costs and obtain billing prices, this will be done.

WAR SUPPLIES LIMITED ACCOUNTING DIVISION

During the quarter January 1, 1946, to March 31, 1946, billings to Washington amounted to $21,756,618.84 represented by 1183 invoices.

Contracts are steadily being cleared up and there now remains

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some 25 which are considered as not yet completely billed out of a total of 1690 contracts.

CENTRAL INVENTORY RECORDS DIVISION

Owing to the Deputy Minister's memorandum of April 4 to which was attached a letter from the Auditor General's office dealing with apparent irregularities, as pointed out in the letter, a report at this time is omitted and will be delayed until a thorough investigation has been made. However, the Comptroller is satisfied the conditions are not as serious as purported in the Auditor General's letter.

CAPITAL ASSISTANCE DIVISION

As cost audit reports and inventory certificates are received Capital Assistance contracts are completed. During the period 66 have been finalized and there now remains 198 yet to be cleared which are awaiting cost audit reports and inventory certificates.

There is presently being prepared for the use of the Minister, when the Department's estimates come up for debate, complete detail of its former year's expenditures as they relate to the current year's estimated expenditures. This requires a great amount of research due to the manner in which the Department has prepared and submitted the 1946-47 estimates.

C O N T R A C T S E T T L E M E N T B O A R D

While there has been a definite falling-off in the number of notices of termination received by the Board, there has been some increase in the number of final claims received. This is to be expected and it is anticipated that the number of claims received will tend to increase for at least another few months. During the quarter just ended, 331 notices were received, just under 200 in the first month of the quarter and only 46 in March. Final claims received totalled 515, including 121 from management-fee projects and Crown companies. Of this total, 229 claims were received in March, which represents the greatest number yet received in any one month. The number of claims unsettled at March 31 (525) is approximately the same as at December 31, 1945, although the dollar value which aggregates $34,500,000. is somewhat greater than at the year end.

Some difficulty is being experienced in having contractors file their final claims. This, to some extent, is occasioned by delay in settling sub-contractors' claims. It is intended to send a letter some time during the month of April to all contractors who have received termination notices and who have not yet submitted a final claim in connection therewith, in an endeavour to hasten the filing of such claims.

There were 250 final claims of prime contractors and 459 final claims of sub-contractors approved during the quarter just ended. In addition, 169 settlements with Crown companies and management-fee projects were recorded.

The staff of the Board remains approximately the same, and is distributed as follows:-

Administration	5
General Office	10
Settlement Division	54
Inspection Division	8
Property Transfer Division	3
Total	80

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Arrangements have been made with Wartime Shipbuilding Limited to take over the settlement work now being performed by their district office in Toronto. This arrangement, which becomes effective April 15, will mean the addition of three to the staff of the Toronto office. It is expected, however, that the settlement of claims in connection with the shipbuilding program, insofar as the Toronto area is concerned, will be completed within the next six months.

The Inventory Inspection Division completed 246 inventory examinations during the quarter.

The Property Transfer Division made 428 declarations of surplus.

There has been a slight increase in the ratio of settlements to commitments during the past quarter. Settlements made with private prime contractors in March were 19.68% of the value of the terminated portions of the cancelled contracts. This increased the rate of all settlements to 14.4%.

DEPRECIATION COMMITTEE

The following table shows the net number and value of certificates issued, by provinces, during the quarter:

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	6	$ 384,498.72
Prince Edward Island	1	6,000.00
New Brunswick	16	1,003,722.84
Quebec	146	13,140,481.61
Ontario	261	19,178,164.85
Manitoba	11	238,597.59
Saskatchewan	1	7,816.81
Alberta	14	1,086,518.13
British Columbia	43	4,789,605.54
Total	499	$ 39,835,406.09

The weekly average was 38 certificates representing capital expenditures of $3,064,262.

The following table shows the net total and value of certificates issued to March 31, 1946, by provinces:

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	36	$ 1,266,228.19
Prince Edward Island	2	56,000.00
New Brunswick	56	3,933,752.56
Quebec	564	85,226,939.70
Ontario	1061	152,879,439.05
Manitoba	53	2,594,816.53
Saskatchewan	20	593,568.21
Alberta	46	2,477,981.41
British Columbia	156	25,928,022.18
Totals	1994	$ 274,956,747.83

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E C O N O M I C R E S E A R C H B R A N C H

During the first three months of the year considerable progress has been made both in carrying out projected studies and in circulation and use of the information they provide. The work has developed along the following lines.

(1) FORECASTING STUDIES

The pattern of gross national expenditure for 1946, setting out preliminary forecasts of the major expenditure components has been completed and discussed with members of the Interdepartmental Committee on Forecasting.

Various problems of forecasting technique were discussed with Mr. Smithies of the Bureau of Budget in Washington, who has been associated with similar work in the U.S. Differences in approach and reasons for the technique used by the Department of Reconstruction were discussed. Mr. Smithies' comments proved useful for future development work done by this Branch.

Work has also proceeded towards the development of a forecast of employment.

The primary purpose of forecasting, as it is envisaged by this Branch, is that of providing a comprehensive framework within which policy may be kept under continuous review. Towards this end the 1946 forecast mentioned above is being prepared for distribution to the Deputy Ministers of the Federal departments concerned.

(2) AREA STUDIES

Regular monthly reports have been issued covering current economic trends in 52 urban areas across Canada. These reports have been the basis for interdepartmental discussions of "danger" areas.

These monthly reports are widely circulated within this Department and to a few outside government agencies.

A report on Sydney, submitted to the Minister and accepted by the Cabinet Committee on Reconstruction as a basis for further action was forwarded by the Minister to the Premier of Nova Scotia for his consideration and later discussion.

(3) INDUSTRY STUDIES

A preliminary report on the iron and steel industries has been circulated among Government agencies, and further studies have been carried on during the first quarter of 1946, particularly on the steel-using industries. These include a completed report on the shipbuilding industry, nearly completed reports on railway rolling stock and foundry industries, and partially completed studies of the agricultural implements, machine tools, petroleum, and heating apparatus industries.

A basic memorandum outlining the purpose and scope of these studies has been circulated to various Government departments, representatives of which will meet on April 5 to discuss the formulation of a co-ordinated interdepartmental policy on Industry Studies in general.

(4) CHART BOOK

During the last three months, considerable new material has been added to the chart book, more is in preparation, and monthly revision of current material has been carried on. A preliminary reorganization of the book has been completed, and approximately 40 copies are available to this Department, the Regional Councils, and other Government agencies as a reference work on economic trends. In addition to the chart book, the Drafting Section has prepared numerous tables and charts for individual reports.

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(5) MONTHLY SUMMARY OF ECONOMIC CONDITIONS

Three reports on this subject were completed and distributed within the Department for the months of January, February, and March.

The distribution has been confined to this Department and to the Cabinet Committee on Reconstruction but requests have been received from Deputy Ministers in other departments. It is thought desirable to extend the distribution to the Deputy Ministers making these requests.

(6) FORECAST OF CAPITAL INVESTMENT

The 1946 forecast of capital and repair expenditures in private industry has been planned to include a much wider coverage than previously. Approximately 60% of the questionnaires have now been returned, and compilation is nearing the stage at which a preliminary forecast will be made.

(7) RESEARCH SURVEY

A sample survey of research work being carried on by private industry has been completed, providing valuable guidance as to the type of questionnaire suitable for a large-scale survey, and indicating something of the quantity and quality of industrial research in Canada. This survey has been made available to the Research and Development Branch as a guide to the nature and needs of research work in Canadian industry.

A broad survey of Federal Government expenditures on research since 1939 is also under way. Questionnaires have been distributed to all Departments and returns are beginning to come in. This survey will provide a basis for assessing the type and volume of Government research as a guide to future policy.

(8) PUBLIC PROJECTS

During the last three months, a comprehensive filing and control system has been developed for the classification of the reserve of proposed public projects. The number of Dominion projects on file has greatly increased, much additional detail has been obtained, and the work of classifying and summarizing these accumulated projects has been further developed with the aid of machine records. This system enables officials of the Department to obtain quick and accurate information regarding Dominion public projects on record.

The Public Projects Branch reviewed the construction items in the 1946 estimates of all departments and a report is in preparation for the Cabinet Committee on Reconstruction. This report will show the volume of Federal investment for the incoming year, its distribution by types of projects, by departments and by cities of over 20,000 population. The items taken out of the estimates are being listed for discussion with other departments as shelf projects.

(9) DOMINION-PROVINCIAL RELATIONS

Considerable material was prepared by this Branch for the use of the Dominion-Provincial Conference during the first quarter of 1946. Representatives of the Department participated in discussions of the Economic and Co-ordinating Committees of the conference.

A summary report of the Public Investment proposals, indicating their extent, and the financial commitments involved has also been prepared by this Branch for discussion when the conference resumes.

An additional report on timing grants has been prepared, modifying and expanding the original Dominion proposals on this subject.

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Close liaison is continuing with other Dominion departments concerned in the work of the conference.

(10) STAFF MEETINGS AND CONFERENCES

Regular evening meetings were held every two weeks at which papers were presented and discussed on various reconstruction problems. These meetings are attended by all members of this Branch from the Grade IV level up and by other interested parties working in related fields.

A representative of the Branch acted as technical adviser to the Canadian delegate at the Conference of the International Development Works Commission in Montreal at the end of January.

Two conferences were organized by the Branch during the month of March, attended by staff members of this and various other Departments. The first conference dealt with Public Investment and Fiscal Policy, and papers were given by Mr. Smithies of the Bureau of Budget, Washington, and Mr. Newcombe of the U.S. Federal Works Agency. The second conference discussed full employment problems in Canada, the U.S. and U.K. during the post-transition period, and was addressed by Mr. Kalecki of the International Labour Office.

(11) SPECIAL DEPRECIATION

Three monthly reports on Special Depreciation applications were issued during the quarter, providing a breakdown by industries, provinces, and danger areas, as well as the additional amount of employment involved. This information has been supplied for use in the Department and by the Regional Councils.

(12) HOUSING

A new report on the "Supply of Building Materials" was completed and first circulated in the month of March. It includes data on production, shipments, stocks, exports, and imports of selected building materials; three-month production forecasts, and results of a survey of material shortages reported by builders and contractors. The report is being circulated among officials of the Departments concerned with building material policy and administration.

A memorandum on the building material situation in 1946, including recommendations for an integrated policy, was made available to the Deputy Minister and to a limited number of officials concerned.

Other general information regarding housing problems has been communicated to the Priorities Branch of this Department and to the Committee on Construction.

(13) EMPLOYMENT PROBLEMS AND SPECIAL ASSIGNMENTS

During the last three months, this unit has prepared current figures on employment trends with particular attention to the shift from war to civilian employment and the progress of reconversion. Monthly reports from 800 major firms are supplemented by D.B.S. figures in compiling this information, which is supplied to the Department of Labour, W.P.T.B., and D.B.S., as well as within this Department.

Further data secured from these 800 firms has supplied material for two reports which will shortly be issued, one dealing with the factors currently restricting the level of operations in the manufacturing industries and the second on the progress made to date on plans for expansion.

Advance monthly employment estimates have been issued from preliminary D.B.S. returns, and continuous records of the disposal of Crown plants have been supplied to the Minister's office.

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(14) REPORT ON WAR PRODUCTION

This comprehensive review of war production and employment 1939-1945 was undertaken at the end of last year and is now in its advanced stages. It is expected that the report will be completed within the next two months, providing a basic study of wartime experience in the mobilization of industry and manpower. In general, the report is intended to provide a summary of Canada's war effort.

(15) DEMOBILIZATION

A new report, giving demobilization data by areas to the end of February and for the whole of Canada to the end of March is in the course of preparation, and will be issued about April 15.

(16) LIBRARY

Circulation of library material has doubled from January to March. Many new publications have been received, and circulated within the Department and to numerous other Government agencies.

(17) EXPORT EMPLOYMENT STUDY

A study of the employment-giving effects of Canadian exports is under way in conjunction with the Department of Trade and Commerce.

One such preliminary report on the pulp and paper industry was completed which indicated that further detail is required to provide more accurate estimates. This work is now proceeding.

(18) GENERAL

Many specific requests for information from various Government agencies have been handled by the Branch during the first quarter of 1946. An article on the work of the Branch was prepared for a publication issued by the Research and Development Branch.

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OFFICE OF THE FINANCIAL ADVISER

RENEGOTIATION

During the quarter ended March 31, 1946, renegotiations were completed in 346 cases, 171 of which produced refunds amounting to $34,960,852. In addition, a further $10,736,811 was recovered through Crown companies and through the Purchasing Branch on ceiling price contracts, making the total refund for the quarter $45,697,663. This brings the current total to $375,074,061. Also during the quarter, 532 cases were disposed of after preliminary investigation without refund.

Emphasis should be placed on this Office's efforts during the past quarter to prepare a comprehensive list of those who might be subject to renegotiation. From the standpoint of being fair to those who are renegotiated, it has been important to make sure that none are missed. To date some 6,200 companies have been approached of which about 1,800 had been contacted before the end of 1945. During the past quarter, we have scrutinized various lists of contractors who might conceivably have had war business, even to the point of going through some 9,000 names in the Trade Index. We have sent initial letters to some 4,400 contractors during the quarter and have received 2,800 replies to date of which 1,500 contained sufficient data to enable us either to dismiss the case or proceed with renegotiation. The remainder are being actively followed up.

LIQUIDATION OF ADVANCES TO CONTRACTORS

Working Capital Invested, Progress Payments, etc.

A report given from the figures available to date would be misleading. As previously reported, Treasury figures are never available in time to include the previous month's figures in the Monthly Report and accordingly that report has always been a month behind. During the months of January and February a total of $77,486,493.83 was "recovered" but at the end of February, Treasury figures still showed a net reduction of only $12,000,000.00 odd due to upward "adjustments" totalling some $65,000,000.00.

Fairly good progress has been made during the month of March and further progress will be made during the first two weeks of April and this should be reflected in the March statement as Treasury's books for the end of the fiscal year will not be ruled off until the latter part of April. Accordingly, this item shall be made the subject of another report when all the figures are available.

This part of the work is still not as well organized as it should be. One additional member of staff was engaged on April 1 - a former Army major with previous experience in the Office of the Auditor-General. The office might need one or two more but is seriously handicapped for room space.

Guaranteed Bank Overdrafts under P.C. 3542

Total number of Guarantees issued	110	
Total number of Guarantees at January 1, 1946	65	
Total number of Guarantees at March 31, 1946	20	
Total number of Guarantees cancelled 3 months	45	
Total amount of Guarantees as at January 1, 1946		$ 42,889,500
Total amount of Guarantees as at March 31, 1946		23,590,000
Decrease of		$ 19,299,500
Total amount of overdrafts as at January 1, 1946		$ 16,941,251
Total amount of overdrafts as at March 31, 1946		13,036,219
Decrease of		$ 3,905,032

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As shown above, 45 guarantees were cancelled during the quarter. Of these 17 were cancelled as a result of the relative companies or projects having been wound up. The remaining 28 were cancelled on March 30. It is expected that most of the latter projects will be wound up by the end of June and in the meantime the expenditures at the projects will still be subject to careful scrutiny by this office, particularly with a view to charging War Assets Corporation with its proper share of the winding up expenditures.

Loans Granted under the Auspices of the Loan Committee

The only guarantee which has been in existence during the quarter was that of Cranemobile Limited. This is in favour of the Royal Bank of Canada and is for the lesser of $180,000.00 or 80% of the high point of the loans (which reached $225,000.00 during 1945). The loans resting against the guarantee have, for a good many months, been at very low figures and are usually liquidated for the most part of each month. The office for some time has been negotiating to cancel this guarantee but the Company is relatively small and it continued in war (chiefly Mutual Aid) production until quite recently. At present, all work has been stopped in the plant although all of its contracts have not been cancelled. A progress payment to the Company has been authorized and the guarantee has been temporarily cancelled by wire. It is expected that the cancellation will be made permanent.

Miscellaneous Guarantees

There is no change here. The two remaining loans, which were guaranteed by the Emergency Coal Production Board on behalf of Ed. and Kenneth Oliver (loans now $1,700) and Standard Coal Company Limited (loans now $7,000) are both on a time repayment basis with payments not yet due.

Strip Mining Projects

These were all cancelled some time ago.

Settlement of Contracts

As indicated in the recent monthly reports, a report on the status of unsettled contracts is now incorporated in this report.

At the end of December 1945 there were 5,995 unsettled contracts recorded and during the quarter 915 additional contracts were added which had not been recorded previously and 47 new contracts were placed. At the end of the quarter, there were 4,708 contracts remaining to be settled making a net reduction of 1,287 contracts.

At the same time reasonable progress was made toward improving the control over and the supervision of the settlement work. At the end of the quarter, all unsettled government audit contracts were in the process of being reviewed as to the necessity of audit while those being settled by overall renegotiation were being verified and their status was being brought up-to-date. A preliminary survey of the latter contracts indicates that a sizable number have been dealt with by the Renegotiation Division but that the relevant "paper work" has not been put through. This is being rectified as quickly as possible.

The usual statement showing the details of the contracts remaining to be settled is being forwarded separately.

Committee on Post Termination Activities & Destruction of Records Committee

The matters covered by this heading are those formerly included under the heading "Post Termination Activities" which description is felt to have been too general. Except for reporting on special aspects of negotiations of management fees for post production work, the former heading was

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concerned only with the activities of the subject committees. The negotiation of management fees being part of the personal duties and responsibility of the Financial Adviser and Associate will be reported on thereunder when comment is in order.

No meetings of the Committee on Post Termination Activities - Crown-owned Plants were held during the quarter. Arrangements as to the disposition of the records of Crown companies and plants was the predominate matter requiring attention and these were handled by the secretary. The procedures for dealing with winding up drafted by the Committee appear to be working out satisfactorily.

Four meetings of the Destruction of Records Committee were held and the recommendations for destruction of non-permanent accounting records of 27 companies were considered and passed to Treasury Board for their approval.

The processing of the companies' recommendations for destruction of accounting records might be speeded up and thereby permit Crown companies and plants to close down more rapidly. The Committee made certain suggestions toward this end but the Treasury Board has ruled that the established routine must be adhered to and the Committee does not propose to pursue the matter further unless so directed.

Departmental & Inter-Departmental Liaison re Cost Audits & Renegotiation; Certificates of Necessity

In respect of the Departmental liaison with the Cost Inspection & Audit Division of the Comptroller of the Treasury, the Auditor General's Office, the Service Treasury Officers and the Comptroller's Branch, this work is of a continuing nature and is up-to-date. This includes liaison work in connection with the establishing of firm prices on contracts subject to audit adjustment and the general picture has improved during the quarter as contracts have been closed. Special attention is still being given in conjunction with a representative of the Auditor-General and a member of the United Kingdom Exchequer & Audit Division in the preparation of data on refunds made or to be made on United Kingdom contracts, all of which are related to the recent loan agreement made with the United Kingdom.

This Section of the Office lost an efficient Clerk-Typist at the end of March, who has not yet been replaced and it has proven difficult to keep the liaison with the Comptroller's Branch in respect of the collection of renegotiation refunds, which is largely routine, up-to-date.

Applications for Certificates of Necessity, of which there was a backlog and which were not in the best of condition at the time they were transferred to this Office, are now completely up-to-date. There are few new applications.

Personal Duties & Responsibility of Financial Adviser & Associate

Work is progressing as rapidly as possible in cleaning up the various items shown under this heading in the "Final Report". All items are in hand insofar as action is possible.

Staff

The staff is at approximately the same level but we shall probably require one or more additional clerks or stenographers to assist with the cleaning up of working capital invested which still gives us cause for concern. Adequate space - about three more offices in the immediate vicinity - would enable the staff to increase efficiency and accordingly speed up the work.

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OFFICE OF THE LABOUR ADVISER

LABOUR SUPPLY

During the period under review the unemployment curve continued its sharp rise commenced in the last quarter of 1945, which was only temporarily levelled off during the busy holiday season. On January 1, there were 184,720 unplaced applicants for work, February 1, 232,799, March 1, 263,434 and April 1, 1946, 266,027. As lay-offs from war industry contraction had in general been completed, the renewed up surge in the number of unplaced applicants during the period, was largely caused by the impetus of demobilization, with its accompanying displacement through re-instatement. Discharges of service personnel were 60,000 in January, 63,000 in February and 65,000 during March, leaving some 150,000 to be released in the next quarter. Of this number approximately 40% are expected to return to farms or take up vocational training and will therefore not affect the general labour market. It is reasonable therefore, to assume that the balance will be readily absorbed by expanding industry and that in addition, the total unplaced applicants should over a period of a few months, be reduced until they coincide with the unfilled vacancies. This desirable employment situation will naturally be retarded should any large scale strikes in the steel, coal or other heavy industries, take place.

Malleable and Grey Iron Foundries.

Weekly reports were received from the 12 principal foundries and continuous pressure was placed on National Employment Service by this office to secure coremakers and moulders and other heavy labour required. By the end of the quarter the labour position at practically all plants was generally satisfactory. Regional and local employment offices will continue to devote special attention to this industry for the next 60 days.

N.R.X. Project, Chalk River, Ont.

Labour supply problems at this project have practically disappeared as gradual release of workers continues as the project nears completion. However, National Employment Service still retain a special labour officer at the site to handle hirings and separations. It was however found necessary, during March, to request the Department of Labour to authorize the continuation of certain special allowances which have been paid to construction workers at the plant and town sites during 1945. These allowances have been authorized until July 31st, 1946.

Building Materials Manufacturers.

Pursuant to the dissolution of the Construction Control at the end of the last quarter, a decided increase in general construction activities further taxed the available supply of building materials. This office, on the basis of labour demand reports received from large groups of building materials producers, interceded with National Employment Service to secure skilled and unskilled labour for specific building materials manufacturers.

Construction.

The labour supply picture continued to improve generally in this field, with reasonably adequate unskilled and skilled labour available except in the trowel trades such as bricklayers, plasterers, cement finishers, tile setters, etc.

Purchasing Branch.

During this period a number of requests were received from the various divisions of the Branch to aid in securing skilled types of labour for contractors working on orders for the Department. In other

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cases, contractors directly appealed to this office to request the Provincial Departments of Labour to continue certain wartime permissions to work extended hours. These requests were carefully investigated and where supported by the Purchasing Branch and found necessary, appropriate action was taken. Manufacturer's of service discharge buttons, laundries engaged on armed services work, etc. represented the majority of these applications.

LAY-OFFS

The Deputy Minister of Labour requested that the previous arrangement of advising him in advance of any lay-offs affecting contractors of this Department, should be continued during this quarter. A number of such labour releases affecting various plants of Defence Industries Limited and shipyards working on Wartime Shipbuilding Limited contracts, were therefore forwarded to him in writing.

Cancellation of certain contracts for the U.S.S.R. resulted in a number of lay-offs, particularly in Ontario plants.

LABOUR PRIORITIES

In the first half of the quarter labour priority ratings on all industries and plants thereof in which this Department was interested, were carefully reviewed and revised in accordance with their importance in the transition from war to peacetime activities. On completion of this review, priorities were suspended from change effective February 15. During the last half of the quarter, any necessary representations for priority labour referrals were made direct to the office of the Deputy Minister of Labour.

COST INSPECTION AND AUDIT DIVISION, DEPARTMENT OF THE TREASURY.

Requests were continually received from this Division for rulings and information on authorized rates of pay, vacations with pay, vacations in lieu of pay and other matters covering Dominion and Provincial labour legislation, as affecting production costs of Crown companies, contractors and sub-contractors who were or had been working on orders for this Department.

FINANCIAL ADVISOR'S OFFICE.

Various matters were referred by the Financial Advisor's Office similar to those in which the Cost Inspection and Audit Division were interested.

NATIONAL AND REGIONAL WAR LABOUR BOARDS.

Constant liaison was maintained with the National War Labour Board and where necessary, with the various Regional War Labour Boards, concerning matters affecting contractors to this Department.

INDUSTRIAL RELATIONS BRANCH, DEPT. OF LABOUR.

A number of requests for information and other cooperation were regularly received from this branch of the Labour Department.

LABOUR RELATIONS

Proposed labour agreements between companies operated under Polymer Corporation and the Eldorado Mining and Refining Company and the respective bargaining agencies concerned, were referred to this office for guidance and approval. With reference to the latter company, this necessitated interviews with the National War Labour Board, along with company officials.

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WARTIME HOUSING LIMITED

Certain matters involving rates of pay and classifications of workers were taken up with the appropriate officials of the Departments of Labour and Finance from time to time, at the request of the company and the Financial Advisor's Office.

Special arrangements were made with the Department of Labour to ensure special action in the matter of skilled and unskilled labour requirements for this company's various projects.

COMMITTEES

Interdepartmental Labour Priorities Committee:- Regular and special weekly meetings were attended during the quarter until the Committee was dissolved.

Advisory Committee on Rehabilitation and Re-instatement:- Regular meetings of this Committee were attended.

REPATRIATION TO U.K. OF KEY WAR WORKERS

During the quarter the number of applications received from shipyards, Wartime Shipbuilding Limited and directly from ex-employees of shipyards for repatriation of war workers and their families, increased considerably. Immigration Branch Exit Permits, Labour Exit Permits, passports and applications to the British Ministry of War Transport concerning priority for eastbound passage, were handled by this office as well as provision of train fares, sleepers, ocean passage, etc.

A special effort was made to locate all such workers presently engaged in shipbuilding and those who during the war transferred to other employment or joined the services, with a view to hastening their repatriation and thereby liquidating the Department's contract responsibility for their return to the United Kingdom.

GENERAL

After the establishment of this office as a labour liaison branch, other Departments such as Trade and Commerce, Wartime Prices & Trade Board, etc. used this office as a source of enquiry regarding matters of mutual interest. This was particularly due to the fact that the labour liaison officer and his assistant represented the Department on several interdepartmental committees. During the quarter previous services in this respect were continued on request.

The Minister's office has referred various correspondence from other Departments, ex-war workers and other private citizens, for necessary action.

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LEGAL BRANCH

1. GENERAL REMARKS

The total volume of work has shown little change during the quarter.

2. FORMAL CONTRACTS

Instructions were received during the quarter for the preparation of 427 contracts.

3. MISCELLANEOUS WORK

The proportion of miscellaneous work included in the work of the Branch continues to rise.

4. PROSECUTIONS AND INVESTIGATIONS

(a) Rex vs. Brown et al - Canada Comforter Co.

It is proposed to proceed with the argument of the appeal against sentence and the hearing is expected to take place during April.

(b) Rex vs. Lefcort - Biltmore Shirt Co.

Proceedings have been adjourned from time to time on account of the impossibility of having senior counsel attend. The latest adjournment is until April 16.

(c) Bourget Machine Shop.-

Charges have been laid against Rosario Bourget for false pretences and bribery and against Armand Senecal for having accepted a bribe. Bourget elected for speedy trial which was set for March 28, 1946 but as to which no report has yet been received. The preliminary hearing of the charge against Senecal is to come up on April 12.

(d) Recovery of Explosives Cast Ashore - Coast of Nova Scotia and New Brunswick.

The Department of Justice has asked for certain further information which is being obtained.

(e) Gardner Equipment Company - Lease from J. E. Knox.

Enforcement Administrator of the Wartime Prices and Trade Board advises that the matter has been referred to the Rentals Administrator for the fixing of a maximum rental.

(f) Keating Brothers Limited - Allegations of Continuation of Work after Stop Order.

An interim report from the R.C.M.P. indicates that they regard the allegations as meriting complete investigation. Arrangements have been made for the furnishing of information by Naval Services.

(g) James More and Sons - Allegations of Payroll Irregularities.

An interim report from the R.C.M.P. discloses conspiracy between an employee and an ex-employee of the contractor and the improper issuing of several cheques. Further inquiries are being made to determine the extent of the irregularities.

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(h) R.G. Presst - Allegations of Irregularities re Supply of Ship Plates to Walsh-Kaiser Company.

The R.C.M.P. have reported that money was, in fact, paid to Presst by Walsh-Kaiser Company and the matter has been referred by the Department of Justice to counsel as to prosecution.

5. ORDERS IN COUNCIL AND ORDERS RELATING TO CONTROLS

During the quarter three Orders in Council and eight Controllers' Orders were drawn.

M O N T R E A L O F F I C E

OCCUPATION OF FLOOR SPACE

No changes have taken place in the occupation of office space since the last report.

The following are the Branches and Offices represented in the Montreal Office:-

1) Anthracite Regional Coal Control (Quebec)
2) Central Inventory Records Division
3) Priorities Branch
4) Timber Control (Wood Fuel Division)
5) Contract Settlement Board (C.A. Warren)
6) Regional Reconstruction Council - Department of Reconstruction
7) Canadian Export Board (A.H.D. Hair)
8) Research and Development Branch (R.A. Frigon)
9) Purchasing Branch.

STAFF

The following figures show the personnel in this office:-

	April 1943	June 1944	June 1945	Jan. 1946	March 1946
M & S Officers	70	72	51	22	29
Stenos. & Clerks	57	60	59	30	22
Male Clerks	9	22	22	12	7
	136	154	132	64	58

Regional Reconstruction Council	4
Canadian Export Board	1
Purchasing Branch	6

OFFICE EQUIPMENT

During the month a complete inventory was taken of all the equipment in our offices and was forwarded to the Director of Equipment at Ottawa.

TELEPHONE

Very few changes have taken place in our telephone installation. The following is a list of our present equipment:-

Switchboards	1

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Trunk Lines	10
Locals	28
Switches WP 203	3
Switches WP 150	1

Our operators attend to a daily average of about 500 incoming and outgoing calls.

IMPREST FUND

During the month of March thirty-two (32) cheques amounting to $1,564.47 were issued. Since the fund was opened on April 7, 1943, 1799 cheques for a total amount of $107,457.98 were issued.

COMMITTEE ROOM

The Committee Room in the Montreal Office is at the disposal of any Branch of the Department for Committee Meetings.

PARLIAMENTARY LIAISON

Orders for Return, untabled as at December 18, 1945, were dealt with early in January. Of these, 7 were tabled at the beginning of this Session and on the 8th, Order for Return No. 149 - Mr. Fred Rose - Loan agreements between Canada and the Netherlands, action has been deferred.

The Twentieth Session has, to date, produced 35 questions and 3 notices of motion for the production of papers. War Assets Corporation was involved in 18 of these.

PRIORITIES BRANCH

GENERAL

Throughout the first quarter of 1946, the Branch continued operations under its three main divisions - Canadian Division, United Kingdom Division and United States Division.

Work in the United Kingdom and United States Divisions remained at a relatively constant volume throughout the period but greatly increased activity was experienced by the Canadian Division. This growing volume of work on materials of Canadian origin is a natural result of the expanding programme set up for critical building materials, including the introduction of a formal priorities system to schedule requirements and expedite deliveries for Canada's low-cost, Government-approved housing projects, and for individual veterans building their own homes.

During the quarter, industrial disputes - particularly in the United States - created many new problems. The U. S. steel strike was a major example of this resulting, as it did, in re-imposition of Steel Control in Canada. The U.S. Civilian Production Administration re-introduced various controls over steel and steel products; since Canada

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In the light of the introduction of formal priorities on Canadian building materials (Order issued March 12), it is interesting to record that the United States, under date of March 26, re-imposed strict construction controls as part of their veterans' emergency housing programme.

During the quarter staff and facilities remained constant.

C A N A D I A N D I V I S I O N

As noted under "General", the volume of work in this Division increased substantially again during the period.

Important steps were taken during the quarter to provide specific priorities assistance for the Canadian veterans' housing programme. On March 12, Priorities Officer's Order No. P.O. 11 was issued setting up procedures for the use of the formal priority rating "APH". This formal assistance is designed to channel the required quantities of building materials into Government-approved low-cost housing. It requires suppliers of specified building products - with certain exceptions - to make prior shipment of orders for materials going into approved projects. Reports reaching the Branch, as the quarter ended, indicate that the Order is generally acceptable to the allied building trades, that it will have their best support, and that it will accomplish - to a major degree - the purpose for which it was designed.

Also introduced in March was a new procedure to provide priorities assistance (by use of Form PB-1046) on the minimum quantities of certain building materials required to effect completion of homes being built by veterans and which are at least 75% completed. Where necessary, "APH" priority ratings will be assigned. As time goes on, it is planned to give this type of assistance more general application.

Much work was accomplished during the quarter in the important task of increasing production of building materials. During January, a fact-finding committee started important work, determining best methods for attaining further production increases. Known as the "Committee on Materials" of the Canadian Construction Association, this group is making detailed interim reports and recommending action to the Minister, through the Priorities Officer.

During the quarter, requests for assistance from individual veterans - for a wide variety of items - continued high.

First Quarter, 1946, saw the Electrical Scheduling Section with a heavier volume of work than usual - the major part of the activities revolving around veterans' housing. Urgent industrial and commercial requirements did not reach the volume experienced in some past periods. The present receptacle shortage is being met with plans for expanding production.

U N I T E D K I N G D O M D I V I S I O N

This Division continues to receive and investigate applications and requests for Essentiality Certificates covering importation of equipment or supplies from the United Kingdom for military use, or other requirements the essentiality or urgency of which can be sponsored by Government Departments. Where justified, certificates are issued; otherwise the applications are refused.

"Priority Recommendation" procedure as established with the concurrence of the Board of Trade and CDMS London, also continues to be

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First Quarter, 1946, saw the Electrical Scheduling Section with a heavier volume of work than usual - the major part of the activities revolving around veterans' housing. Urgent industrial and commercial requirements did not reach the volume experienced in some past periods. The present receptacle shortage is being met with plans for expanding production.

U N I T E D K I N G D O M D I V I S I O N

This Division continues to receive and investigate applications and requests for Essentiality Certificates covering importation of equipment or supplies from the United Kingdom for military use, or other requirements the essentiality or urgency of which can be sponsored by Government Departments. Where justified, certificates are issued; otherwise the applications are refused.

"Priority Recommendation" procedure as established with the concurrence of the Board of Trade and CDMS London, also continues to be

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administered by this Division. Briefly, this procedure provides for the issuance of letters to Canadian importers, recommending priority assistance covering importation of goods from U.K., which, while not qualifying for an Essentiality Certificate, are considered important to the Canadian economy.

Statistical record of this Division, for the Quarter, is as follows:

	Jan.	Feb.	March	Total for Quarter	Previous Qtr. Comparative	Total to March 31
Essentiality Certificates						
Issued by Priorities Officer	18	24	24	66	118	8281
Refused by Priorities Officer	6	0	0	6	6	1768
Refused by U.K. Authorities	0	0	0	0	0	22
Priority Recommendations						
Issued up to March 31, 1946						167

U N I T E D S T A T E S D I V I S I O N

Although United States priorities procedures are now greatly simplified, numerous problems concerning continuing Canadian participation in such procedures presented themselves during the Quarter. Monthly reports for January and February have shown that such problems, for the most part, have been satisfactorily resolved.

The February report recorded submission of a request to the U.S. Civilian Production Administration regarding the importation into Canada of American Ponderosa and Sugar Pine Lumber. The request has now been granted and an allotment of 1,500,000 feet per month, until June 1946, has been approved. During the latter half of March, requests were received, processed and rated (on Form WPB-541A) for all but 32,000 feet of the 1,500,000 allocation for March. Since word of the approved allocation was not received until mid-month, this constituted especially quick work in advising prospective importers of the allocation and getting the necessary individual authorizations back to them.

The February report also noted that a request for an allocation of High Tensile Rayon Yarn had been submitted to Washington. At quarter's end, no advice had been received from U.S. authorities as to whether this request of the Rubber Controller, covering 1,966,000 lbs. would be granted.

Due to further changes in U.S. regulations, another revision of General Instruction Letter #59 has become necessary. At the quarter's end, a draft of a revised letter was being submitted to the Civilian Production Administration for their concurrence.

U.S. WPB(CPA)-541A Applications:- Volume of receipts of these applications continued relatively steady during the Quarter. For this three-month period, a total of 196 applications were received; 92 were approved by the Civilian Production Administration, 82 were denied, cancelled or returned for additional information, and 22 were outstanding at the end of March.

During the Quarter, 884 applications for Broad Woven Cotton Fabrics were received; 882 were approved. For the same period, 740 Interim Adjustment Reports were processed.

U.S. Special Forms:- Very few U.S. Orders now call for the submission of special forms. During the Quarter, 31 such forms were received; 24 were approved, 5 denied and 2 carried over.

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P U B L I C I T Y B R A N C H

NEWS:

During the quarter, 29 press releases were issued including a three-page release on the amalgamation of the Department of Munitions and Supply and the Department of Reconstruction; a two-page release on the merchant ships operated during the war by Park Steamship Company Limited; four-page release on the formation of the new Crown company, Canadian Arsenals Limited; a lengthy release on the Technical Information Service, and a special release on German Luger pistols.

ADVERTISING:

No advertising was undertaken during the first quarter of 1946.

CLIPPING BUREAU:

This bureau continues to maintain newspaper clipping reference files for the information of the various units of the Department. During the quarter, numerous requests were received for this service from the heads of new branches.

FEATURES:

On January 16, a member of the Branch proceeded to Deep River townsite to secure background material for a press handout. On February 18, a party of newspapermen were accompanied to Deep River and a press tour of the locality was conducted. As a result the townsite was well publicized in the daily papers. Arrangements were made by the Branch for a Ministerial press conference which was held on February 11. A reference desk book was prepared for the Minister's information and has been supplemented with the latest data and information from time to time. A member of the Branch collaborated with Colonel M.P. Jolley, president of Canadian Arsenals Limited, in the preparation of an address which he delivered at the Royal Military College, Kingston. Arrangements were made also for the filming of "Smoke and Steel" at the College.

PHOTOGRAPHS:

Sixty-six photographs were distributed during the quarter through the Photo Services Branch of the National Film Board covering special requests from the press and trade papers. Two National Film Board photographers accompanied a member of the staff who visited the Deep River townsite on January 16. The resulting prints were distributed by the Board following the press tour on February 18. In addition the Board distributed a 2-picture layout of the Hermann Goering Aeronautical Research Plant which was visited by Canadian scientists.

MISCELLANEOUS:

During the quarter, the Branch assisted the Research and Development Branch in the preparation of material and photographs for the Western papers concerning the Technical Information Service.

A member of the Branch assisted Colonel M.P. Jolley in the preparation of an article for "Army Ordnance," a U.S. publication. A complete statistical report of Canadian war production to the end of 1945 was compiled for Canadian Information Service. Arrangements were made also for mimeographing and distributing a report by Major Glen Gay on German Rubber Footwear and Clothing Industry; an address by the Timber Controller, and two addresses by a member of Polymer Corporation Limited. Requests for publications and copies of press releases continue and these are filled promptly.

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AIR TRANSPORT BOARD

Nine press releases were issued since the beginning of the year on behalf of the Air Transport Board. A report on operating statistics of domestic air carriers in Canada was also distributed.

COMMITTEES:

A member of the Branch attended weekly meetings of the Rehabilitation Information Committee while another attended the regular meetings of the Publicity Co-ordinating Committee.

STAFF:

On February 23, the Director General of the Branch resigned to take a position with Polymer Corporation Limited in Sarnia, but until the end of March continued as Publicity Adviser to the Department. A Publicity Assistant on staff was appointed Director. The services of an office boy were obtained, but he was found unsatisfactory and was given his release after trial.

QUARTERLY SUMMARIES:

The final summary of operations of the Department of Munitions and Supply and the first Quarterly Report of the Department of Reconstruction were edited, mimeographed and distributed during this period.

PUBLIC PROJECTS BRANCH

1. During the period under review, consultations with Government Departments with respect to construction projects proposed to be included in the 1946-47 estimates have been concluded.

Departments concerned;

Agriculture, Fisheries, Health and Welfare, Justice, Mines and Resources, Royal Canadian Mounted Police,National Defence (Air), National Defence (Army), National Defence (Navy), National Harbours Board, Public Works, Transport (including Air Services).

These 1946-47 Departmental programs were screened:

(a) to enable recommendations to be made, under the conditions set out in P.C. 4942, as to whether each construction project is urgently needed or deferable, and

(b) to establish which projects, if put into execution, would require appreciable quantities of materials or labour which should be devoted to implementation of the housing program. The latter operation was carried out in cooperation with the Economic Research Branch and covered all items in each Departmental program as submitted to the Treasury Board.

2. With respect to 1946-47 estimates, temporary procedures were developed on the basis of instructions to the effect that little, if any, delay in the assembly of the estimates to be submitted by each Department would result. Upon it being pointed out by the Deputy Minister that these temporary procedures do nothing to promote the registration of public projects in the reserve, officers of the Branch proceeded to assemble information as to the volume of potential reserve projects, and to bring forward sug-

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gestions for actions which would tend to build up a reserve.

3. Discussions with officers of other Branches of the Department, have resulted in bringing forward recommendations that

(a) adequate funds for the planning of individual projects be made available to Federal Government Departments upon request, and upon approval of the Cabinet Committee on Reconstruction, and

(b) individual projects which have been considered for inclusion in the 1946-47 estimates, but not brought forward, or not approved, or alternatively, all projects which have been designated by Departments as carrying "A" priority, be directed to the reserve of public projects.

4. During January, engineers of this Branch and of the Prairie Farm Rehabilitation Act Branch of the Department of Agriculture met with F.H. Cothran, consulting engineer, to review proposals for the design and construction of the St. Mary's dam in Southern Alberta.

Mr. Cothran outlined his views on this proposal in general, explained that he would be unable to find time for completion of detailed studies, and suggested that General Harley B. Ferguson, U.S. Army (retired), be retained as consulting engineer. This officer is now engaged in making studies at the site, and will submit his report to the Minister of Agriculture.

5. At the request of the Deputy Minister of Veterans Affairs, Messrs. Leon and Hodgins were loaned by this Branch in February to investigate engineering and construction features of one of the veterans' housing projects, and reported their findings to the Department of Veterans Affairs with apparently useful results.

6. During March, Branch engineers informally assisted officers of the Department of Mines and Resources in their assessment of various proposals for water and sewage installations to be made at the new townsite of Yellowknife, N.W.T.

7. Canadian representatives took an active part in the discussions of the International Development Works Committee of the International Labour Office, which met in Montreal in February, and contributed in an important degree to the content of the Resolutions to be sent to the Governing Body, International Labour Office, with the unanimous approval of the Committee.

Advantage was taken by the Co-ordinator of the presence of representatives of other countries at this meeting to discuss with them public investment problems faced by their countries. At the close of the meeting, A. Delmer, the Belgian representative, and Robert Lang, the Swiss representative, visited Ottawa, and a further exchange of views took place.

Near the end of March, Dr. R. Newcomb, Director of Economic Research, Federal Works Agency, U.S.A., visited this Branch for the purpose of mutual discussion of planning and timing of public investment. The resulting exchange of viewpoints was helpful and useful both to the visitor and to the personnel of the Branch. Dr. Newcomb observed that progress to date on Canadian planning for public projects procedures compares favourably with that in the U.S.A. He commended Canadian efforts to develop procedures designed to encourage advance planning of public projects, and in particular those proposals under which one federal agency would have clear cut authority to administer such policies for advance planning as receive the approval of the Dominion government.

8. Studies are presently under way to determine the amounts of certain strategic construction materials normally available to, or used by, the construction industry. It is hoped that, by deducting from these amounts, the indicated quantities required for any predetermined housing program, and so arriving at the amounts of such materials that may be

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required to support various volumes of construction other than residential, helpful data may be made available to the C.C.A. Committee on Material Supply.

9. Revision is being undertaken of this Branch's Schedule "B" to include where possible more precise classifications of construction materials, and to provide more detailed information per project to show whether such material gives rise to on-site or off-site employment in areas concerned.

10. During the period, quarters of this Branch were moved to the top floor of No.3 Temporary Building, where adequate space was made available for the designing and draughting staff.

11. The employees of this Branch now number thirty.

PURCHASING BRANCH

While the major activities of the Purchasing Branch during the past quarter were devoted to contract terminations and the review of contracts placed by the various purchasing branches of the Department which were subject to price adjustment, the purchasing activities, which sharply declined towards the close of the past quarter, now indicate a monthly increase as shown by the following figures for new contract demands and requisitions received in Ottawa:-

1945				1946			
October	November	December	Total	January	February	March	Total
934	575	389	1898	473	635	674	1782

At the end of March the balance of unsettled contracts was 4,708. Every contract listed under the Government Audit classification is now being reviewed to determine the number of contracts which actually require Government Audit and those which can be settled on the basis of cost information already available, or which can be obtained from the contractor. This phase of operations will be dealt with more fully in the report submitted through the Office of the Financial Advisor.

For the quarterly period ended March 31, 1946, a net reduction of 1,287 was made in the total number of outstanding contracts containing provision for price adjustment.

The purchasing activities of the various Purchasing Divisions may be summarized as follows:-

PURCHASING DIVISION NO. 1

SECTION "B"
AIRCRAFT & ELECTRICAL EQUIPMENT:

The approximate total value of purchases made by the Section during the quarter was $921,155; some of the larger items are:-

Modification, Repairs and Overhaul of Aircraft	$278,306
Airframes and Spares	195,047
Power Units	158,016
Wireless Equipment	84,355

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Tools, Jigs and Fixtures	$ 76,783
Electrical Equipment	70,340
Miscellaneous Equipment	34,748
Parachutes	15,048

SECTION "C"
MACHINERY, TOOLS, HARDWARE, CHEMICALS, MEDICAL & DENTAL SUPPLIES:

The approximate total value of purchases made by this Section amounted to $377,559; the larger items included:

Medical Stores	$ 235,000
Tools and Hardware	44,919
Barrack Stores	41,350
Machine Tools	40,374
Miscellaneous Material	8,499
Fire Equipment	6,921

It is noted that due to stop work orders being issued on all Russian contracts for machine tools, and as War Assets Corporation are endeavouring to dispose of some of these tools to China and France, a considerable amount of detail work has been involved, such as preparing specifications, prices, etc., in order that War Assets Corporation may have all complete data to negotiate any sales through the Canadian Export Board, Department of Trade and Commerce.

SECTION "K"
MISCELLANEOUS, MILITIA & NAVAL STORES:

The approximate total value of purchases by this Section amounted to $3,045,454 and included in the larger items are:-

Charter of 15 Cargo Vessels	$2,334,444
Additions to 3 - 1000 H.P. Tugs	207,822
Miscellaneous	83,217
Additions to Assault Bridge	57,708
Additions to Roadbearers	51,124
Forklift Trucks	45,525
Depot Spares for 126' Minesweepers	44,256
Depot Spares	37,448
Road Machinery	31,556
Prefabricated Fire Boat	32,400
Steel, Brass, Babbit Metal, etc.	29,303
Repairs to Harbour Craft	20,000
Cherub Logs	17,320
Additions to 2 Motor Minesweepers	16,270
Sailing Dinghies	10,050

PURCHASING DIVISION NO. 2

SECTION "A"
CLOTHING & TEXTILES:

The approximate total value of purchases by this Section amounted to $4,562,150, the larger items being:-

For the Army:

Berets, khaki	$ 249,504
War Service Badges (discharge buttons)	105,867
Sweaters, woollen, high neck	50,737
Shirts, Cotton, khaki	45,085

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Shoes, Leather, Black	$ 40,791
Neckties, Black	33,500
Blouses and Trousers, battledress	24,269
Shorts, cotton	23,436
Protectors, ear	22,519
Towels, hand	16,380
Bags, kit	13,920
Socks, Woollen, G.S.	13,860
Tropical Worsted, Khaki	13,750
Various Cloth & Metal Badges	9,700
Shirts, Under, Cotton	7,040

A Contract Demand was received for the manufacture of 17,300 summer uniforms in the amount of $370,850,for issue to R.C.A.F. personnel during the summer made from tropical worsted, khaki; considerable difficulty was encountered in securing suitable material. A "first time" purchase of 220,000 buttons, R.C.A.F. Reserve, for issue to R.C.A.F. personnel upon discharge or retirement from service amounted to approximately $19,700.

We have been requested by the Navy to cancel any outstanding balances of cap ribbons lettered "H.M.C.S." and substitute new ribbons bearing names of different ships. This will affect approximately 45,000 ribbons required for 29 ships.

Again the largest purchases of clothing were for the Netherlands, French Republic and Belgium Governments; the stores either being procured through War Assets or from the open market. Included in the amount of $1,158,164 purchased on behalf of the Netherlands Government was a fair supply of battledress, woollen underwear, socks woollen, boots ankle, kit bags, beds seamen's blankets, all procureable from War Assets Corporation.

The stores purchased direct included:-

Shirts, flannel, khaki	$ 137,800
Blouses & Trousers, battledress	130,661
Shoes, canvas, rubber soled, gym	103,659
Overalls, combination	91,800
Shorts, P.T. Airforce	70,855
Shoes, leather, black, men's	46,300
Various Web Equipment	44,300
Towels, hand	43,375
Shirts, cotton, khaki	42,300

A total of $500,000 was expended for the French Republic on 100,000 pairs of boots, ankle, leather, standard Army, procured from War Assets Corporation. 80,000 blankets were procured in the open market to the amount of $317,460.

For the Belgium Government we obtained 50,000 pairs of boots British Army type at a cost of $250,000 from War Assets Corporation.

SECTION "G"
CONSTRUCTION:

During the first quarter of 1946 the following activity was reported by the Construction Section:-

29	New Contracts were awarded at a cost of	$ 292,673
66	Additions to Existing Contracts	207,961
		$ 500,634

In comparison with the previous quarter there is a decrease of twelve awards of approximately $1,500,000. On the other hand there was an increase of fifteen additions to existing contracts, but a decrease in the dollar value thereof of $44,000. These conditions are entirely seasonable in the construction line.

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SECTION "J"
COMMISSARY & LAUNDRY:

Foodstuffs purchased by this Section for Military District No.3 and the Canadian Army in England and North West Europe, also for the N.W. Highway System (Whitehorse, Y.T.), amounted to approximately $781,390. During the past quarter considerably more difficulty has been encountered in connection with commissary requirements than at any time during the war years. This is due to the shortage of many commodities today, to the movement of Service personnel requiring re-allocation of existing commissary stocks in storage points and the requirements for overseas. Long term contracts arranged to ensure ample supplies have had to be reduced to meet the changing conditions aggravated by extremely poor crops last year and heavy commitments by the Federal Government for export shipments.

SECTION "R"
PETROLEUM PRODUCTS, FUEL, LUMBER & PAINT:

The total purchases amounted to approximately $2,286,311; the larger items being:-

Coal	$565,937
Fuel Oil	470,616
Rental of Machines	325,685
Gasoline	279,268
Lumber	185,814
Paint	134,191
Soaps & Cleansers	109,306
Lubricants	91,490
Paper	70,645
Boxes Cardboard	26,948
Office Supplies & Equipment	16,551
Miscellaneous	7,184

PURCHASING DIVISION NO. 3

M.T., ROLLING STOCK & TANKS:

The approximate total value of purchases made by this Division amounted to $1,968,829. Purchasing activity was largely confined to the procurement of Spare Parts in the amount of $1,000,000. Tires to the value of $45,000 were also procured.

PURCHASING DIVISION NO. 4

GUNS & AMMUNITION:

The approximate total value of purchases made by this Division for the quarterly period amounted to $6,162,074: the principal items included:-

Signals and Anti-Submarine Equipment	$1,065,249
Guns, Small Arms & Instruments	4,770,898
Ammunition and Ammunition Filling	325,926

Since the cessation of hostilities it was decided to permit the John Inglis Company to complete 20,760 Browning Pistols 9 m.m. at an estimated cost of $1,536,209 and Research Enterprises 1.340 Binoculars, Prismatic with Spares, at a cost of $137,803 as well as 423 Rangefinders with Stands, etc., at a cost of $416,512. These stores are being transferred to War Assets for civilian sale.

U.S. PURCHASING DIVISION
(Washington, D.C.)

The total purchases by this Division for the quarter totalled $37,904. The first quarter of 1946 was highlighted by the enforced discontinuance of the Canpay Requisition method of procurement from the U.S. Government. The President's Authority for the transfer of maintenance items

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on a cash reimbursable basis for six months after V-J Day, expired on March 2. Since that date no shipments of Canpay material have been made, with the sole exception of shipments from U.S. Navy Depots.

G.C. Bateman, Director General, Washington Office, together with Canadian Service personnel, is presently looking into the matter of future procurement from the U.S. Government and is to notify Ottawa when channels are established.

DISTRICT PURCHASING OFFICES:

A summary of the purchases made by our District Purchasing Offices for the period January, February and March, is as follows:-

PLACE	COMMISSARY PURCHASES	EQUIPMENT PURCHASES	VALUE OF TOTAL PURCHASES
St. John's, Nfld.	$17,799	$ 40,425	$ 58,224
Halifax, N. S.	918,534	125,923	1,044,457
Quebec, P.Q.	95,433	31,877	127,310
" Arsenal	-	322,638	322,638
Montreal, P. Q.	507,252	358,520	865,772
Ottawa, Ont.	781,390	80,513	861,903
Toronto, Ont.	952,976	571,409	1,524,385
Winnipeg, Man.	346,467	152,805	499,272
Regina, Sask.	176,216	97,714	273,930
Calgary, Alta.	614,576	204,322	818,898
Vancouver, B. C.	416,706	200,172	616,878
Victoria, B. C.	197,120	155,128	352,248
GRAND TOTAL:	$ 5,024,469	$ 2,341,446	$ 7,365,915

During the quarter the Montreal Office, formerly operated by the C.N.R., and the Quebec District Office, operated by the C.P.R., were converted to Civil Service-staffed offices, the latter being amalgamated with the staff of the Dominion Arsenal, Quebec.

SUMMARY OF EXPENDITURES

PURCHASING DIVISION NO. 1

Section "B" - Aircraft-Electrical	$921,155	
" "C" - Machinery, Tools, Hardware, etc.	377,559	
" "K" - Miscellaneous, Militia & Naval Stores	3,045,454	
		$ 4,344,168

PURCHASING DIVISION NO. 2

Section "A" - Clothing & Textiles	4,562,150	
" "G" - Construction	500,634	
" "J" - Commissary & Laundry (See District Office summary below)	781,390	
" "R" - Petroleum Products, Fuel, Lumber, etc.	2,286,311	
		8,130,485

PURCHASING DIVISION NO. 3

M.T., ROLLING STOCK & TANKS	1,968,829

PURCHASING DIVISION NO. 4

GUNS & AMMUNITION	6,162,074

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U.S. PURCHASING DIVISION (Washington, D.C.)		$ 37,904
DISTRICT PURCHASING OFFICES		
	Commissary - $5,024,469 General - 2,341,446	7,365,915
	GRAND TOTAL:	$ 28,009,375

Staff Summary:

During the quarter the staff of the Purchasing Branch was reduced as follows:-

At Ottawa	43	leaving	251
District Offices	6	"	87
	TOTAL		338

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CO-ORDINATOR OF REGIONAL RECONSTRUCTION COUNCILS.

There is a great deal of correspondence passing through the office. The majority of this correspondence is coming from the Regional Councils in Quebec, Northern Ontario, Nova Scotia, and Prince Edward Island. Some of the correspondence from Prince Edward Island is concerned with their being supplied with a representative of the Research and Development Branch. The Council feel that they should have a representative with full time duty in that Province.

Within the past month, Executive Secretaries of the Regional Councils in Quebec and Montreal have visited this office.

Generally speaking, the type of correspondence that has been passing through the office has to do with the buying of wartime plants or equipment. War Assets have been of great help in assisting in matters of this kind.

There have been no changes in the staff and it is sufficient to handle the work at the present time.

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RESEARCH AND DEVELOPMENT
BRANCH

1. As a result of the experience gained by the Regional Representatives and the results of the Technical Information Service some alterations and additions have been made in the Branch organization. It was found necessary to add to the original number of personnel appointed and to alter the organization for supervision of Regional Representatives. The addition of four Technical Representatives and a Supervisor to the Ontario area should allow a more equitable service to this highly industrialized area.

2. The increase of inquiries to the Technical Information Service has necessitated the appointment of additional staff as well as the loan of some personnel from the Technical staff of the main office.

3. The position of Director of Communications Research has been deleted and the work that was covered in this field is now being handled by the Radio Branch of the National Research Council and the Radio Division of the Department of Transport.

4. The work of the Regional Representatives and the personnel in Ottawa indicates more and more that the main service of the Branch will be in the technical information field. The new organization was evolved with this in mind. The Technical officers on the Ottawa staff other than those on loan to T.I.S. are primarily concerned with the technical aspects of Building Research. Although this subject is receiving some considerable study, it is the only field in which projects are receiving specific attention as the other fields are being covered by existing Government organizations. Thus the Branch is basically organized with personnel acting as Technical Liaison Representatives, Technical Information Service and Technical Officers on Building Research.

II. LIAISON WITH REGIONAL RECONSTRUCTION COUNCILS

5. The Associate Director General has visited the regional areas of Prince Edward Island, Nova Scotia (Cape Breton section) and revisited British Columbia, Alberta, Saskatchewan and Manitoba. The Director of Technical Information Service visited the Northern Ontario Council with the object of discussing the work of the Branch and the advisability of locating a Regional Representative in this area. Discussions held with Council members in Western Canada were restricted mainly to the Executive Secretaries as it was the general liaison problems of the area that were under discussion.

6. The liaison between the Regional Representatives and the members of the Regional Councils has remained very good. The Representatives all indicate very definitely the value of the helpful guidance and advice they have received from the Regional Chairmen and Executive Secretaries.

III. LIAISON WITH OTHER GOVERNMENT DEPARTMENTS

7. The liaison between T.I.S. and the various Government Laboratories is very satisfactory. The method of handling inquiries that require reference to groups other than the National Research Council has been finalized and a "flow diagram" issued to all concerned. Members of all the Government departments to which inquiries have been referred or from which information has been sought regarding an inquiry have co-operated completely and indicated a desire to assist as much as possible in this work.

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8. Preliminary liaison has been set up with the Central Mortgage and Housing Corporation in the technical research aspects of housing. As the organization of the technical section of this Corporation is built up, more definite ties will be established to satisfy the requirements of both the Corporation and the Building Research section of this Branch.

9. Excellent liaison is maintained with the Divisions of the National Research Council that are concerned with the work in the Building Research field. Some projects are under way and some under consideration that require varying amounts of assistance in correlation by this Branch.

10. The Secretaries of the various Canadian and International Committees and Organizations in the communications field in which this Branch was represented by C.J. Campbell have been informed that there is no longer a requirement for representation by this Department.

IV. TECHNICAL INFORMATION SERVICE

11. The total number of inquiries received by the Technical Information Service to date is 780, of which 462, or nearly 60%, were received in the quarter under review. It will be observed from the tables that the number is no longer increasing rapidly and an actual decrease in April is to be anticipated, since the Regional Representatives of the Research and Development Branch will be in conference in Ottawa for some days, but, as additional Regional Representatives are appointed and the service becomes better known, the number of inquiries is again likely to increase.

12. In Table I an analysis of the inquiries is shown as to their geographical origin. It will be seen that Ontario and Quebec, as the chief industrial provinces, show the highest totals. Another factor to be considered is that these provinces have two Regional Representatives each, as against not more than one in any other province. Agricultural Saskatchewan, however, shows substantially the highest proportion to the population.

Table I. - Geographical analysis of inquiries received

Region	Jan.	Feb.	Mar.	Total
Alberta	8	13	9	30
British Columbia	14	15	14	43
Manitoba	15	19	11	45
New Brunswick	4	2	7	13
Nova Scotia	4	6	6	16
Ontario	48	46	34	128
Prince Edward Island	0	5	2	7
Quebec	23	33	46	102
Saskatchewan	24	18	25	67
N.W.T., U.S.)				
U.K. and Nfld.	4	1	6	11
Total	144	158	160	462

13. It is also of interest to note the approximate routing of inquiries, as shown in Table II. Those received through Regional Representatives are always identified as such and have been so classified. Those inquiries indicated as coming directly to the

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Technical Information Service have, in general, borne the address given in the Research and Development booklet, Questions and Answers to Manufacturers, and it may therefore be inferred that they resulted from the distribution of this booklet by the Canadian Manufacturers Association, the Industrial Development Bank and others, including possibly the Regional Representatives themselves. In this class, the proportion of inquiries from manufacturers is nearly 100%. A fairly constant number of inquiries is received through the National Research Council and these include a small proportion from individuals rather than companies.

Table II - Approximate analysis of routing of inquiries

	Through Regional Representatives	Directly to TIS	Through National Research Council and misc.
January	45	31	68
February	61	30	67
March	76	21	63
Total	182	82	198

14. Although less than 10% of the replies sent out are acknowledged, it is believed that the service is generally satisfactory. In almost every reply, it is found possible to send some useful information, and the Regional Representatives report that the manufacturers consulted consider the replies fairly adequate.

V. BUILDING RESEARCH

15. The main work in the Building Research field has been the incorporation of the results of the questionnaire, contained in the initial publication, into a new set of charts covering the subject and a booklet designed to summarize the situation in this field in Canada as it exists in the Federal and Provincial Governments, Universities and research foundations. These two publications have been produced in draft and will be issued in final form shortly.

16. The Branch has reviewed requests for research assistance from members of the Universities of Alberta, Saskatchewan and Western Ontario. Recommendations covering these requests have been forwarded to the National Research Council for consideration and action completed in each case.

17. The problem of masonry wall construction in Eastern Canada which has been under consideration for some months and which has been a problem for many years has been given a preliminary study by members of the Branch. It is evident that there is a very serious problem. The Branch has been instrumental in organizing a more specific study of the problem by a member of Dalhousie University. This study will be co-ordinated with Federal groups, Nova Scotia universities, the newly-formed Nova Scotia Research Foundation and the Maritime brick and construction industry.

18. A co-ordinated program in the field of structural and heating research in the low-cost house field is being studied which will correlate work of this Branch with divisions of N.R.C. as well as such other organizations as the Forest Products Laboratories and Bureau of Mines in the Department of Mines and Resources.

R E S O U R C E S D E V E L O P M E N T B R A N C H

PERSONNEL

No additions or changes to personnel were involved in the quarterly period January 1., 1946, to March 31., 1946.

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PUBLICITY

(1) Article "Canada's Forest Problem" by Doctor J. S. Bates screened by the Acting Co-ordinator pre-publication in the Pulp and Paper Magazine.

(2) A Summary of the Activities of the Resources Development Branch was prepared for the Research and Development, April, News Letter.

ESTIMATES

(1) Forest Insects Control Board - revised estimates for control program 1945-6 and 1946-7 submitted through the Deputy Minister to the Department of Agriculture. Necessary transfer of current fiscal year funds completed.

(2) Department of Mines and Resources - revised estimates 1946-7 screened and transmitted in conjunction with the Public Projects Branch.

(3) Conference held with the Deputy Minister and Public Projects Branch to clarify departmental procedure on:

(a) Screening estimates of Federal departments.

(b) Provision of Federal planning grants in advance of supplementary estimates.

MAP DISTRIBUTION SECTION

A consolidated catalogue of all federal published maps is in the course of compilation.

COMMITTEES AND CONFERENCES

(1) The Acting Co-ordinator, re Committee on Public Investment, presented an elaboration on forestry proposals to the Economic Committee of the conference in the session of January 9 to 11., 1946.

(2) The Acting Co-ordinator attended officially the following:

(a) February 11 - 13 at Montreal, The Canadian Lumbermen's Association;
(b) February 20 - 22 at Toronto, Ontario Research Foundation;
(c) March 4 - 9 at Washington, Food and Agriculture Association;
(d) March 20 - Interdepartmental Committee on Timber Depletion (Doctor W. A. Mackintosh, Chairman).

(3) The Executive Assistant attended the Prospectors and Developers Association Convention at Toronto, March 11 - 13.

REGIONAL RECONSTRUCTION COUNCILS

(1) Report prepared for inclusion in the Regional Reconstruction Council's quarterly letter.

(2) Ruling secured on Timber price ceiling - Nova Scotia Council.

(3) Topography maps and reports furnished Prince Edward Island Council.

(4) Tourism and Town Planning query referred - Quebec Council.

EQUIPMENT PROCUREMENT

(1) Request received for import duty refund on private exploration aircraft investigated and referred.

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(2) Request for re-rental of Canso aircraft by Frobisher Exploration Company referred to War Assets Corporation re surplus aircraft.

TRANSPORTATION N. W. T.

Two, in number, "MINCA" barges made available through the War Assets Corporation for the Director, Lands, Parks and Forests Branch.

COMMUNICATION SURVEY N. W. T.

(1) Copy of final report by Doctor S. T. Fisher received and noted.

(2) Recommendation made to the Deputy Minister, after discussion with Mines and Resources, that an interdepartmental committee be formed to prepare and celar a report, through the Joint Defence Construction Projects Panel, for Cabinet Committee consideration.

PROVINCIAL RESOURCES ROADS

(1) Preparation in committee of a memorandum to the Cabinet Committee on Dominion assistance to the provinces for resources roads - in advance of a general Dominion-Provincial agreement.

(2) Request for assistance - Canadian International Paper Company forest roads - referred, through Public Projects Branch, for sponsorship by the Province of Quebec.

(3) Assisted road proposals - Province of Saskatchewan - screened by the Department of Mines and Resources and the Acting Co-ordinator, and recommendations forwarded to the Deputy Minister.

FISHERY WHARF - LOUISBOURG, N.S.

Plans and reports for a fishery wharf at Louisbourg, N.S., received, via the Regional Reconstruction Council, and transmitted to the Department of Fisheries for comments.

FOREST PROTECTION MOVIE

Recommendation made to the Deputy Minister that:

(1) Funds be made available to the Department of Mines and Resources for their share of an eastern interprovincial forest protection movie;

(2) A conference be convened by the Acting Co-ordinator.

FOREST INSECTS CONTROL BOARD

(1) Quarterly Report appended.

(2) Discussion held with the Canadian Pulp and Paper Association and provincial government re expansion of control measures in the Province of Quebec.

(3) Forest Insects Control Board By-Laws transmitted for approval by the Minister.

(4) Disease Laboratory - Sault Ste Marie.

(a) Recommendation for construction in 1946 by the Department of Agriculture forwarded for ministerial approval.

(b) Recommendation for purchase of building site forwarded, through the Deputy Minister, to the Department of Agriculture.

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POLLUTION OF ST. CLAIR AND DETROIT RIVERS

Recommendation forwarded to the Under Secretary of State for External Affairs re International Joint Commission consideration.

SNARE RIVER DEVELOPMENT - N. W. T.

Investigations conducted in conjunction with the Department of Mines and Resources leading to Order-in-Council P. C. 507, dated February 15, 1946, authorizing water power development at the Snare River, N. W. T., site by the Department of Mines and Resources.

AGRICULTURE

Proposal for planting Cape Horn vegetable species in Canada received from the Development Commissioner, Canadian Pacific Railways, and investigated by the Central Experimental Farms.

NORTHWEST DEFENCE FACILITIES

Meeting held with the Department of Mines and Resources previous to a convening of the Joint Defence Construction Projects Panel to consider the question of facilities, maintenance and agency control. Later decision indicated that a study was to be undertaken by the Joint Defence Construction Projects Panel.

FOREST PRODUCTS LABORATORY

Inclusion in the 1946-47 estimates of the Department of Mines and Resources of the construction and equipping of the above laboratory supported by the Public Projects and Resources Development Branches. Item does not appear in the final estimates.

PHYSICAL METALLURGY LABORATORY FILM

Recommendation made to the Deputy Minister that funds be transferred to the Department of Mines and Resources for refund in supplementary estimates.

AERIAL PHOTOGRAPHY

(1) The Acting Co-ordinator represented the department at the Interdepartmental Committee on Air Surveys meeting, called to consider the overall question of government air photography.

(2) Details of 1946 Air Survey Program received from the Secretary, Inter-departmental Committee on Air Surveys, and transmitted to the Deputy Minister.

SNOW LAKE ROAD

(1) Investigations conducted in conjunction with the Department of Mines and Resources into the above assisted Mining road, proposed by the Province of Manitoba, terminating in Order-in-Council P. C. 506, dated February 11, 1946, authorizing Dominion contribution.

(2) Discussions held with Mines and Resources to ensure the transfer of adequate funds from the appropriation of the Department of Reconstruction and Supply.

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F O R E S T I N S E C T S C O N T R O L B O A R D

MEETINGS

Three meetings of the Forest Insects Control Board were held during the period January 1, 1946 to March 31, 1946, inclusive.

At the meeting held on January 11, 1946, revised financial estimates were approved by the Board for submission to the Department of Agriculture through the Co-ordinator of Resources Development.

The Meeting of February 15, 1946, was held in Quebec City for the express purpose of enabling the Board members to meet and discuss with the authorities concerned Quebec Forest Insect problems.

In a general review of the Quebec problem, at which the importance of the time element was stressed, a resolution was passed to hasten an agreement with the Province of Quebec in order that control measures may be instituted in time to be effective early in 1946.

The import of the meeting held in Ottawa on Friday March 1, 1946, was the attendance of the Deputy Minister of the Department of Agriculture, together with the Dominion Entomologist and the Director of Science Services, for the purpose of reviewing the progress made to date in the implementation of the work program as recommended by the Board.

EXECUTIVE COMMITTEE

The Executive Committee of the Board attended a meeting of the Woodlands Section of the Canadian Pulp and Paper Association held in Montreal on January 23 and 24, 1946, for the purpose of outlining the policy of the Forest Insects Control Board and the progress made to date in the co-ordination of insect control measures throughout the Dominion.

The Chairman of the Board called a meeting of the Committee on March 28, 1946, to determine what action had been taken to date by the Department of Agriculture in implementing the work program.

Advice received from the Department of Agriculture indicates that the procurement of immediately required laboratory and field equipment, motor vehicles, etc., is now well under way. In this respect a progress report will be submitted by the Department of Agriculture in time for the next meeting of the Board to be held on April 8, 1946.

The Committee were advised by the representative of the Department of Agriculture that Treasury Board have passed the estimates for the building of a Disease Laboratory at Sault Ste Marie. Preliminary plans are in course of preparation and will be submitted in due course to the Department of Public Works. Further constructive action depends on the establishment of priorities for building materials.

The matter of obtaining the services of scientific and technical personnel was discussed and revealed that such personnel, as had already been appointed, were satisfied with their present remuneration, anticipating that it may be increased later. Others were definitely of the opinion that the present salary scale was inadequate.

In the opinion of the Executive Committee, the appointment of personnel to such positions, as remain open, is being frustrated by existing salary scales.

QUEBEC FOREST INSECT SURVEY

At the meetings of the Board held during the period covered by this report, the Quebec Forest Insect problem was studied and the consensus

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of opinion was that no constructive action could be taken at this time as the matter of financial participation was still under discussion by the Premier of Quebec and the Minister of Reconstruction and Supply.

As emphasis however was laid on the seriousness of the Quebec problem, Resolutions were passed by the Board as follows:

(1) THE BOARD RECOMMENDS THAT THE DEPARTMENT OF RECONSTRUCTION PROVIDE FUNDS TO BRING THE WORK CARRIED OUT IN QUEBEC TO THE SAME STANDARD AS THAT WHICH IS TO BE PROVIDED IN THE OTHER PROVINCES AND THAT THIS ARRANGEMENT APPLY FOR THE FISCAL YEARS 1945-46 AND 1946-47.

(2) THAT AN AGREEMENT BE ENTERED INTO WITH THE PROVINCE OF QUEBEC THAT IN SUCCEEDING YEARS THEY WILL MAINTAIN THE INSECT SURVEY COMMENSURATE WITH THE WORK BEING DONE BY THE FEDERAL GOVERNMENT IN THE OTHER PROVINCES.

Further discussion of the Quebec problem was held in abeyance until more information was forthcoming.

GENERAL

Financial Estimates

An allotment (FE.17-T-290897-B February 28, 1946, $125,000) has been set aside by the Chief Treasury Officer of the Department of Reconstruction and Supply for expenditures by the Department of Agriculture to cover organization purposes, expanded research facilities and initiation of control action immediately required.

Implementation and Action

At the meeting held on March 1, 1946, the Deputy Minister of the Department of Agriculture confirmed the transfer of funds for the implementation of the work program and gave assurance of the full co-operation of his department in this respect.

NEXT MEETING

The next meeting of the Board was called for Monday April 8, 1946, to be held in the office of the Chairman, No. 3 Temp. Bldg., Ottawa, Canada.

S E C R E T A R Y ' S B R A N C H

COMMUNICATIONS DIVISION

During the quarter the Communications Division received, despatched and distributed an average of 1,779 messages per day, made up as follows:

	Quarter ending Mar. 31, 1946.	Quarter ending Mar. 31, 1945.	Quarter ending Dec. 31, 1945.
Teletypes	1,641 per day	3,149 per day	1,702 per day
Cables	26 per day	87 per day	38 per day
Radiotelegrams (Out)	(Discontinued)	11 per day	(Discontinued)
Radiotelegrams (In)	(Discontinued)	11 per day	(Discontinued)
Telegrams (Out)	45 per day	91 per day	58 per day
Telegrams (In)	67 per day	126 per day	82 per day
	1,779 per day	3,475 per day	1,880 per day

Compared with the same quarter last year, this is a decrease

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of 1696 messages per operating day, and a decrease of 101 messages per operating day over the previous quarter.

RECORDS DIVISION

Files - General

Number of files now on record total 1,112,664, an increase of 49,788 during the quarter.

During the quarter the Reconstruction Registry was amalgamated with the Records Division, thereby eliminating unnecessary duplication in staff and work.

Some congestion in the Main Registry in No. 1 Building was alleviated by the transfer of several thousand old purchase files to the storage section in Building No. 3.

The following is a summary of some of the work carried out in the main and branch offices during the quarter.

Current Mail, Requisitions, Applications, etc.	144,000
Papers indexed and filed (P.A.'s)	345,493
Files created and/or recorded	49,788
Files handled (charged out & put away)	99,765
Pass slips recorded	10,742
Files repaired	18,030
Files brought forward	5,236
Telephone enquiries	18,282
Indices created and revised	37,200
Files transferred to Storage (single cases) app.	3,000

DORMANT STORAGE

The work in this section has increased greatly due to closing down of numerous Branches, Controls and Crown Companies during the past quarter. Storage space has been provided in Building 3 and 4 to the equivalent of 70 units and the work of storing dormant files is proceeding steadily. For purposes of accessibility, a special room has been provided to store accounting journals, ledgers, etc. of various Crown Companies, Crown-owned and management-fee plants.

CORNWALL STORAGE DEPOT

The classification and storage of approximately 1,500 cases of records from Canadian Propellers Ltd., Allied War Supplies Corporation, Federal Aircraft Ltd., and Boeing Aircraft Ltd., is being carried out at this depot by a staff of three clerks.

BRANCH REGISTRIES

Six branch registries are still functioning although the branches, etc. involved, have terminated activities, in order that all records be properly finalized, enquiries answered, etc. A minimum of staff is being retained in each of the six registries to perform this work. A new branch registry was established in the Economic Research Branch during the quarter.

CROWN COMPANIES, ETC.

Records of all Crown companies, crown-owned and management-fee companies, etc., whose activities have been terminated, continue to be forwarded to the Storage Depot at Cornwall. The issuance of P.C. 645, February 28, 1946, permitting companies to retain Crown records required to carry on private operations simplifies the problem of closing out records of certain companies. All accounting files, ledgers, etc. are stored in Ottawa for convenience in abstracting required data.

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MAIL

Daily volume of incoming mail averaged 1,841 (envelopes only) per day against 2,634 in the last quarter and 3,779 during the corresponding quarter in 1945.

Outgoing mail averaged 2,526 per day (envelopes only) against 2,996 in the last quarter and 4,526 during the corresponding quarter in 1945.

ATFERO MAIL

95 envelopes were despatched by Atfero. The Atfero Service will not operate after March 30, 1946 (R. & S. C.L. 15).

EXPRESS AND FREIGHT

962 pieces of express were handled, weighing approximately 15,791 lbs.

Freight handled amounted to 84 pieces.

18 pieces of Air Express were despatched.

MESSENGER SERVICE

Messenger calls in Buildings 1, 2, & 3 averaged 198, 104 and 97 per day respectively. By Hands outside the four buildings averaged 19 per day.

INSURANCE AND FIRE PREVENTION DIVISION

The Insurance and Fire Prevention Division terminated its activities as of February 28, 1946, having been in operation since May, 1941. The following is a summary of the work carried on during January and February of this year.

Insurance

Further negotiations were carried out to secure lower fire insurance costs in connection with housing projects carried out by Wartime Housing Ltd.,

Assistance was given to the Department of Mines & Resources in settling a $380,000 fire loss at Abasand Oils Ltd., Fort McMurray, Alta.

Fire Prevention

During the quarter numerous industrial plants were inspected in the interests of fire prevention which included a number of large rubber plants.

TENDER OPENING DIVISION

The average number of tenders opened per day for the quarter was 95 compared with 214 for the same period in 1945. The Division has been reduced to the status of a section of the Communications Division due to the decrease of work.

EXPROPRIATIONS

One expropriation of land was effected during the quarter.

In regard to outstanding claims arising out of expropriations of land made through this Department, a complete report was prepared as at the date of the amalgamation of the two Departments at the end of 1945. Since

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that date, this Branch has been proceeding with settlements with owners, and has made certain abandonments of lands taken, and is in the process of preparing a detailed report giving particulars of all outstanding claims in regard to each project.

MAIN POOL

A statement of the work performed by the Main Pool is attached as "Appendix A".

EQUIPMENT AND STATIONERY

A statement of the work performed by the Equipment and Stationery Division is attached as "Appendix B".

PERSONNEL DIVISION.

See Appendix "C" showing the staff of the Department as at March 31, the average monthly salary per employee, salaries for the quarter, living expenses and allowances for the quarter, and the amount of travelling expense claims rendered during the quarter.

The following comments are submitted with regard to the statement contained in Appendix "C".

A D M I N I S T R A T I V E A N D S E R V I C E B R A N C H E S

During the quarter, the staff in this group was reduced from 1210 to 1041, for a total of 169, or 14%. Decreases were shown in all Branches except the Minister's Office, and the Office of the Financial Advisor. The increase of two in the Minister's Office was noted in the February report as being due to the appointment of an additional typist, and an Economic Representative (R.Geddes). The Financial Advisor's Office appears to be at the peak of its renegotiation program and added two stenographers and an accounting officer during the quarter.

The Secretary's Branch showed the largest decrease dropping from 507 to 418 for a total of 89 or 18%.

S U P P L Y A N D C O N T R O L S.

A reduction was made from 1086 to 850 for a total of 236, or 22%. All units have made a reduction during the quarter except Steel Control which was re-established during February. The five officers shown in this Control serve without salary but it is anticipated that some salaried junior staff will be required in the near future.

The Construction, Metals and Oil Controls were completely wound up. The Chemicals and Explosives Production Branch still shows one member on staff due to E. T. Sterne, former Director-General, being retained on the pay-roll until accrued leave will have been expended (S.O.S. effective April 1, 1946).

The Production Board was dissolved in January.

The Army Engineering Design Branch was still showing on Departmental strength as the quarter ended but information at hand indicates that the Order-in-Council approving the transfer to the Department of National Defence has been approved effective January 1, 1946, and action to complete this transfer will be taken during April.

Included in the Purchasing Branch are employees of the C.N.R., C.P.R., and Allied War Supplies Corporation, on whose behalf their companies

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have been reimbursed to the amount of $34,741, which is included in the figure opposite Purchasing in Column 7, Appendix "C", page 3.

RECONSTRUCTION BRANCHES

Increases were general in this group with the largest increase registered by Economic Research Branch, with a total of 15. Most of the additional staff were clerks and typists, only one being a qualified statistician.

Research and Development Branch registered an increase of 9, being mainly technical men appointed to outstanding requisitions.

TRAVELLING EXPENSES

Travelling Expense claims rendered for the quarter totalled $53,883, as against $57,441 for the Department of Munitions and Supply in the October 1945 quarter.

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Appendix "A"

C182601

MAIN POOL PRODUCTION

Quarter Ending March 31, 1946.

DICTAPHONE SECTION				TYPING SECTION				PURCHASING SECTION					DUPLICATING SECTION	
No. of Operators	Days Absent	No. of Cylinders Transcribed	No. of Lines Produced	No. of Operators	Days Absent	No. of Jobs Typed	Lines Produced	No. of Operators	Days Absent	No. of Accept. Typed	No. of Amend. Typed	No. of Tenders Typed	Legal Contracts Dittoed	Stencils Duplicated
6	59	1,222	153,766	18	179½	7,849	995,461	12½	171½	4,041	3,412	1,183	591	1,259

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SECRETARY'S BRANCH

EQUIPMENT AND STATIONERY DIVISION

QUARTER ENDING MARCH 31, 1946.

C182602

STATIONERY SECTION		PRINTING SECTION	DUPLICATING SECTION	REPRODUCTION SECTION		EQUIPMENT SECTION													
											Telephone Requisitions				Typewriter Repairs				
														Cancellations					
No. of Requisitions to King's Printer for Stationery Supplies	Rubber Stamps Purchased	Impression Production	Copies produced from Stencils and Masters	Blueprints Processed	Photostats Processed	Furniture Requisitioned to P.W.D. for Ottawa use	Furniture requisitioned to P.W.D. for outside Ottawa	Machines ordered or released	Phones Transferred	Installations	Locals	Extensions	Tiring Plans	No. of Repair Calls	No. of Overhauls	Machines checked to go out	Cost of parts Purchased	Cost of parts used	
500	147	1,658,560	3,695	4,271	5,162	1 Used plan cabinet 1 Comptometer Desk 1 piece of linoleum 2 dollys 1 Hollerith Tab.Cabinet 1 Hollerith Card Cabinet	2 filing cabinets 2 Arm Chairs 1 Telephone Stand 1 5' Table 1 Bookcase 1 Hat Tree 1 Typist's Chair	Nil	309	1	75	44	15	254	11	72	40.74	39.99	

"APPENDIX B"

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C182603

STATEMENT OF EMPLOYEES, SALARIES & EXPENSES

JANUARY 1st - MARCH 31st, 1946

BRANCH	1 TOTAL STAFF JAN 1	1 TOTAL STAFF MAR 31	2 INC.	2 DEC.	3 NON-SALARIED EMPLOYEES JAN 1	3 NON-SALARIED EMPLOYEES MAR 31	4 SALARIED EMPLOYEES JAN 1	4 SALARIED EMPLOYEES MAR 31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
ADMINISTRATION & SERVICES	1210	1041		169	20	15	1190	1026	$448,901.	$141.	$ 2,847.	$12,978.
SUPPLY AND CONTROLS	1086	850		236	120	105	966	745	385,697.	164.	39,997.	26,578
RECONSTRUCTION	340	377	37		129	134	211	243	127,191.	183.	17,640.	14,327.
TOTAL FOR DEPARTMENT	2636	2268		368	269	254	2367	2014	$961,789.	$154.	$60,484.	$53,883.

"APPENDIX C"

Page 1.

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C182604

ADMINISTRATION & SERVICES

BRANCH	1 TOTAL STAFF JAN 1	1 TOTAL STAFF MAR 31	2 INC.	2 DEC.	3 NON-SALARIED EMPLOYEES JAN 1	3 NON-SALARIED EMPLOYEES MAR 31	4 SALARIED EMPLOYEES JAN 1	4 SALARIED EMPLOYEES MAR 31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
MINISTER'S OFFICE	17	19	2		2	4	15	15	$ 10,329.	$235.		
DEPUTY MINISTER'S OFFICE	64	38		26	9	2	55	36	25,683.	225.	$ 154.	$ 2,278.
COMPTROLLER'S	343	309		34			343	309	133,630.	140.		5,707.
CONTRACT SETTLEMENT BOARD	83	81		2	1	1	82	80	47,395.	196.		1,962.
FINANCIAL ADVISOR'S	66	69	3		3	5	63	64	38,458.	206.	2,322.	532.
GENERAL COUNSEL	6	4		2			6	4	3,915.	326.		44.
LEGAL	20	17		3		1	20	16	10,495.	206.		121.
SECRETARY'S	507	418		89	1		506	418	132,044.	101.	371.	1,699.
PUBLICITY	10	8		2			10	8	3,865.	143.		204.
LONDON OFFICE	3	3			1	1	2	2	2,345.	391.		
MONTREAL OFFICE	33	25		8	1	1	32	24	9,165.	110.		
TORONTO OFFICE	27	25		2			27	25	8,980.	117.		
WASHINGTON OFFICE	31	25		6	1		30	25	22,597.	276.		431.
TOTAL	1210	1041		169	20	15	1190	1026	$448,901.	$141.	$2,847.	$12,978.

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BRANCH	1 TOTAL STAFF JAN. 1 - MAR 31		2 INC. DEC.	3 NON-SALARIED EMPLOYEES JAN 1 - MAR 31		4 SALARIED EMPLOYEES JAN 1 - MAR 31		5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
COAL CONTROL	106	103	3	4	4	102	99	$ 47,879.	$154.	$ 890.	$ 3,284.
CONSTRUCTION CONTROL	58	0	58			58	0	1,720.	246.		805.
METALS CONTROL	3	0	3			3	0	600.	300.		
MOTOR VEHICLE CONTROL	21	6	15			21	6	6,180.	199.		73.
OIL CONTROL	1	0	1			1	0				111.
STEEL CONTROL	0	5	5		5	0	0			731.	210.
POWER CONTROL	2	2		2	2	0	0			1,200.	
RUBBER CONTROL	17	12	5	2	3	15	9	5,030.	168.	1,182.	537.
TIMBER CONTROL	204	197	7	15	14	189	183	86,855.	156.	834.	13,451.
PRIORITIES	25	23	2			25	23	13,755.	199.		113.
ARSENALS - QUEBEC	112	84	28	3		109	84	50,753.	199.		
ARMY ENGINEERING DESIGN	61	21	40	2		59	21	18,092.	255.		942.
CHEMICALS AND EXPLOSIVES	3	1	2			3	1	2,000.	677.		595.
PRODUCTION BOARD	4	0	4	1		3	0				
PURCHASING	437	367	70	91	77	346	290	141,108.	153.	35,160.	6,439.
PUR. INV. & SUB. TO P.C.	12	12				12	12	5,245.	138.		
REQUISITIONS DIVISION	20	17	3			20	17	6,480.	130.		18.
TOTAL	1086	850	236	120	105	966	745	$ 385,697.	$ 164.	$39,997.	$26,578.

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RECONSTRUCTION

BRANCH	1 TOTAL STAFF JAN 1	1 TOTAL STAFF MAR 31	2 INC.	2 DEC.	3 NON-SALARIED EMPLOYEES JAN 1	3 NON-SALARIED EMPLOYEES MAR 31	4 SALARIED EMPLOYEES JAN 1	4 SALARIED EMPLOYEES MAR 31	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
AIR DEVELOPMENT	13	16	3		2	2	11	14	$ 5,745.	$130.		$ 48.
ECONOMIC RESEARCH	90	105	15		1	4	89	101	38,726.	136.	$ 78.	718.
PUBLIC PROJECTS	28	32	4		1	1	27	31	24,485.	269.		304.
REAL ESTATE	4	3		1	1	0	3	3	2,125.	236.		2,349.
REGIONAL RECONSTRUCTION COUNCILS	147	147			113	113	34	34	22,905.	239.	7,637.	3,523.
RESEARCH & DEVELOPMENT	23	32	9		1	2	22	30	16,675.	203.		3,319.
RESOURCES DEVELOPMENT	11	13	2		1	1	10	12	6,040.	183.		420.
FOREST INSECTS CONTROL BOARD	12	17	5		5	8	7	9	5,540.	191.	547.	1,064.
ROYAL COMMISSION ON COAL	12	12			4	3	8	9	4,950.	183.	9,378.	2,582.
TOTAL	340	377	37		129	134	211	243	$127,191.	$183.	$17,640.	$14,327.

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TORONTO OFFICE

As of March 31, 1946, the staff of the Toronto Office numbered 48.

With the issuance of PO 11 (Priority Rating for Building Materials for use in Government Approved Low-cost Housing Projects) and PB 1046 (Request for assistance by Veterans of World War 11 to obtain Building Materials for Homes) has resulted in a large number of telephone calls and personal visits to this Office for clarification of the order and form and as to their applicability.

During March the Purchasing Division issued 801 Acceptances of Tender for a value of $822,460.00 and the Communication Branch handled a daily average of 401 messages.

Generally speaking, the Office continues to function smoothly.

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COST INSPECTION AND AUDIT DIVISION

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS REQUIRING SPECIFIC OR CONTINUOUS AUDIT							
	OPENING UNCOMPLETED AUDITS	NUMBER REC'D DURING MONTH	COMPLETED THIS MONTH NUMBER	COMPLETED THIS MONTH VALUE IN 000's $	COMPLETED TO DATE NUMBER	COMPLETED TO DATE VALUE IN 000's $	CLOSING UNCOMPLETED AUDITS	
A. REQUIRING SPECIFIC AUDIT:							Cancelled & Adj.	
1. PRIME CONTRACTORS:								
(a) Ceiling	- 6 144	4	19	15,297	2,743	788,005	-11	112
(b) Cost Plus	188	22	54	30,606	872	661,963	+11	167
(c) Target, Remdr. or Trial Run		3			157	103,094		3
(d) Capital Expenditure	33	7	15	925	622	47,689	- 4	21
(e) Escalator Clauses		5	5	304	1,852	9,742		
(f) Emergency Repair Agreements	1,773	392	900	Cr1,229	8,702	38,070		1,265
(g) Overall: (By Division	25	8	13	18,831	173	552,906	+ 6	26
(By Co. Auditors					4	9,321		
2. SUB-CONTRACTORS: (By Division	36	28	25	2,158	818	217,172	-13	26
(By Co. Auditors	2	1	1		65	5,921		2
3. SPECIAL INVESTIGATIONS	35	31	39	403	905	10,480	+19	46
TOTAL	- 6 2,236	501	1,071	67,295	16,913	2,444,363	+ 8	1,668
B. CONTINUOUS AUDITS: (not inc. in Sec. A.)								
1. Cost Plus-Construction	96	3	20	23,731	387	231,007		79
2. Pre-financed Government Cost	75	1	5	8,496	62	175,811		71
3. Government-Owned Companies	4				19	6,034		4
4. Automotive (with R.C.A.	1				3			1
5. Rubber Control	12							12
6. Other Annual and Periodic Audits	28		9		94	25,457		19
TOTAL	216	4	34	42,227	565	438,309		186
C. INTERIM REPORTS COVERING SECTIONS A. & B.		16	16	3,506	109	103,417		
Rubber Control					36			
Progress Claims	19	345	353	9,304	8,178	945,896		11
Pre-Financed Field Forms	19	110	112	15,473	4,278	3,136,869		17
TOTAL	38	471	481	28,283	12,872	4,186,182		28

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COST INSPECTION AND AUDIT DIVISION (Cont'd)

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS REQUIRING SPECIFIC OR CONTINUOUS AUDIT						
	OPENING UNCOMPLETED AUDITS	NUMBER REC'D DURING MONTH	COMPLETED THIS MONTH		COMPLETED TO DATE		CLOSING UNCOMPLETED AUDITS
			NUMBER	VALUE IN 000's $	NUMBER	VALUE IN 000's $	
D. TERMINATIONS							
1. Specific Audits	19	105	57	5,270	239	17,000	67
2. Surveys	20	80	23	1,467	81	4,489	77
3. Questionnaires	22	152	159	15,255	646	29,815	15
4. Review-Final Settlement	1	202	166	6,411	740	17,437	37
TOTAL	62	539	405	28,403	1,706	68,741	196

STAFF

	NUMBER AT BEGINNING OF MONTH	TAKEN ON STRENGTH DURING MONTH	STRUCK OFF STRENGTH DURING MONTH	NUMBER AT CLOSE OF MONTH
Chief Cost Accountant	1			1
Asst. Chief Cost Accountant	1	1	1	1
Section Heads	5	1	2	4
Ottawa Staff	46	4	8	42
Supervisors	27		7	20
Resident Cost Accounts	111	2	11	102
Field Cost Accounts	96		8	88
Field Clerks and Stenographers	23	5	5	18
TOTAL	310	8	42	276

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W A S H I N G T O N O F F I C E

One crisis after another has beset the resumption of peacetime production during the first quarter of this year. The crises over strikes, stabilization, housing, and a minor crisis in textiles have bogged down production and kept the long awaited consumer goods off the market.

This was the period in which, it was predicted, peacetime rates of production would be reached but unemployment would be anywhere up to eight million. Actually, the consumer goods reaching the market has been negligible, but with employment at prosperity heights of fifty-two million. It is fortunate that the unemployment and other depressing. factors which the Government feared even as late as December of last year did not materialize, for the Administration bills to increase unemployment compensation, retain the Federal employment service, raise the minimum wage rates, and the Full Employment Bill, have all mired down in Congress or as in the case of the Full Employment Bill, have been considerably devitalized.

Inflationary, rather than deflationary, factors are creating the essence of crisis which appears in every major problem. The background of this period is therefore best described in terms of liquid assets. Personal and business cash holdings now stand at $225 billions in currency deposits and readily convertible Government bonds. This is a rise of $156 billions from 1939. The volume of business is now twice that of 1939, but this still leaves an excess of nearly $100 billions in cash holdings. As the opponents of price control continually say, only with heavy production of consumer goods can the pressure for inflationary prices be removed.

Income payments did decline during January and February, but this was largely due to losses in strike-bound industries. Payments were off for the two months by about $8 billions (annual rate) from the corresponding months of 1945, but considering the lower taxes of the present year consumer net incomes were only about $4 billions off. Nevertheless, expenditures on consumer goods in January were 10% above January of 1945, and larger increases are indicated for February.

STABILIZATION

The Administration has claimed that its new stabilization policy would cause a mere bulge in the price line. However, the increased steel prices, together with rising wages in the plants of steel users are of necessity being followed by price increases in many products. In fact, during the quarter OPA has adjusted ceilings on a wide range of commodities, from hardware to men's shirts. Though the wholesale commodity price index has only risen 2% since the war's end, a further rise is expected. However, despite the intense pressure on the price level, the cost of living index has risen less than 1/2% since VJ-Day.

The stabilization problem has been accompanied by the appearance of a large number of pressure groups and free advice to the Government. Aside from those who would have the Office of Price Administration cease on June 30 as now presently authorized, there is a more moderate group who insist that prices more nearly reflect present costs. The influence of this group is becoming more apparent in the price adjustments being currently made by the OPA. The farm state Senators have developed considerable support for raising farm parity prices so that they may reflect the present costs of production, including the services of the farm family. Demands for increased pay continue to appear in all segments of the economy, including Federal Government employees and the Army.

Such pressures as these, acting with the new stabilization policy, are certain to continue the slowly rising spiral of prices however "controlled" they may be.

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LABOR

The announcement of modification in the wage-price formula in February was followed by settlement of most of the major strikes. Reaching a peak of 1,750,000, the number of workers involved in stoppage dropped to about 300,000 in mid-March. The new policy assisted the settlement of many disputes which might otherwise have become strikes, but the new quiet on the labor front has now been broken by the United Mine Workers, who have called out 400,000 miners from the bituminous coal fields.

As this was the period during which unemployment had been expected to reach its height, it is of interest to note that despite the cumulative discharge of 7 million men from the armed forces since last February there has only been an increase in the civilian labor force of approximately 1 million. The reason for this is a decline in the total labor force (which includes those in the armed services) of about 6 millions. It is presumed that about 2 million of these are discharged veterans temporarily not looking for work. The other 4 million are believed to have permanently withdrawn. It is calculated that there will probably be a demand for about 5 million additional workers over the present 52 millions employed once the construction program gets under way. Part of this increase is due to secondary demand for goods and services. Even now labor shortages are a critical problem in many industries.

PRODUCTION

Originally it had been expected that the Civilian Production Administration, as controls were slowly removed from commodities, would get down to a few hundred people by this time. The remaining functions would have been chiefly concerned with controls for items in world shortage such as tin, rubber, lead, and copper. However, the labor-management conflict has helped to continue the shortage of domestic products and relaxations have been delayed.

A much more important factor in the continued necessity for CPA is the housing and textile problems. As a result of these, CPA is far from contracting, in fact to handle the housing problem it is currently expanding to more than twice its present size of 2300. Field offices are being reopened with a staff which will eventually reach 2100, and 800 or 900 people will be added to the Washington headquarters. This will total about 5300. With the housing program extending through 1947, the functions of CPA will be necessary until the end of that year. At the present time Congress is discussing the desirability of extending CPA's life to June, 1947.

Production increases throughout this quarter have been chiefly confined to basic commodities. Production of consumer goods has lagged far behind original expectations. During February the only worthwhile advances in production were in textiles and rubber, stone, clay and glass products. During February, chiefly due to the steel strike, the Federal Reserve Board's index declined a further 6 points from January to 154. However, March has seen a rapid recovery in steel ingot output to nearly 90% of capacity and, together with the settlement of the General Motors and General Electric strikes, a sharp rise in the index for March can be expected. In fact, the NEW YORK TIMES weekly business index has rapidly risen to 143 from a low of 112 reached in the third week of February.

In consumer durable goods, radios and tires showed some advance during February but most of the rest were affected by the work stoppages, especially in the steel and electrical industries. Producers durable goods dropped off further in February.

Incomplete reports from the radio industry indicate that 700,000 sets were shipped during February, which is an increase of 27% over January. This is 65% of the prewar rate. Mechanical refrigerators stayed at 123,000

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units shipped in January, which was the same as December. Automobile production dropped to 47,965 units in February from 58,575 in January. February's 28,594 commercial trucks were a drastic reduction from 54,791 in January. Passenger tire output averaged 1.14 millions a week in February compared with 1.05 millions in January. Truck and bus tires averaged 302.2 thousand a week during February compared with 282.7 in January. Though production of farm machinery went to a new high in January, $61 millions, work stoppages and slowdowns from shortage of materials and components will pull the figure down for February and March.

Steel . The recovery of steel operations at the ingot stage following settlement of the strike has been very rapid, reaching 89.9% of capacity by the last week in March. Unfortunately, production is now being cut back in anticipation of running out of coal due to the bituminous strike which started on April 1.

Iron Castings. At the height of the steel strike 24 of the 115 malleable foundries were closed, shutting off a monthly capacity of 27,700 net tons, and work stoppages at 107 of the 2,500 gray iron foundries reduced potential monthly capacity by 170,000 net tons. As many of these foundries have not yet reached agreement with their unions, and in view of the poor pig iron production, February and March shipments of castings will be below average.

Copper. The Veterans' Emergency Housing Program will place extremely heavy demands on the copper industry. The copper mills are already so over-burdened that conceivably this new pressure may lead to a breakdown of all production schedules unless steps are taken to control the production of both wire and brass mills. Brass mills are offering deliveries extending from four to eight months. Some copper tubing orders are receiving delivery promises of a year hence. Copper and brass production has been adversely affected by work stoppages during the past several months.

Lead. The lead supply continues to be in a critical condition. Total demand in this country of approximately 1,040,000 tons must be reduced closer to the estimated new supply of 860,000 tons. Surplus stocks are at a minimum. To this end strict controls over consumption are being maintained. U. S. Government purchases abroad have had to be reduced in order to share the world supply. Of the total supply mentioned, 400,000 tons would normally come from United States domestic production, but current strikes may cut this to no more than 300,000 tons. Current production is averaging about 17,000 tons per month. Nevertheless, it is expected that lead for batteries will be available for every new car produced, as well as for paint, cable coverings, and other essential needs.

Tin. It had been hoped that 1946 imports of tin could exceed 1945 as a result of the opening of the Far East. So far this is not materializing, due primarily to the lack of equipment and transportation as well as the deterioration of the mines and the lack of food for the workers. CPA will make about 65,000 tons available to industry in 1946, which is 7,000 tons over 1945. With secondary tin recovery of approximately 26,000 tons, a total available supply of 90,000 tons is hoped for. To supply 65,000 tons of virgin tin it will necessitate drawing on Government stockpiles to the extent of about 23,000 tons.

Antimony. The antimony supply situation has again become critical, partially due to dependence on foreign sources where the production situation is not normal. The industry in China is crippled and is not expected to recover before mid-1947. Bolivian production is falling and the price is prohibiting American purchase. CPA is attempting to keep private inventories to a minimum, and to spread withdrawals of Government stocks over as long a period of time as possible. At the present time there is an apparent deficit of 15,500 tons for this year, as consumption is estimated to be about 44,000 short tons and new supplies at 27,500 tons. This deficit must be made up from additional foreign purchases or local stock.

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HOUSING.

Though since VJ-Day there has been a steady increase in the production of building materials, except for lumber and plywood, great increases are still needed in order to meet the requirements of the Veterans' Emergency Housing Program. CPA continues to issue orders and regulations designed to channel these scarce materials into the program and also to stimulate the production of prefabricated houses.

The latest step has been the order forbidding the beginning of new construction or repairs in existing buildings without specific Government authorization. It is hoped that this order will make it possible to cut out $1.5 to $2.0 billions in non-urgent projects during the next twelve months, keeping the 1946 construction program to about $14 billions. It is estimated that there are enough materials to take care of a construction program of $12 to $12.5 billions this year. Mr. Wyatt, the Housing Administrator, is still hopeful of getting legislative permission for the use of subsidies and guarantees in order to apply wartime techniques and further increase the production of building materials.

The lobbies against the housing bill are extremely powerful. In his Jackson Day speech the President made an unreported remark that it was time for his friends in Congress to choose between the real estate lobby and the welfare of the returning soldier and his family.

The lumber outlook continues to be a delaying factor. Requirements for 1946 are estimated at 36 billion board feet, which is 20% greater than the estimated supply. In fact, January production was only 1.9 billion feet. Though 28% more than the previous month, this was 17% below January, 1945. The maximum possible output under the most favorable circumstances is thought to be about 32 billion feet.

At the present time it would appear that little more than half of the softwood plywood needed in 1946 will be produced. The industry reached its peak production in 1942, with a total of 1.8 billion square feet. Production is currently running at an annual rate of 1.2 billion square feet. OPA has approved price increases averaging about 20% on low-end items in order to further assist the industry to comply with a new CPA order directing it to put no less than 50% of its output into construction and door panel grades.

It is interesting to note the considerable opposition to the housing program found in the National Housing Administration. These opponents feel that Mr. Wyatt, who has since become their Administrator, has in his early calculations overestimated the requirement for new housing. His main proof of need was the large amount of doubling-up at the present time. However, he made no allowance for the amount of doubling-up which always exists even when housing is plentiful. These opponents also privately expressed the conviction that the prefabricated housing plan is impossible because of the production difficulties in plywood. They further feel that most of the other building materials could be produced in sufficient quantity if adequate price increases were allowed. However, the Administration objects to any further rise in building costs and hopes that subsidies paid to marginal producers can produce the same results. The NHA opponents are afraid that most of these subsidies will end up in the hands of opportunists who will let the Government set them up and operate in an inefficient manner.

SURPLUS

The problem of surplus disposal remains very much to the fore in the U.S. The Senate War Investigating Committee has recently reported that every agency concerned with this problem has done an unsatisfactory job. The Army and Navy have been criticized for their slowness in making inventories and have shown "vacillation and lack of decision" in arranging to ship civilian type goods in short supply back to this country. Criticism is also directed against the foreigh disposition of certain surpluses. The Committee recommends specifically the following:

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(1) The U. S. should accept strategic raw materials for their surplus goods instead of selling them cut-rate, when a foreign nation cannot purchase with dollars or foreign currency.

(2) The U. S. should employ American negotiators of higher caliber.

(3) The Senate should examine carefully the manner in which Federal agencies conduct their economic and commercial relations with foreigh nations, and should maintain "a continuous and intensive scrutiny" of surplus disposal.

(4) The U. S. should transfer further armaments to foreign countries only after a clear authorization from Congress.

For the past several months the War Assets Corporation has been the main disposal agency in this country. As of March 25th a new agency was formed under the title of the War Assets Administration which succeeds War Assets Corporation. Lieutenant-General Gregory, Chairman of War Assets, becomes Administrator of the new agency. The Administration will be in charge of selling consumer goods, capital and producer goods, war plants, aircraft, and components. The Administrator also will control policy for disposition of surpluses by Maritime Commission, Interior and Agriculture Departments, Federal Public Housing Authority and Federal Works Agency. Liquidation of surpluses in foreign countries remains under the exclusive direction of the State Department.

The various regional directors under War Assets Administration have been given considerably enlarged powers. They now have authority to initiate sales of property values up to $1,000,000 without detailed Washington approval. Previously this limit was only $25,000. It is expected that this will greatly accelerate the rate of sales. Directors will also be given greater freedom in their choice of methods of sale. They can choose whether specific articles should be sold by fixed price, negotiated price, auction, sight sales, or export sales, etc. Policy has been set to sell as much of surplus property as can be done at fixed prices set for regular trade levels. Procedure for the allocation of surplus goods among different trade levels have been simplified. It is the intention to make such allocations conform as closely as possible to normal trade practices. Liberal provision has been made regarding the leasing of surplus property and in extended loans, credits, etc., in surplus sales transactions.

So far sales of surplus property have totalled about 15% of total declarations measured in terms of original cost.

To date approximately 14 billions of Government-owned property has been declared surplus in the U.S. and its possessions, of which amount 5 billions is non-saleable aircraft. Of the total declared surplus approximately 2 billion has been sold and $1,600,000,000 of non-saleable aircraft has been scrapped. Dollar returns from sales have totalled nearly $900,000,000 representing goods with an original cost of $3,600,000,000.

To date War Assets has sold or leased 364 industrial properties and still has 520 plants available. In addition it is expected that 700 more plants will be declared surplus in the coming months.

Another point of interest is that more than 50% of the total inventory of surplus property is made up of items worth less than $100 in original cost. However, the total dollar value of these is small compared to the dollar value of all surpluses. Actually, it is about 1% of the total.

During the month of January disposals of domestic surpluses reached $276,000,000 - a new high. In February the trend continued - sales being 25% larger than for the month of January. Acquisitions still continue at a considerably higher figure than disposals. One of the objectives of the Surplus Property Act was that surplus disposal should be used "to establish and develop foreign markets and promote mutually advantageous economic relations between the U.S. and other countries." Carrying out this established policy War Assets will distribute reasonable quantities to the export market even when

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the supply available does not exceed the capacity of the domestic market.

Regarding the disposition of surplus items outside the U.S., it is of interest to note that on Guam alone the Navy has already declared surplus more than $70,000,000 worth of material. The U.N.R.R.A. is a ready purchaser for food stuffs and a limited number of trucks required in certain Pacific lands, but as regards the great majority of the material there is no local purchaser. Regarding items urgently needed in this country, several shiploads have already been sent back. However, criticism has been made against certain shipments by Navy officials who believe that it would be more economical and efficient to keep the excess materials where they are and where they would probably be used within the next several years for purposes of construction. The varieties of items is great and quantities are almost unbelievable. For example, on Guam alone there is $137,000,000 worth of engineering equipment.

Although the Ship Sales Bill was signed by the President more than a month ago, there has been no disposal of surplus war-built vessels as yet due in part to the fact that the Maritime Commission has not announced its various sales prices. However, an announcement has been made by the Acting Chairman of the Maritime Commission that plans for disposals are well under way and the first ships will be available for delivery to U. S. citizens in May and to foreigners in June.

COMBINES COMMITTEES

Five Committees of the Combined Boards have continued into the new year on an independent basis. Canada is represented on four of these, no representation being maintained on the Tin Committee. The continuing difficulties in lead, copper, and other metals seem to indicate that several other Committees should have been continued, at least on a stand-by basis.

Combined Rubber Committee. The Combined Rubber Committee which was formed at the beginning of 1946 and succeeded the Rubber Committee which operated under the Combined Raw Materials Board, has operated satisfactorily. Allocations of natural rubber have been made in a manner which is agreeable to all claimants. However, allocation of latex and reclaim rubbers have been unsatisfactory due to the very bad supply situation. Regarding butyl, the U.S. has had to restrict its use in certain sizes of tubes. The Committee has made allocations to foreign countries of all butyl requested for tire tube purposes but has conditioned the allocations so that the butyl may be used only for this purpose. This action was protested by Canada in its desire to encourage world-wide use of butyl, but at the present time the Committee feels that the supply of butyl is too short to permit its indiscriminate use. The greater part of the butyl allocations have been made with Canada as the supplying country.

In the first quarter of 1946 due to the improved supply situation of natural rubber the U.S. has relaxed its controls to permit industry to use approximately 50% greater quantities of natural rubber. This additional rubber is principally being used in the larger sizes truck tires and inner tubes. The Rubber Division of CPA is making it mandatory that all truck tires of 8.25 inches cross section and larger should be made of natural rubber instead of butyl. This is caused by the very heavy demands for butyl which are greater than the available supply which includes imports from Canada. The production of passenger tires proceeds favorably and the first quarter figure should approximate 15,000,000 tires.

The Netherlands Government reports that survey of rubber plantations on Java indicates that the condition of the plantations is more satisfactory than was originally hoped for. However, a report covering the whole Far Eastern picture has not as yet been prepared and according to the future supply situation is indefinite .

The first report of the Inter-Agency Committee on Rubber was issued during the quarter and recommended in part that besides building up an adequate stock of natural rubber in the U.S. provision should be made to continue

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in operation sufficient synthetic rubber capacity to produce at least one-third of rubber requirements over a long term period. This would provide for the maintenance of equipment to produce approximately 250,000 long tons of synthetic per year. It also reports that private ownership and operation of the synthetic rubber industry should be a major objective inasmuch as it will provide an important contribution to research and development. In addition certain plants should be maintained in the stand-by condition. This would approximate plants with a capacity of 350,000 long tons annually. The Report also recommends that governmental powers to allocate rubber to manufacturers and control the specifications of rubber products should be continued as long as the demand for natural rubber exceeds the supply.

Combined Coal Committee. Continuing critical conditions in the world supply and distribution picture for coal necessitated continued international allocation. The Combined. Coal Committee also co-operates closely with the London Coal Committee, the European Coal Organization, and the United States Coal Committee. Distribution arranged through this Committee has in several instances resulted in exchanges of wood pulp and grains for the supplying countries. The coal shortage continues to exist, the situation being further aggravated by strikes and transportation difficulties.

Anthracite and bituminous coal of high grade by-product coking and metallurgical quality used in the manufacture of steel and gas are still in critical short supply. Until the strike, soft coal production was running well above pre-war levels, being approximately 13 million tons per week at the latest report. The effects of an extended strike can be appreciated by noting the stocks of bituminous coal and lignite held on February 1; electric power utilities, 78 days; by-product coke ovens, 31 days; steel and rolling mills, 28 days; and cement mills, 46 days.

Combined Textile Committee. The newly independent Committee was faced with a critical material shortage on cotton broad-woven fabrics and yarns for at least a further year. The more immediate problem for the Committee was allocation to the neediest and least profitable markets from the available supply.

At the end of the first quarter export controls are still maintained by the U.S., U.K., and Canada as an aid to more equitable distribution. Recently more encouraging reports have come in regarding stocks and production potentialities in Italy and Japan. If they are confirmed the material supply in the third and fourth quarters will come much closer to meeting minimum world requirements. Italy may be invited to join the Committee either as a full or associate member. If Japanese and Italian supplies are confirmed the Committee will be faced with the extraordinarily difficult job of recommending the areas to receive the supplies. There will not only be the usual political and commercial interest involved, but also the necessity of providing sufficient dollar markets to cover the raw cotton being shipped to Italy and Japan for fabrication.

WASHINGTON OFFICE

One of our chief concerns during the past quarter has been to make a new arrangement for procurement of Canpay Requisition material. As this is now shaping up it appears that we shall procure non-military items through the War Assets Administration and military items through the Foreign Liquidation Commission. A satisfactory working agreement has been made with the first of these Departments, and negotiations are under way with the second.

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C O A L C O N T R O L

1. Production

Coal production in February continued at a low level. There are indications of some slight improvement in the Maritime output in March but the Western production will be lower on account of the closing of the emergency strip mines.

Present estimates call for an overall production of 17,500,000 tons in Canada in the coming fiscal year as compared with 16,600,000 in the year just ended. This increase is possible provided that continuous production is maintained but allows no margin of safety.

The number of producing miners is increasing very slowly and there is a marked disinclination on the part of returning veterans to enter the mines. The present staff is composed of an increasing percentage of older men and it is probable that the overall force will begin to decline in the near future with a reduction in output.

2. Imports

(a) Bituminous

There has been a continued large importation of American coal by rail during the winter months and it would appear that our total imports for the fiscal year will reach our estimated tonnage.

(b) Anthracite

Anthracite also has continued to move into the country all rail in substantially better volume than in the same months last year.

3. United States Coal Situation

The American bituminous miners ceased work as at April 1 and the United States Government took action by freezing all stocks of coal. Our latest advice is that this stoppage may continue for some weeks. The effect on the general coal situation in the United States and in Canada will be most serious but it is not possible at the time of writing to make any more specific estimate.

4. Available Canadian Supply

Stocks of bituminous coal are low and in many cases, dangerously so. Most of the industrial consumers and the railways are adequately protected for some weeks but the coke ovens have been forced to reduce operations to a great extent and in some cases to go on a maintenance basis only. Restrictions have been placed upon the delivery of coal from the docks to industrial users and more drastic action may be necessary in the near future if the stoppage of production in the United States is prolonged.

Stocks of domestic coal are in a somewhat better position due largely to the mild weather throughout the month of March.

5. Labor

Both districts of the United Mine Workers of America in Canada are still at work under contracts extending on into

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next year. There is no reason to anticipate sympathetic strikes in Canada unless the American situation grows more critical. The possibility is always present however and would make the present difficult situation one of decided danger.

6. Domestic Position

(a) Eastern Canada

The requirements in this area have been adequately covered in the past year and the supply of bituminous coal will be plentiful during the next few months. It is expected that there will be sufficient during the next twelve months. Anthracite supply will probably be more difficult and the amount of coke available will be conditioned by the steel requirements.

(b) Central Canada

The unusually mild weather in March served to remove any danger of shortages and supply and stocks should be adequate to take care of the demand for the rest of the heating season.

This area is facing a most serious situation in the next twelve months. It is expected that there will be an increase in the supply of both British and United States anthracite. We have, however, got through this winter by directing consumers to take a substantial proportion of their requirements in substitute fuel, mostly reclaimed or fresh oven coke in the smaller sizes. The quantities of these fuels available in the future will be drastically reduced. Other United States coke will not be available in the same quantity and it is estimated that our imports of coke will be reduced by some 500,000 tons. The Curran-Knowles ovens at Hamilton are being closed about the end of May reducing our Canadian supply of domestic coke by some 120,000 tons. The mines in Alberta supplied this area with some 300,000 tons of coal that as noted below, will not be available. The remaining Canadian ovens will be short of the total quantity of coke required for both domestic consumption and steel making by some 330,000 tons and as there are no alternative fuels to supply the domestic demand, this shortage will have to accrue to the steel industry.

It has been a mild winter in this area and if it is assumed that the tonnage required is that consumed during the past twelve months, the sum of the foregoing amounts to a deficiency of some 500,000 tons of domestic fuel. If the demand increases to the tonnage required under normal temperature conditions, this deficiency will increase to possibly 750,000 tons and an extremely cold winter may well raise this to over 900,000 tons.

The situation is one of extreme gravity and positive action must be taken in the immediate future to secure additional supply. Preliminary investigation has already been started and it is hoped to have a definite program laid down within the next few weeks.

(c) Western Canada

Although the situation was serious and at times, critical, sufficient fuel was made available to meet demand during the past year. The emergency strip mines supplying some 450,000 tons to this market were the biggest factors in the final result.

The regular domestic mines in the western area in the coming year will not be able to produce enough coal to meet the estimated

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demand unless there are some drastic new developments. Advice has been received that wood will be in shorter supply in this area and it is presently estimated that there is a prospective deficiency of some 350,000 tons. As matters are at present, there will be no surplus coal available for Ontario next winter from this source. The buying habits of the western consumer are such that there will probably be some surplus of supply over demand in the spring and summer months which may move east but the heavy fall and winter demand will be impossible to meet.

A program is being worked out in this area also and it is definite at this stage that positive Government action will be required.

(d) General

It is of the utmost importance that every ton of coal that can be mined or imported be moved through to the consumers cellar as soon as possible. Plans are being made for an intensive "Buy Early" campaign that will place the facts before the consumer and impress the necessity of buying whatever fuel is available.

7. Prices and Subventions

The pricing division was under continued pressure of work and it is likely that this will be maintained for some time. Price increases on coke sales were approved in the case of four small gas plants in Ontario who were on subsidy and the subsidies cancelled. An increase was also approved in the price of coke from the Dominion Steel and Coal Company consequent to rearrangements in the steel program. No Administrator's Orders or circular letters on prices were issued during the month.

Subvention has been paid out of Dominion Fuel Board funds on domestic coal moving from certain areas in Alberta to the coastal market of British Columbia. These subventions were actually paid to maintain the price ceiling in that area and not to increase markets for Canadian coal. In view of this fact, arrangements were made with the Wartime Prices and Trade Board under which the responsibility for payments on these movements were taken over on April 1 by Commodity Prices Stabilization Corporation. This Administration will continue to issue the acceptances and check all movements but the final payment will be made by the Corporation. The amount involved is usually about $150,000 annually.

8. Emergency Coal Production Board

Final settlement in respect to the removal of the controllership of Birnwel Coal Limited, Project #4 and termination of the existing agreement, effective March 31, 1946, has been arranged. A formal agreement has been entered into and executed between the Emergency Coal Production Board, Birnwel Coal Limited, Kleenbirn Collieries Limited, Fuel Underwriters Limited, G. A. Vissac and J. Gordon Westgate.

Notices of termination of existing agreements have been sent to the following Government-sponsored Alberta strip mines:

Project #2 - Camrose Collieries Ltd., Camrose, Alta. - termination date March 31, 1946.

Project #3 - Castor Creek Collieries Ltd., Castor, Alta. - termination date March 31, 1946.

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Project #6 - Western Ventures Ltd., Taber, Alta. - termination date April 30, 1946.

Project #7 - Continental Coal Corporation, Grassy Lake, Alta. - termination date April 15, 1946.

Tipple and equipment at Majestic Mines Limited, Taber, Alta., Project #5, is being dismantled and upon completion of this work, the materials will be declared surplus to War Assets Corporation.

Thirty-two Collieries Limited, Edmonton, Alta., has made an offer of settlement of their outstanding loan, in an amount of $10,000.00 and this proposal has been accepted by the Board.

Payments covering subsidy, loans and grants, totalling $3,445,847.81, were recommended to Treasury for the period.

It is expected that the Board will be dissolved in the near future and the payment of subsidies to the producers taken over by the Commodity Prices Stabilization Corporation. This Control will continue to be responsible for the direction of policy on payments.

9. New Orders Issued

No new Orders were issued during the month.

As from April 1 all the Orders noted below were cancelled. Most of these Orders were promulgated to gear our distribution to that followed by Solid Fuels in Washington and with the abolition of control in the United States became inoperative.

Order No. Coal 1 - March 31, 1943
Sales of coal with guarantee of Future Delivery.

Order No. Coal 2 - March 31, 1943
Grading of Alberta Coal.

Order No. Coal 2A - January 1, 1946
Amendments to Coal Order 2.

Order No. Coal 6 - August 16, 1943
National Coal Conservation Committee

Order No. Coal 12 - November 30, 1943
Priority distribution anthracite bituminous and coke.

Order No. Coal 12A - October 1, 1944
Amendment to Coal Order 12.

Order No. Coal 16 - February 8, 1945
Contracts for bituminous coal via Lake Shipments.

Order No. Coal 17 - March 15, 1945
Distribution of anthracite, bituminous, coke and briquettes.

Order No. Coal 17A - April 12, 1945
Order No. Coal 17B - July 23, 1945
Order No. Coal 17C - September 27, 1945
Amendments to Coal Order No. 17.

Order No. Coal 18B - October 27, 1945
Anthracite importation and wholesale distribution.

Order No. Coal 19 - March 23, 1945
Anthracite distribution - Poultry Brooders.

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Order No. Coal 20 - March 23, 1945
Class "C" Fuel Supplies.

Order No. Coal 21 - April 12, 1945
Anthracite distribution, industrial, railway and hospitals.

Order No. Coal 21A - October 27, 1945
Amendment to Coal Order 21.

Order No. Coal 22 - April 12, 1945
Distribution of Imported Bituminous Coal.

Order No. Coal 22A - December 6, 1945
Amendment to Coal Order 22.

10. Armed Forces - Coal Requirements

To March 31 orders have been placed for the following quantities of fuel for delivery during the present heating season:-

		Tons	
M.D.	#1	24,401	
	2	59,253	
	3	46,980	
	4	80,586	
	5	21,392	
	6	75,242	
	7	19,081	
(Camp Borden)	8	34,551	
	9	5,600	
	10	72,536	
	11	44,006	
	12	29,078	
	13	7,440	
(Newfoundland)	14	5,801	
		Total Army	525,947
T.C.	#1	91,838	
	2	42,050	
	3	114,218	
	4	34,848	
		Total Air	282,954
		Total Navy	167,283
		Total Services	976,184
		Arsenals	32,845
		Grand Total	1,009,029

11. General

The whole coal situation is being reviewed in the light of the changed circumstances. It is now evident that coal will be in very short supply for some time to come. The policy of dealing with the situation as a war emergency only is consequently inadequate and will require revision.

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STOCKS OF COAL AND COKE IN CANADA AS AT FEBRUARY 28

		Industrial Consumers	Fuel Dealers	Dock Operators	Coke & Gas Plants	Total	Railways	Bunkers	On Bank at Mines
	Anthracite								
1945	British	7,383	10,325	3,271		20,979			
	United States	64,643	133,773	79,799		278,215			
	Total	72,026	144,098	83,070		299,194			
1946	British	4,505	1,435	861		6,801			
	United States	61,441	117,507	60,144		239,092			
	Total	65,946	118,942	61,005		245,893			
1945	Bituminous								
	British	-	123	-	-	123	-	-	-
	Canadian	548,214	182,517	29,872	45,122	805,725	1,031,193	964	133,039
	United States	2,186,240	393,238	1,025,665	1,106,976	4,712,119	3,370,673	35,564	-
	Total	2,734,454	575,878	1,055,537	1,152,098	5,517,967	4,401,866	36,528	133,039
1946	British	-	-	-	-	-	-	-	-
	Canadian	407,458	115,205	28,808	35,616	587,087	831,277	1,920	112,884
	United States	1,848,933	304,566	772,537	674,661	3,600,697	2,704,586	24,942	-
	Total	2,256,391	419,771	801,345	710,277	4,187,784	3,535,863	26,862	112,884
1945	Coke								
	Canadian	107,718	32,080	9,116	254,593	403,507			
	United States	44,686	33,936	10,847	-	89,469			
	Petroleum	77,026	1,933	-	9,552	88,511			
	Total	229,430	67,949	19,963	264,145	581,487			
1946	Canadian	88,535	22,104	3,658	226,171	340,468			
	United States	55,090	39,304	14,561	-	108,955			
	Petroleum	64,293	65	971	7,614	72,943			
	Total	207,918	61,473	19,190	233,785	522,366			

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COAL AND COKE IMPORTS AND CANADIAN PRODUCTION
PERIOD APRIL 1 TO FEBRUARY 28

IMPORTS	1943 -44	1944 - 45	1945 - 46
Anthracite			
United States	3,877,710	3,670,846	3,215,377
Great Britain	350,094	152,579	22,237
Total	4,227,804	3,823,425	3,237,614
Bituminous			
United States	23,883,780	22,990,667	21,485,480
Great Britain	5,867	-	6
Total	23,889,647	22,990,667	21,485,486
PRODUCTION			
Nova Scotia	5,490,826	5,075,798	4,556,304
New Brunswick	333,482	327,295	313,747
Saskatchewan	1,517,850	1,305,218	1,453,674
Alberta	6,862,698	7,024,251	7,349,579
British Columbia	1,908,712	1,862,884	1,508,497
Total	16,113,568	15,595,446	15,181,801
EXPORTS			
Bituminous	1,083,589	894,045	688,513
COKE			
Imports - Petroleum	325,238	169,258	175,910
Coal	881,962	732,172	1,312,728
Production - Petroleum	71,751	79,143	60,876
Coal	3,467,985	3,630,374	3,480,405
Exports - Petroleum	51,668	19,991	18,399
Coal	44,364	39,848	35,421

S U M M A R Y

Anthracite Imports	4,227,804	3,823,425	3,237,614
Bituminous Imports	23,889,647	22,990,667	21,485,486
Canadian Coal Production	16,113,568	15,595,446	15,181,801
Canadian Coal Exports	1,083,589	894,045	688,513
Coke Imports	1,207,200	901,430	1,488,638
Coke Production	3,539,736	3,709,517	3,541,281
Coke Exports	96,032	59,839	53,820

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M O T O R V E H I C L E C O N T R O L

I. ORDERS ISSUED BY THE MOTOR VEHICLE CONTROLLER

Orders Nos. M.V.C. 28A and M.V.C. 29A amending Orders M.V.C. 28 and M.V.C. 29 respectively, were issued on March 26 and became effective on that date. Order M.V.C. 28A clarified certain sections of M.V.C. 28 and broadened the rehabilitation category for ex-servicemen. Order M.V.C. 29A clarified certain sections of M.V.C. 29, rescinded Section 16 of the original Order and broadened the rehabilitation category. Rescinding Section 16 had the effect of openending the Order so that it now operates in a similar manner to Order M.V.C. 28. No Orders were rescinded during the quarter.

II. PRODUCTION

The necessity for continued control of the release of new passenger cars and trucks to eligible consumers is due to the fact that manufacturers have not yet reached the point where they are in steady production. Until such time as industry steadies down, it is impossible to look forward to a definite date when rationing of new cars and trucks may be discontinued.

III. STAFF

Effective February 1, 14 members of the staff who were devoting their entire time to the Prices Administration, were transferred to the Wartime Prices and Trade Board for purposes of pay and allocation of duties. These members of the staff continued to carry out their duties under the jurisdiction of the Motor Vehicle Administrator.

P O W E R C O N T R O L

This Control is preparing to close up the operation of the Curran-Knowles plant at Hamilton on June 30. In the meantime settlement with Procter and Gamble should be made and preparations made for turning over the plant to War Assets Corporation for disposal of saleable parts and the razing of the other parts.

There is nothing else happening in the Control.

R U B B E R C O N T R O L

INVENTORIES AND CONSUMPTION

	Crude Rubber	Buna-S	Butyl	Neoprene	All Other Synthetics	Reclaim	
Inventories in hands of the Government & Processors January 1/46	3703	3089	822	185	28	2219	
Production	-	8887	3003	-	-	850	
Imports	1529	476	2	267	26	3318	(March est.)
Consumption (March estimated)	2181	8763	1294	298	28	4425	
Exports	-	* 797	*1582	-	-	-	
Inventories in hands of the Government & Processors March 31/46	3051	2892	951	154	26	1962	

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* Exports - by Countries

Buna-S	-	France	1,120,074 pounds
		Norway	440,985 "
		Sweden	674 "
		Switzer-land	224,018 "
			1,785,751 pounds
Butyl	-	Argentina	71,700 pounds
		Denmark	9,000 "
		France	112,085 "
		Norway	69,450 "
		Sweden	75 "
		Switzerland	39,225 "
		U. S. A.	3,241,385 "
			3,542,920 pounds

Crude rubber inventories at March 31 were equal to approximately a three and one-half months' position; Buna-S to about a one month's position; Butyl to approximately a two months' position; Neoprene to about a six weeks' position; All Other Synthetics to approximately a three months' position and Reclaim to about a five weeks' position.

TIRE SUPPLY

Rationing restrictions on tires were removed January 1 but production has been able to take care of the demand and inventories have increased slightly due to the fact that new car and truck production was very small. If tires had been taken as expected for new vehicles, our inventories would have been considerably decreased.

The improvement in inventories, however, has given a good start and should provide for the summer months without too much trouble unless of course there are no further stoppages of work.

GENERAL

The crude natural rubber situation is still difficult. The areas in the Far East have not opened up as expected. It is nearly eight months since the Japanese War ended. Due to internal disturbances there is no new production in the Netherlands East Indies and Indo-China; 43% of the world's supply prewar came from these territories. In Malaya, from which 40% of the world's supply was received prewar, new production is barely started due to labor shortage, transport difficulties, and scarcity of all kinds of supplies necessary to rehabilitate the plantations and get the people back to work. A very limited production of new rubber can be expected in 1946.

Some additional rubber is being received from stocks on the ground at the time of the Japanese occupation. Due to aging under bad storage conditions, this rubber is of indifferent and varied quality, and will increase manufacturing problems. It will however increase Canada's supply in 1946, but, all told, will not give more than about 20% of what would likely be used if rubber was in good supply. In 1947 new tappings will have to be depended upon if there is to be any increase in the supply. At the moment this cannot be forecast.

S T E E L C O N T R O L

During the past three months steel production has been brought to a point where it is now running at the rate of approximately 3,000,000 ingot tons per annum, which is equal to the peak reached during the war.

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Converting capacity is being utilized to the limit. Slabs are being shipped by Algoma Steel Corporation to the Steel Company of Canada for further conversion into plate at the rate of 10,000 tons per month. Billets are being shipped from Dominion Steel & Coal Corporation at Sydney to the Steel Company of Canada in Montreal at the rate of 4,000 tons per month and rods for the manufacture of wire nails are being shipped to British Columbia from Sydney at the rate of 600 tons per month. The steel being shipped from Sydney to Montreal and to Vancouver was intended for shipment to England.

Despite the high production there is an acute shortage in practically all forms of steel, with the possible exception of steel castings. It is difficult to arrive at an estimate of what the total deficit is without making a complete survey of the requirements of all users in Canada but it is estimated the deficit to be in the neighbourhood of 400,000 tons. As a result of this, practically every user of steel is finding difficulty in getting delivery to meet his requirements for domestic use. Shipyards and other manufacturers have obligated themselves in the export market without first ascertaining whether or not the steel would be available to enable them to live up to their obligations. It has been found necessary to cut deliveries to car builders, shipyards and other fabricators in order to alleviate an over-scheduled position on the plate mills at Hamilton.

Inventories of cast iron scrap and steel scrap in the country are dwindling very rapidly, and the survey of the steel scrap situation would indicate that the inventory of steel scrap in the hands of the large producers at the end of 1946 will amount to about one month's supply.

Foundry pig iron, which is used by every foundry in the country for the production of grey iron castings, is also very tight, and the Steel Company of Canada, who were producing this material at the rate of 6000 tons per month, have been compelled to close down a blast furnace for repairs. Algoma Steel Corporation, who have blast furnace capacity to take care of foundries, have not sufficient ore on hand to run longer than thirty days, which will amount to about 10,000 tons of pig iron, whereas the consumption of pig iron in the foundries is currently running at the rate of about 22,000 tons per month. Consequently, a very serious situation faces the foundries until such time as the necessary ore is made available from the United States. The mines producing ores are at present idle due to a strike but it is hoped that the strike will be settled before the end of the month.

The whole question of scrap, pig iron and steel supply has been placed before the Steel Advisory Committee who are at present studying it with a view to making suggestions that will be forwarded to the Minister.

T I M B E R C O N T R O L

LABOR

From reports received from the various Timber Control Regional offices across Canada, the indications are that the labor situation, as it pertains to the lumber industry, is gradually improving, and at the present time is fairly satisfactory. From the standpoint of the Pulpwood Industry, considerable concern is being felt because of the removal of prisoners-of-war from the cutting operations. Next year's cut will be determined by the ability of the operators to secure sufficient, capable, civilian workmen. This is presently receiving the attention of the National Selective Service, and it is hoped, through their efforts, sufficient men will be obtained for a successful cut next year.

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Converting capacity is being utilized to the limit. Slabs are being shipped by Algoma Steel Corporation to the Steel Company of Canada for further conversion into plate at the rate of 10,000 tons per month. Billets are being shipped from Dominion Steel & Coal Corporation at Sydney to the Steel Company of Canada in Montreal at the rate of 4,000 tons per month and rods for the manufacture of wire nails are being shipped to British Columbia from Sydney at the rate of 600 tons per month. The steel being shipped from Sydney to Montreal and to Vancouver was intended for shipment to England.

Despite the high production there is an acute shortage in practically all forms of steel, with the possible exception of steel castings. It is difficult to arrive at an estimate of what the total deficit is without making a complete survey of the requirements of all users in Canada but it is estimated the deficit to be in the neighbourhood of 400,000 tons. As a result of this, practically every user of steel is finding difficulty in getting delivery to meet his requirements for domestic use. Shipyards and other manufacturers have obligated themselves in the export market without first ascertaining whether or not the steel would be available to enable them to live up to their obligations. It has been found necessary to cut deliveries to car builders, shipyards and other fabricators in order to alleviate an over-scheduled position on the plate mills at Hamilton.

Inventories of cast iron scrap and steel scrap in the country are dwindling very rapidly, and the survey of the steel scrap situation would indicate that the inventory of steel scrap in the hands of the large producers at the end of 1946 will amount to about one month's supply.

Foundry pig iron, which is used by every foundry in the country for the production of grey iron castings, is also very tight, and the Steel Company of Canada, who were producing this material at the rate of 6000 tons per month, have been compelled to close down a blast furnace for repairs. Algoma Steel Corporation, who have blast furnace capacity to take care of foundries, have not sufficient ore on hand to run longer than thirty days, which will amount to about 10,000 tons of pig iron, whereas the consumption of pig iron in the foundries is currently running at the rate of about 22,000 tons per month. Consequently, a very serious situation faces the foundries until such time as the necessary ore is made available from the United States. The mines producing ores are at present idle due to a strike but it is hoped that the strike will be settled before the end of the month.

The whole question of scrap, pig iron and steel supply has been placed before the Steel Advisory Committee who are at present studying it with a view to making suggestions that will be forwarded to the Minister.

T I M B E R C O N T R O L

LABOR

From reports received from the various Timber Control Regional offices across Canada, the indications are that the labor situation, as it pertains to the lumber industry, is gradually improving, and at the present time is fairly satisfactory. From the standpoint of the Pulpwood Industry, considerable concern is being felt because of the removal of prisoners-of-war from the cutting operations. Next year's cut will be determined by the ability of the operators to secure sufficient, capable, civilian workmen. This is presently receiving the attention of the National Selective Service, and it is hoped, through their efforts, sufficient men will be obtained for a successful cut next year.

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LUMBER

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Lumber inventories throughout the country are seasonally very low, at this period, as most production takes place during the spring and summer months, with the exception of the Pacific Coast, where operations are continuous. There continues to be a shortage of certain lumber items, such as finish, interior trim, doors and hardwood flooring. Recent Administrator's Order No. A-1936 allowing an increase at the manufacturers' and wholesalers' level, should materially encourage increased production of those items in short supply. Earlier in the quarter, concern was felt regarding the export restrictions by the United States of quantities of pine which are extensively used in the Eastern Canadian factories for door and sash manufacture. We now have assurances from United States' authorities that they will permit an export of one and one-half million feet of Western pine per month for the next four months. This should help materially, and will mean that more time will be allowed to make other arrangements for these factories.

PRODUCTION

Indications continue to point to a considerably increased production from all areas of the country with the possible exception of the Maritimes. Any reduction in production in the Maritimes will be due primarily to a depletion of available timber.

PRODUCTION BY AREAS

Coastal Area of B. C.

Production for the first quarter in this area is very encouraging and with the exception of where towing conditions have been very bad due to wind and storms, holding logs in camp or in transit, it would appear that production of logs is continuing at a very satisfactory rate. This slow-down of log delivery will naturally tend to cause a slow-down in some mills. This, of course, is a seasonal situation, and will, no doubt, correct itself very shortly, and it is anticipated production will show a substantial increase over last year.

Prairie Provinces and Interior B. C.

Generally speaking, indications are that with the coming of spring, production will be accelerated and reports would indicate that more lumber will be obtained from this area than last year. Labor adjustments are taking place at the present time with the departure of German prisoners -of-war, but it should be possible to replace this labor by the time the mills are in operation. Due to the early break-up, it is quite possible that a certain amount of sawn lumber will be left in the woods until such times as the roads become usable.

Ontario and Quebec

Every indication is that considerably increased production will be obtained from these two provinces this year. It is felt that the mills should have an unusually good supply of logs for the current year's operation.

Maritimes

Reports received from the Maritimes appear to be satisfactory, and production should about equal the same period last year.

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EXPORTS AND IMPORTS

The export policy for Eastern Canada, which was adopted on January 1, appears to be working smoothly and with very little disruption of normal business practices. Advance export mills could build up credits, but these advances have now been discontinued except in cases of absolute necessity. More lumber was shipped to the United States and less to the U. K. in January and February of this year than the corresponding period in 1945.

During March arrangements were worked out with the United States' authorities whereby they have agreed to allow Canadian users to import up to a million and a half feet of Western pines per month for the four months commencing in March. While it is still too early to determine what effect this will have on actual imports of this type of pine, several orders have been given priority ratings under the new procedure and it is hoped this will enable the mills to ship.

STATISTICS

U.S.A.- Export permits approved for period January 1 to March 3 for shipment to U.S.A. were:

	Softwood	Hardwood	Total
(Lbr. 85,963)			
B.C.Coast (Logs 25,827)	111,790 M	2,318 M	114,108 M
Bal. Canada	169,612 M	31,748 M	201,360 M
Total	281,402 M	34,066 M	315,468 M
As compared with 1945	310,985 M	41,538 M	352,523 M

NOTE: In comparing these figures it should be remembered that the 1945 totals include the following permits issued in December 1944 for shipment in 1945.-

	65,450 M	5,507 M	70,957 M

Shipment of Lumber, Logs and Ties to U.S.A.	
January, February 1946	151,945 M
As compared " " 1945	132,570 M
Shipment of Lumber, Logs and Ties to U.K.	
January, February, 1946	96,298 M
As compared " " 1945	124,583 M
Export permits approved for all other countries from January 1, to March 31, 1946	105,947 M
As compared with January 1, to March 31, 1945	33,985 M

PULPWOOD

Export

Export permits approved and issued to February 28, 1946 against 1946 base quota, stand at 540,000 cords, rough basis. Shipments against the above permits to January 31, 1946, were reported as 67,000 cords, rough basis, while shipments during the month of January against 1945 quota, according to the agreement with Washington, amounted to 120,000 cords, rough basis.

It was agreed with CPA authority at Washington that a further supplement to the regular quota of 150,000 cords, rough basis, could be allocated by them as and when they required same. This was done, mainly, in order to enable water shipments to be planned in the Lakehead region by exporters and importing mills. It is expected that advice

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will be received from Washington during the month of April as to just what allocations they will then have made so that this office may be guided accordingly.

This is the second successive year in which an early breakup has been experienced which put an end to hauling in practically all parts of the country about March 15.

Following last year's experience, many exporters kept their haul tight up on the cut this year, and it is not expected that a really major quantity of wood will be left in the bush as was the case in 1945. Sufficient information is not yet available to estimate, with any degree of accuracy, what the quantity in question will be.

Domestic

As at February 28, 1946, limit cut of domestic mills east of the Rockies stood at 5,900,000 rough cords, compared with 5,215,000 rough cords at the same date last year.

Purchases by domestic mills as at February 28, 1946 stood at 1,400,000 cords, in comparison with 1,318,000 cords at the corresponding date last year.

Combining the above two figures, i.e., limit cut and purchases, the total production as at February 28 stood at 112% of the 1944-45 season.

The major gain was made in the Province of Ontario, due to prisoner labor being used in that Province.

The Industry Pulpwood Committee of the Canadian Pulp & Paper Association, the Ontario Forest Industries Association and the Central Pulpwood Association have made further requests to the Department of Labour with respect to holding prisoner labor to the end of the present summer, as at present they contend that they cannot see any possible way of replacing this type of labor with adequate civilian replacements for the season 1946-47. It is not yet known what the reactions of the Department of Labour are to these requests.

Many domestic companies are affected in the same way as the exporters with respect to wood left unhauled in the bush due to the early breakup, but, again, no accurate figures as to total quantities are available, although, it is anticipated that quantities will not approach those of last year and will be widely scattered in small lots, rather than concentrated in any particular operation or district. Operations which necessitated the hauling of wood across lakes or muskeg are those which will be most severely affected.

It is not expected that the supply of peeled pulpwood in the coming season will approach that of the previous years and this condition will no doubt cause pressure on prices of peeled wood.

WOOD FUEL

General

No serious difficulties are experienced in the Wood Fuel situation during the past quarter which covers the main fuel burning months of the year. In Ontario, Quebec, Maritimes and British Columbia, the winter was not severe and March was

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exceptionally mild. All shortages that developed were easily overcome by shipments of the Government resources.

Future Policy

The remainder of the Government stock piles are being liquidated and no crown owned resources are being maintained in the future. Reliance in obtaining supplies will be placed entirely on subsidizing dealers. With such release being placed on subsidiaries, the activities of the staff of the Wood Fuel Division will be directed to subsidy work, and with the disposal of the Government stock piles, reduction will be made in the staff of the Wood Fuel Division accordingly.

GENERAL
CONCLUSIONS

Several Timber Administrator's Orders have been issued in the latter part of the quarter with a view of stimulating production and encouraging the manufacture of those items that have been in critically short supply in the past year. Increases have been permitted at the manufacturers' level to take care of most species. Additional increases have been authorized in the hardwood field so as to encourage the manufacture of lumber to be used in the hardwood flooring industry. In an effort to eliminate or at least reduce the growing black market situation in Canada, Administrator's Orders have been issued with a view of restricting retail sales to only those companies which actually operate a retail outlet, servicing the public, with the various items normally carried by a retail yard and eliminating the many abuses that have crept in to the merchandising of lumber products.

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RESOURCES DEVELOPMENT (MINES)

During the period under discussion, the activities of this section in the Department of Reconstruction, Resources Development (Mines), have been rather limited, but as Administrators of Non-ferrous Metals (Primary), in the Wartime Prices and Trade Board, a number of problems dealing with the supply of non-ferrous metals have been brought to this section's attention. These problems will be discussed under the specific metals below:-

1. Resources Development (Mines).

   Administrator, Non-ferrous Metals,
   Wartime Prices and Trade Board.

Copper

At the beginning of the year, it was estimated that the total refined copper production for year 1946 would amount to 166,000 to 168,000 tons but the actual production for the first quarter indicates a further cut to 160,000 tons. The decrease in refined copper production in Canada from the high of the war years is due to the copper producers finding it necessary to resume mine development work which had been deferred during the war years. International Nickel which produces approximately 50% of the Canadian refined copper, as a by-product from their nickel operations, found themselves at the end of the war with large stocks of refined nickel. As a result, they feel that they cannot produce large tonnages of by-product copper when at the same time they would of necessity be adding to their already excessive stocks of refined nickel.

In January, the Canadian copper producers canvassed the domestic market and estimated that the total new copper required for this market in 1946 would be approximately 66,000 tons. After making allowance for this amount of copper and for export commitments which had already been made, they made a contract with the British Ministry of Supply for 33,000 tons to be delivered in the first seven months of 1946. At that time, the British would have taken from Canada more copper, but the 33,000 tons was the total available after making allowance for the domestic market and previous commitments. In the second half of the year the U. K. have indicated that they would take from Canada at least 50,000 tons if available.

In the original estimate of 66,000 tons for the domestic market, 1,200 tons per month was allowed for Anaconda American Brass, the only Canadian Brass Mill. During the first quarter, Anaconda has received from the copper producers the following tonnage:-

January	-	1,200 tons
February	-	1,350 tons
March	-	2,300 tons

and they estimate that for April and the succeeding months of 1946, they will require 2,800 tons per month.

If this total requirement is met, the deliveries against the U. K. contract will be approximately 10,000 tons short of the contract.

Anaconda gives as the reason for their increased requirements, the fact that during the latter part of 1945 and the first two months of this year, they have been using the large stock of scrap brass which was declared surplus to War Assets by the two Government Brass Mills which operated solely on munitions contracts. This accumulation of scrap is now practically used up and the deficit of metal required will have to be made up by virgin copper.

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There is some possibility that consumers of brass and wire mill products are stocking up with material which is not immediately required and in order to investigate this end of the problem, it is proposed to retain the service of Lawford Grant who was formerly with the Priorities Branch, of the Department of Munitions and Supply, scheduling all brass mill orders in Canada.

Mr. Grant will make a survey of the orders for brass and wire mill products which Anaconda and the wire mills have on their books, and the state of inventories of these products in the hands of consumers. It is hoped that this survey will indicate an equitable solution to the problem.

Lead

There is a world shortage of lead, and the situation in the U. S. is rapidly approaching a critical stage. The Canadian producer after making allowance for the domestic requirements, has sold the total surplus for 1946.

Zinc

The Canadian zinc position is almost exactly that of lead. The U. K. have purchased from Canada 30,000 tons for delivery, 10,000 in the second, third and fourth quarters, but would have taken 80,000 tons had the metal been available. In order to meet, as far as possible, the domestic and most urgent export needs, the Canadian producers have withdrawn all offers of zinc for sale in South America, and are exporting to the U. S. only four 9's or die casting grade zinc.

Copper, Lead and Zinc General.

At a meeting held March 21 with D. Gordon, Chairman, Wartime Prices and Trade Board, it was decided that since all copper, lead and zinc sold in Canada during the past four years had been sold at the domestic ceiling price for consumption in Canada, and since at the present time, there is a shortage of these metals, no one but the primary producer will be permitted to export any of these metals in their primary or secondary states. In this way, it will be assured that the reasonable domestic requirements will be met as far as possible. Exports of secondary metals which are contaminated and cannot be used in Canada will continue to be allowed.

Antimony

As previously reported antimony is produced in Canada only by the Consolidated Mining and Smelting Co. Ltd. as a by-product of their lead, zinc operation. At one stage in the operation antimony comes off as a fume, which is accumulated and later refined and sold as antimonial lead containing 25% antimony metal. Early in February the producer stated that the accumulated antimony fume had been practically exhausted and that no 25% antimonial lead would be produced during April, May, June or July. During these months the fume will again accumulate and Consolidated will have a stock to commence operations again in August.

Last Fall, it was known that this situation would probably be developing in the early part of this year, but it was understood that the U. S. would supply the total reasonable Canadian requirements that could not be met from domestic production. In February, an application was made to the U. S. for antimony metal and it was found that Canada had been put on a firm allocation of 30 tons per month for the first six months of 1946, which was approximately only one-third of the antimony that would be required to be imported during that period. G. C. Monture, Chief, Economics Division, Department of Mines and Resources, who was formerly with the Washington Office, Department of Munitions and Supply, on the request of this office visited Washington and presented the extremely short Canadian antimony position to the U. S. officials who agreed to allow Canada to purchase in U. S. an

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average of 60 tons per month for the first half of the year, but would give no assurance of any supplies after the end of June. This new allocation, while it is not sufficient to meet all requirements, will allow the white metal industry to continue on a somewhat curtailed basis.

A directive letter placing antimony metal under a standard "Order Approval System" so that no person may purchase antimony without first obtaining an approval from the Administrator of Non-ferrous Metals, was sent out to the antimony consumers in February. This letter also instructed all consumers to limit all their consumption of new antimony during the first half of 1946 to 70% of the new antimony consumed by them during the corresponding period of 1945.

Recently some information has been obtained about 2,000 tons of Chinese grade antimony, which is being offered for sale and is now located some 1,200 miles in the interior of China, but as yet a suitable quotation on the laid down cost of the Chinese antimony has not been obtained. There is a possibility that in order to obtain part of this supply of antimony, the government may have to bulk purchase a certain tonnage to be sold and delivered to the Canadian consumers direct from Vancouver and subsidize this antimony to the extent of the excess cost over the ceiling price.

Tin

In December 1945 Canada made application for an allocation of 5,000 long tons of tin for 1946.

Recently the Tin Committee in Washington have allocated to Canada 1,500 tons for the first half of 1946 with the probability of a further 1,500 tons in the second half of the year. This means that in 1946 Canada will receive only an amount of tin equal to the amount received in 1945 and therefore there can be no relaxation of restrictions from those in force last year.

Inquiries from several Canadian firms for permission to purchase tin which had supposedly been offered to them by foreign firms have recently been received. On investigation of the matter through the Washington Office it was stated that any such purchases would be considered as part of Canada's allocation and in view of the grade of tin offered and the prices asked it has been decided not to allow any such transactions.

DEPUTY CO-ORDINATOR OF RESOURCES DEVELOPMENT (MINES)

Government Stocks - During March a circular letter giving details of the government stocks of ferro-molybdenum, ferro-tungsten and scheelite, which are at present in the warehouse of Atlas Steels, Welland, Ontario, has been sent to a number of Canadian export firms. This letter asked them to communicate to this office any interest they might have in the purchase of any of these items for sale in the export market. To date a number of inquiries for further information have been received, but as yet no orders have been placed.

In addition to the above material, the government had stored in the warehouse of Railway and Power Engineering Co. Ltd. as of January 1, 1946 - 49,660 pounds of contained molybdenum in the form of oxide briquettes. An offer has been received from the Railway and Power Engineering Co. and it is quite probable that they will purchase this stock at a price of 65¢ per pound contained molybdenum.

CONTROLLER OF RADIO ACTIVE SUBSTANCES

During the first quarter of 1946, the following radio active

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substances were released for commercial use.

1. Radium

(a) 300 mg. to St. Mary's Hospital, Montreal.

(b) 100 mg. to Newfoundland Government Depot of Supplies, St. Johns, Newfoundland.

(c) 40 mg. to Dr. W. R. Bateman, Toronto.

(d) 200 mg. to West China University Hospital, Chengtu, Sze., China.

(e) 96 mg. to Prince Edward Island Hospital, Charlottetown, P. E. I.

The releases were all for medical purposes.

2. Radium Compounds.

(a) 1 gm. radium as the bromide to University College of Science, Calcutta, India.

(b) 25 gm. radium luminous compound to With and Wessel, Oslo, Norway.

3. Uranium Compounds

(a) 5 pounds Black Uranium Oxide to Prescott and Co. Reg., Montreal for resale.

(b) 25 pounds Yellow Sodium Uranate to Kopp Glass Co., Swissvale, Pa., for ceramics.

(c) 50 pounds Black Uranium Oxide for Westinghouse Electric & Mfg. Co., U. S. A.

(d) 2 pounds Black Uranium Oxide to Studio of Ceramic Art, Toronto for ceramics.

(e) 25 pounds Yellow Sodium Uranate, to Kopp Glass Co., Swissvale, Pa., for ceramics.

(f) 5 pounds Yellow Sodium Uranate to Quebec Art Pottery for ceramics.

An application for 5 lbs. Yellow Sodium Uranate to Fel-Por Dental Products Ltd,, Chicago, was rejected.

W A R T I M E A D M I N I S T R A T O R

C A N A D I A N A T L A N T I C P O R T S

SHIPPING IN GENERAL. During the last quarter the situation gradually improved and in the last two months of the quarter practically all available berths have been in good average use.

STEVEDORING AND RAILWAY FREIGHT HANDLING. Some two thousand stevedores obtained regular employment during the last two months of the quarter.

The supply of waterfront labor has proved adequate.

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The railway freight handlers walked out at 8 a.m. on Monday, March 25, in a dispute with the Company over the continued employment of a foreman who was objectionable to the union. Negotiations commenced at once and on Tuesday, the 26th, the question was settled satisfactorily and the men returned to work at 1 p.m.

Fortunately there was a considerable amount of cargo already in the sheds in most cases and no serious stoppage of the work of the stevedores was occasioned.

One ship loading meat for the United Kingdom was idle during the entire work stoppage.

WARTIME HOUSING STAFF HOUSES. Two of the Wartime Housing staff houses were purchased by the City during the quarter, one has been converted into apartments for veterans and is now occupied and the second is under conversion. Wartime Housing has notified the Emergency Shelter Officer that a third staff house can shortly be made available.

HOUSING GENERALLY. The housing situation during the quarter has been very bad, large numbers of veterans having been unable to find suitable quarters for themselves and families.

Hotel accommodation has been very crowded during the times when troopships have been in port, but at other times has shown a general return to something approaching normal.

FIRE IN PIER 21. On Friday, March 29, at 5.15 p.m., fire broke out in an office on the upper level of Pier 21. It was, however, soon brought under control and the Port Manager reports no serious damage occurred. No stoppage of work in connection with shipping will be occasioned as a result of the fire.

FIRE IN DISPATCHING HALL. At 5 a.m. on March 31, a fire broke out in the basement of a disused wing of the Department of Labor's Hiring Hall now used by the union as a dispatching hall for stevedores.

Considerable damage was done internally in this wing before the fire was brought under control, but this will cause no interference with the present use of the building.

ALLIED WAR SUPPLIES CORPORATION

During the quarter from January 1 to March 31, 1946, the Corporation continued to supervise on the one hand the full operation of the Government plants producing ammonia and nitraprills fertilizer and, on the other hand, the winding up and completion of all matters pertaining to the termination of contracts under its administration, whether for the operation of other Crown-owned chemicals and explosives plants or for the manufacture and sale of chemicals.

As circumstances permitted, the staff of the Corporation has been reduced and at March 31, 1946, it consisted of 47 persons as compared with 62 at December 31, 1945. A further reduction of 9 is contemplated for early April.

During this period eight of the Crown-owned plants under the Corporation's supervision have been sold to the operating contractors or turned over to War Assets Corporation or Canadian Arsenals Limited and five others have been prepared for take over by the latter two

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companies. Agreement has also been reached on the terms of settlement upon termination in respect of three of the remaining sales agreements, the settlement of which was outstanding.

The present status of A.W.S.C. projects is as follows:-

Operating on ammonia and nitraprills	4
Sold, turned over to contractor or taken over by War Assets Corporation or Canadian Arsenals Limited	18
Now awaiting take over by War Assets Corporation or Canadian Arsenals Limited	5
Decontamination and shut down work to be completed and to be made ready for take over by War Assets Corporation in April	2
Sales agreements terminated and financial settlements completed or in process of completion	4
	33

The following is a short summary of the work which has been completed and which remains to be completed at the respective projects:-

PROJECTS OPERATED BY DEFENCE INDUSTRIES LIMITED - A.W.S.C. Nos. 1, 2/17/31, 9/27, 16, 18/19, 28 and 57.

General

Of these seven projects, four have been turned over to War Assets Corporation or Canadian Arsenals Limited, and the remaining three are ready to be taken over and await only the fixing of a date. With the exception of a small amount which could only be undertaken in the Spring, any required decontamination has been completed and the projects are in satisfactory condition for a long term shut down or dismantling and disposal.

Legal

The Construction and Operating Contracts for six of the seven projects required amendment for the purpose of modifying unduly onerous restrictive covenants which appeared in the original contracts. All these amendments were completed during the last quarter.

In this period it was finally decided that it would not be necessary to make supplemental contracts for additional capital expenditures at these projects, provided that proper records of the authorizations given to the contractor and the agreements reached with him were available and were summarized in convenient form. Abstract summaries have been prepared for six of the seven projects and the remaining one is presently in course of preparation.

Letter agreements providing for the termination of contracts and the closing down of plants have been sent to the contractor in respect of five of the seven projects, and the terms of such letters have been accepted by the contractor. The drafts of the remaining two letters (in form approved by the contractor) have been forwarded to the Deputy Minister for approval and issue.

Financial

During the quarter the monthly bank overdraft guarantees were substantially reduced and were finally cancelled completely as at March 31, from which time any funds still required will be advanced monthly on estimates of requirements being furnished. The completion

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of accounting and financial matters in respect of these projects is being pressed and should be completed in the near future.

The status of the individual Defence Industries Limited projects is as follows:-

Explosives Projects.

Project 1, Nobel, Ontario.

This plant was turned over to War Assets Corporation on February 16.

Project 2/17/31 - de Salaberry, Quebec.

This project was turned over to Canadian Arsenals Limited on February 11.

This Corporation, however, still remains charged with the completion of the deed of settlement with Beauharnois Light, Heat and Power Company respecting land expropriated from that Company. This deed has been prepared and has been approved on behalf of the Crown by the C.N.R. solicitor; it is presently in the hands of the solicitor for Beauharnois Light, Heat and Power Company for approval. It is anticipated that this deed will be completed early in April.

Project 16, Winnipeg, Manitoba.

This project was turned over to War Assets Corporation on March 15.

Project 28 - Beloeil, Quebec.

This project was turned over to Canadian Arsenals Limited on February 26.

Chemicals Projects.

Project 18/19 - Windsor, Ontario.

The closing down of this project has been completed and it is awaiting take over by Canadian Arsenals Limited. Negotiations are in progress to arrange this.

Project 9/27 - Shawinigan Falls, Quebec.

The closing down of this project has been completed and it is awaiting take over by Canadian Arsenals Limited. Negotiations are in progress to arrange this.

Project 57 - Windsor, Ontario.

The closing down of this project has been completed and it is awaiting take over by War Assets Corporation. Negotiations are in progress to arrange this.

STORMONT CHEMICALS LIMITED - Project 48, Cornwall, Ontario.

The decontamination of this project has taken longer than was originally anticipated, and while it has been proceeding steadily, it will not be completed until approximately April 15. It is anticipated that the project will be turned over to War Assets Corporation on that date.

During the past quarter all HS has been moved out of the plant under arrangements made by the Department of National Defence, and

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certain equipment forming part of the plant has been transferred to Canadian Arsenals Limited at de Salaberry.

There will be a short delay after the plant has been taken over by War Assets Corporation to clear up accounting and financial matters.

ST. MAURICE CHEMICALS LIMITED - Project 38, Lac a la Tortue, Quebec.

This plant having been turned over to War Assets Corporation last December, during the past quarter, work at this project has been confined to accounting matters such as the collection of accounts receivable and the liquidation of accounts payable. While every reasonable effort was made, it was found impracticable to close out completely the accounts for this project by March 31.

CANADA CEMENT COMPANY LIMITED - Project 55, Belleville, Ontario.

Unsatisfactory weather conditions and revised methods and procedure for the destruction of obsolete explosives and propellents have delayed the winding up of this project. Shipments of certain reserved propellents to Canadian Arsenals Limited at de Salaberry were completed early in February, but the destruction of N.C. Powder and Cordite considered to be obsolete is still continuing and the project will not be ready for turn over to War Assets Corporation until approximately April 15, after which the accounts will be closed as soon as possible.

SHAWINIGAN CHEMICALS LIMITED - Projects 13A, 23, 33, 40, 41,46, 49 & 58 & Acetone

During the last quarter work in respect of these projects has been solely of an accounting and legal nature. Final settlement of all accounting matters pertaining to these projects depends upon the results of the investigation presently being carried out by Treasury accountants and the satisfactory resolution of questions which arise from such investigation. During this period several such questions have arisen and have been dealt with, but others are still under discussion.

During this quarter also discussions have taken place as to the terms upon which Shawinigan might retain Crown records pertaining to these projects. Discussions are approaching conclusion but the matter is not yet completely settled.

All project bank accounts which were operated with Crown funds have been closed out.

DOMINION TAR AND CHEMICAL COMPANY LIMITED - Projects 26 and 42, Toronto, Ontario.

During the past quarter agreement was reached on the terms of settlement in respect of the termination of the contracts for these projects, and notices of termination retroactive to June 30, 1945, were sent to and accepted by the contractor. The settlements effected resulted in a small sum being owed by the Government to the contractor, and steps are being taken to have this amount paid, and the accounts closed.

DOMINION RUBBER COMPANY LIMITED - Naugatuck Chemicals Division, Project 30 and 35 - Elmira, Ontario.

During the past quarter agreement was reached with the contractor on the terms of settlement upon termination of contracts respecting these projects, and the terms of settlement have been given effect, subject to any adjustment which may arise as a result of audit by Treasury accountants.

The bank account for project 35 was closed out and all accounting matters are substantially completed.

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ELECTRIC REDUCTION COMPANY OF CANADA LIMITED, Projects 14A and 15, Buckingham, P.Q.

Project 14A, consisting of a transformer and accessory equipment, was taken over by War Assets Corporation on February 25. After considerable negotiation, the contractor purchased all the assets of Project 15, thereby rendering decontamination and formal transfer to War Assets Corporation unnecessary.

An agreement in letter form has been prepared, approved by the contractor, and forwarded to Ottawa, providing for the termination of all contracts respecting these projects and outlining the work to be done by the contractor after termination.

The project bank account has been closed out, and apart from certain questions raised by the investigation being conducted by Treasury accountants, the financial and accounting matters are substantially completed.

ALKYLATE PROJECTS

(a) Project 36 Calgary, Alberta, Imperial Oil Limited and The British American Oil Company Limited.

The termination of the contract for this project became effective in January of this year, and the settlement of all matters arising from termination is substantially complete, with the exception of the adjustment arising from the determination of the post-war value of the plant. Certain discussions of this question have taken place with Imperial Oil Limited and a report with a recommendation as to settlement has been submitted to the Minister.

(b) Project 39 - Montreal East, Quebec, Shell Oil Company of Canada Limited and Montreal Alkylate Operators Limited.

This project has for some time been awaiting take-over by War Assets Corporation, having been placed in safe and satisfactory condition for a long term shut-down.

During the last quarter, the detailed correspondence giving effect to the agreement reached in respect of royalties on the alkylation and isomerisation processes used in the plant were completed, and the Operating Contract for the project was finally settled and executed by all parties.

The deed of conveyance to His Majesty of the land expropriated for the plant at Montreal East has been prepared and approved by the parties and is now awaiting signature.

An interim agreement respecting maintenance of the plant until War Assets Corporation takes over is being prepared and should be completed early in April.

Negotiations are also in progress with the various refiners at Montreal East concerning cost adjustment on feed stocks and the adjustment of billing prices on reserve inventories of alkylate.

(c) Project 59 - Montreal East, McColl-Frontenac Oil Company Limited.

This project has been purchased by the contractor and in consequence negotiations of an agreement for continued maintenance of the assets have been abandoned, and steps are being taken to wind up all matters pertaining to the project.

(d) Project 60 - Montreal East - British American Oil Company Limited.

Negotiations are in progress to conclude an agreement respecting

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the maintenance of this project from the time it ceased to be used for Government purposes. Discussions are also taking place with a view to having War Assets Corporation assume jurisdiction over this project.

AMMONIA AND AMMONIUM NITRATE PROJECTS.

(a) Projects 7 and 8 - Trail, B.C., The Consolidated Mining and Smelting Company of Canada Limited.

Production continued at the highest possible rate during the past quarter, but owing to the breakdown of a convertor the output of ammonia was restricted. Production of nitraprills was maintained at a level somewhat short of capacity by bringing in additional ammonia from the Calgary plant.

(b) Project 12 - Calgary, Alberta - Alberta Nitrogen Products Limited.

Production of ammonia was maintained in this plant throughout the quarter at the highest possible level. Production of nitraprills was somewhat influenced by reason of the diversion of ammonia to the plant at Trail, but was maintained at a satisfactory rate.

Project 10 - Niagara Falls, Ontario - Welland Chemical Works Limited.

Ammonia and Nitraprills.

Production of ammonia and nitraprills at this plant was maintained throughout the quarter at the highest possible rate, although necessary shut-down for repairs and replacement prevented full capacity from being reached for the whole period. The past quarter saw the completion of negotiations for a new Operating Contract which provides for reduced operating fees. This contract is now in form for execution by the parties and should be completed during the month of April.

Dicy and Guanidine Nitrate.

Production of these products continued throughout the quarter to fulfil orders placed by American Cyanamide Company. New prices for these products were negotiated which, it is hoped, will yield a better return to the Project on these operations.

The following is a summary of ammonia and nitraprills production and sales from all projects for the quarter:

PROJECT	AMMONIA		NITRAPRILLS	
	Prod.	% Capacity	Prod.	% Capacity
# 7 and #8 Trail	8,269 tons	80%	25,014 tons	93%
# 12 Calgary	22,387 "	107%	17,100 "	104%
# 10 Welland	11,681 "	97%	26,679 "	94%

During the first three months of the current year 68,323 tons of nitraprills were sold at a value of approximately.....$3,035,870.00

The cost of manufacture of same was approximately..... 1,952,490.00

leaving in excess of costs.....$1,083,380.00

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C A N A D I A N A R S E N A L S L I M I T E D

ADMINISTRATIVE AND GENERAL PROGRESS

During the past quarter, clearance of contractors' plants and the salvage of strategic equipment and materials has progressed favorably and it is anticipated that this phase of the Company's activities will shortly be completed.

Close liaison has been maintained with the Armed services in order to acquire a picture of likely future requirements.

The policy and procedure covering the preparation of manufacturing data and the custody and procurement of drawings for the Company has been established.

Industrial preparedness planning is progressing and a tentative procedure has been established with respect to records to be maintained by the Company pertaining to drawings, specifications, manufacturing data and manufacturing equipment for each Service equipment and for each store for which manufacture in Canada might have to be undertaken in the event of an emergency or for peace time requirements.

The Head Office staff is practically complete for full operations of the Company. A nucleus of engineering and production personnel at the various divisions has been set up, keeping in mind the projected activities anticipated.

The policies, procedures and the general methods of conducting business are well established, both for Head Office and the divisions of the Company.

SMALL ARMS AMMUNITION DIVISION

Dominion Arsenal, Quebec, remains as a Branch of the Department of Reconstruction and Supply with administrative responsibility vested in Canadian Arsenals Limited.

Clearance of contractors' plants is practically completed and the clearance of surplus equipment from the various plants of this division should be completed in the very near future.

During the past quarter, the St. Malo plant was declared surplus to War Assets Corporation and the dismantling of machinery and the moving of equipment to new locations is continuing favorably.

Work is still going on in preparing the buildings at the Val Rose plant, Valcartier, for the installing of small arms cartridge machinery.

The setting-up of the Palace Hill plant for the manufacture of Q.F. cartridge cases is well advanced.

Negotiations are now under way for the taking over certain buildings of Canadian Industries Limited at Brownsburg and they are to be kept in a state of care and maintenance under contract by Canadian Industries Limited.

Work has been proceeding throughout the quarter on the repacking of 20 M/M ammunition. Experimental work on the light

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alloy cartridge cases has been proceeding favorably and a report in this connection is expected in the near future. Some experimental work has also been carried out in connection with the development of 7.92" ammunition.

A reduction in the staff of this division is being reviewed in order to bring it in line with the reconversion and experimental programs which are at present contemplated.

GUN AMMUNITION DIVISION

On January 1, 1946, the Lindsay Arsenal was taken over by Canadian Arsenals Limited.

The clearance of contractors' plants by this division is nearing completion and active steps are now being taken toward the clearance of surplus material within the division.

During the past quarter, satisfactory progress has been made in the preparation of process manuals covering shell manufacture operations. Experimental and development work has been proceeding for the chemical analysis of steel and on the nosing of 5.5" shell with a view to the modification of equipment.

It is anticipated that a contract demand will be raised by the Department of National Defence (Army) which will result in the production of 150,000 4.2" mortar bombs.

SMALL ARMS DIVISION

On January 1, 1946, the plant of Small Arms Limited was taken over by Canadian Arsenals Limited.

During the past quarter, the program for the alterations of the buildings in this division has been completed and the surplus areas have been rented on a multiple tenancy basis.

The clearance of contractors' plants is well advanced; there being approximately 25% of the instrument tooling yet to be received.

Experimental work on the machine carbine is well under way and the Department of National Defence and the Inspection Board are currently carrying out functioning and endurance trials.

Continuing contracts taken over by the Company on the first of January are being completed on rifles sniper's No. 4 and rifles No. 7 .22". These contracts plus others being placed with this division, total $479,055.78 and there are enquiries awaiting firm orders with this division to the extent of $492,103.95. This latter figure includes a program of overhaul on 15,000 No. 4 rifles.

GUN DIVISION

On January 1, 1946, the Longueuil Works of the Dominion Engineering Company Limited was taken over by Canadian Arsenals Limited.

The clearance of contractors' plants by this division has been completed with the exception of the Sorel Industries.

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During the past quarter considerable work has been done in the laying-out of this plant and the installation of equipment so that it may function efficiently as a permanent gun arsenal.

In the near future it is anticipated that this division will undertake the following programs:-

Modification and overhaul of 48 - 40 M/M A.A. guns including the On Fire Control Instruments.

Overhaul of 85 - 5.5" guns howitzers

Modification and overhaul of 600 - 6 Pdr. guns

Modification and overhaul of 138 - 17 Pdr. (Tractor-drawn) guns

Modification and overhaul of 144 - 40 M/M A.A. guns

Overhaul of 108 - 40 M/M A.A. guns

Modification of 100 - carriages for 40 M/M A.A. guns

Modification and overhaul of 106 - 3.7" A.A. mobile guns

FILLING DIVISION

On January 1, 1946, the Cherrier Plant of Defence Industries Limited was taken over by the Canadian Arsenals Limited.

With the exception of several small items of equipment still to be received from Bouchard and other sub-contractors of Defence Industries Limited, all material required by this Division in the clearance of plants has been received.

The buildings and equipment at Presqu'Ile have now been declared surplus to War Assets Corporation who will assume control as of April 1.

Small miscellaneous production has been carried out during the past quarter to the extent of $12,207.59 and it is anticipated in the near future a program will commence on the breaking-down of surplus ammunition which will give this division orders to the extent of approximately $417,000.00.

EXPLOSIVES DIVISION

On February 11, 1946, the De Salaberry Plant of Defence Industries Limited was taken over by the Canadian Arsenals Limited.

During the past quarter, the program is well in hand on the clearing of this Plant of items not required by the company and of receiving equipment of a specialized nature from other explosives plants which are being abandonned.

The fuze powder plant at Beloeil was taken over by Canadian Arsenals Limited on February 26, 1946, and is being kept in a state of maintenance under contract by Canadian Industries Limited.

The St. Isidore magazines were transferred to Canadian Arsenals Limited and will be used to store strategic explosives materials.

Negotiations have been carried out whereby the Company will be taking over the hexachlorethane plants at Shawinigan Falls and the carbamite and phosgene plants at Windsor. These plants are to be put in a stand-by condition and maintained under contract by Canadian Industries Limited.

There have been drastic reductions in the number of employees in this division as no production is anticipated and the buildings and equipment are to be kept in a state of care and maintenance only.

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INSTRUMENTS DIVISION

The instruments and glass-making group of the buildings at Research Enterprises Limited will be taken over by the Canadian Arsenals Limited in the near future.

The movement of specialized equipment of importance from various contractors' plants is progressing favorably and such tooling is being stored at the Small Arms Division.

During the past quarter, plans for the reconversion of the optical plant has advanced satisfactorily in regard to the conservation of equipment and stores and the arranging of the organization and staff for the Instruments Division.

The policy of renting RXF/26S radar sets to various Canadian steamship lines has been finalized and at present there are orders for 80 installations. It is estimated that the total requirements for Canadian ship installations will not exceed 150 sets.

C R O W N A S S E T S A L L O C A T I O N C O M M I T T E E

A recommendation that new surplus weapons, and in particular small arms, should be sold to the Department of National Defence (Army) at the going market price, which would be relatively a scrap price.

A recommendation that no priority claims shall be recognized in respect to surplus which is required for the purpose of manufacturing articles of any kind, where such articles are intended for sale to the public.

A recommendation covering a general revision of the existing priority arrangements.

A recommendation excluding the Polymer Corporation from the provisions of The Surplus Crown Assets Act.

A policy to govern the sale of surplus narcotics.

The Committee did not hold its regular meeting in the month of March.

During the quarterly period individual reports of surplus received from Federal Government Departments were processed, showing an original cost figure of approximately $232,700,000.00.

In these reports, the types of surplus indicated as involving the greatest dollar value fall into the following three categories, namely:-

Aircraft with or without engines	$68,046,200.00
Boats and Vessels - all - including special equipment	14,823,400.00
Spare parts common to motor transport	40,354,300.00

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F E D E R A L A I R C R A F T L I M I T E D

The major activities of Federal Aircraft Limited during the period under review have been the negotiations of final settlements of contracts and the reviewing of cancellation claims from both prime and sub-contractors.

Caretaker contracts have been negotiated with A.V. Roe Canada Limited covering the storage of Lancaster and Harvard aircraft at Malton and with Central Aircraft Limited for Mosquito aircraft at Crumlin. Negotiations are under way for a similar contract with De Havilland Aircraft covering the Mosquitos in storage at their plant.

Under arrangement with the Department of National Defence, (Air), ownership of these stored Lancasters and Mosquitos and the spares at the Malton Spares Depot passes to the R.C.A.F. at the end of the month of March.

In consequence, custody and control of the Malton Spares Depot will be no longer Federal Aircraft's responsibility and this permits this office to enter the second quarter of this year with a staff of 58.

Additional office space has been given up and as many files as possible have been turned over to the custody of The Central Records Division.

M E L B O U R N E M E R C H A N D I S I N G L I M I T E D

During the quarter regular sales to Government contractors totalled $69,389.39 and in addition, surplus materials were sold for the account of War Assets Corporation to a total of $1,701,696.22.

The agreement between War Assets Corporation and Melbourne Merchandising Limited, covering the appointment of the Company as agents for War Assets Corporation was signed as at February 15, 1946, and reports have been sent in for the months of December, January and February, together with cash remittances covering the sales, amounting to $1,725,591.86.

Sales of surplus materials continue satisfactorily, and orders have been received and approved covering the sale of approximately two and a half million pounds of wool and tops, which are to be delivered over the next three months.

As a result of the shortage of merino tops, sales of cross bred types have been speeded up, and orders have now been received for practically the entire quantity held in stock. The only type of wool which is not selling freely is 46s/50s cross bred fleece, of which there is a stock of approximately four million pounds. In an endeavour to make sales of this type in the United States, an agreement has been entered into with a large Boston wool dealer to offer this wool on a commission

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basis. This dealer has purchased from the Canadian Wool Board Limited and Melbourne Merchandising Limited large quantities of wool, and it is hoped that he will be able to work up sales.

By reducing the price of this wool sufficiently, it could easily be sold, but it is felt that as the costs of operating Melbourne Merchandising Limited are relatively low, it is advisable to hold it for a fair price for a further period.

The most of the smaller warehouses have now been cleared, and the stocks of the Company are held in six warehouses. Only two of these are leased premises, and it has been arranged to sublet unneeded space in both of these.

A sale was negotiated during the month of January of all the wool remaining in stock in the United States. The price received was slightly under that received from Canadian mills for the same quality of wool, but was very satisfactory considering it disposed of stocks held in bond in the United States on which United States duty would have become payable, if they were held beyond July of this year.

Practically all yarns purchased for use in 31 Drab Serge have been sold. Limited quantities of these yarns are still to arrive from United States spinners, and will not be completed before April. The demand for these yarns is still satisfactory, and it is anticipated that there will be no trouble in disposing of the remaining balances.

Adjustments with the mills covering raw materials left in their hands as a result of cancellation of Department of Munitions and Supply contracts have practically all been settled.

PARK STEAMSHIP COMPANY LIMITED

The following is a brief review of operations of this Company for the quarter ending March 31, 1946:

S.S. "GATINEAU PARK"

Arrived Belgium January 11 and sailed January 24 for Saint John, N.B., where she arrived February 12. Bareboat chartered to Canadian Shipowners Limited (March Shipping Agency Limited) as of February 21, 1946.

S.S. "PRINCE ALBERT PARK"

Sailed Freetown January 15 enroute Canada via Philadelphia; arrived Saint John, N.B., February 13 and sailed again March 13 full cargo for South Africa.

S.S. "WHITESHELL PARK"

After being handled in India arrived back in Saint John, N.B., March 31.

S.S. "BANFF PARK"

Arrived Saint John, N.B., from India January 4, and sailed again February 3, full cargo for India where she arrived March 9. Being handled there.

S.S. "RONDEAU PARK"

Arrived New Zealand January 19 and after being handled there sailed February 28 enroute East Coast U.S. ports. Sailed Panama March 27.

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S.S. "LASALLE PARK"

Arrived U.K., January 3 and sailed January 22 for Halifax, N.S., where she arrived February 7. Proceeds to Saint John, N.B., on February 22 and after fitting up for horses arrived Portland, Me., March 21, to load for Northern France.

S.S. "BELWOODS PARK"

Sailed Saint John, N.B., January 9 full cargo for U.K., and arrived back in Halifax, N.S., February 20. Sailed again March 13 full cargo for U.K., where she arrived March 24.

S.S. "KOOTENAY PARK"

Sailed Australia January 4 for Canada via Fiji. Arrived Vancouver, B.C., February 14 and delivered to Seaboard Owners Limited, on February 18, 1946 under Bareboat Charter.

S.S. "MOUNT ROBSON PARK"

After being handled in New Zealand, sailed January 29 for Vancouver, B.C., via San Francisco. Arrived Vancouver, B.C., February 25 and delivered to Western Canada Steamships Limited, on March 4, 1946 under Bareboat Charter.

S.S. "CRYSTAL PARK"

Sailed U.K., January 16 and arrived back in Saint John, N.B., February 2. Sailed again February 27, full cargo for New Zealand. Passed Canal March 9.

S.S. "PORT ROYAL PARK"

Arrived back in Saint John, N.B., from Africa, January 20 and sailed again February 19 full cargo for South Africa where she arrived March 25.

S.S. "PARKDALE PARK"

Sailed New Zealand January 3 enroute Vancouver, B.C., where she arrived January 27. Sold and delivered to Canadian Australasian Line Limited on February 12, 1946.

S.S. "EARLSCOURT PARK"

Arrived back in Vancouver, B.C., from U.K., January 24 and delivered to Western Canada Steamships Limited on January 30, 1946 under Bareboat Charter.

S.S. "ALGONQUIN PARK"

Arrived India January 29 and after being handled there sailed March 5 enroute Canada.

S.S. "HILLCREST PARK"

Arrived Halifax, N.S., January 14 and sailed again February 5, full cargo for U.K., and arrived back in Halifax, N.S., March 19.

S.S. "LAURENTIDE PARK"

Sailed India January 5, enroute Saint John, N.B., where she arrived February 27. Fitting up for the carriage of horses to France.

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S.S. "GLACIER PARK"

Sailed Saint John, N.B., January 2, full cargo for U.K., and arrived back in Saint John, N.B., February 27. Sailed again March 17, full cargo for Belgium where she arrived March 31.

S.S. "ELM PARK"

Sailed Mediterranean Area January 31 and arrived back in Saint John, N.B., February 17. After fitting up for carriage of horses, proceeded to Portland, Me., to load; sailed latter port March 28, full cargo for Northern France.

S.S. "NEMISKAM PARK"

Arrived Vancouver, B.C., from Australia, January 12 and sailed again February 5, full cargo for France. After effecting repairs at Port Royal, Jamaica, sailed latter port March 21, enroute France.

S.S. "RIVERVIEW PARK"

Arrived Saint John, N.B., January 18 from Belgium and after fitting up for the carriage of horses proceeded to Portland, Me., February 24 to load; sailed latter port March 9, full cargo for France where she arrived March 22.

S.S. "HIGH PARK"

Arrived Ireland January 17 and after discharging cargo proceeded to Bristol Channel for Drydocking, where she arrived February 7. On completion of repairs sailed U.K., March 28 enroute Canada.

S.S. "ELK ISLAND PARK"

Arrived Halifax, N.S., January 6 and sailed again January 28, full cargo for U.K., where she arrived February 9 and arrived back in Saint John, N.B., March 11 sailed latter port March 29, full cargo for U.K.

S.S. "YOHO PARK"

Sailed Vancouver, B.C., January 10, full cargo for New Zealand where she arrived February 13. Being handled there.

S.S. "MOUNT DOUGLAS PARK"

Arrived Vancouver, B.C., from New Zealand January 22 and delivered to Canadian Transport Company Limited on January 24, 1946, under Bareboat Charter.

S.S. "MOHAWK PARK"

Arrived Australia January 27 and after being handled there, sailed March 2 for New Zealand where she arrived March 13. Being handled there.

S.S. "GREEN GABLES PARK"

Arrived Vancouver, B.C., January 5 from New Zealand and delivered on January 14, 1946 to Western Canada Steamships Limited, under Bareboat Charter.

S.S. "CHIPPEWA PARK"

Sailed Middle East January 13 for Saint John, N.B., where she arrived February 7. After fitting up for the carriage of horses, proceeded to Portland, Me., to load; sailed latter port March 20, full cargo for France.

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S.S. "TWEEDSMUIR PARK"

After loading Sydney, N.S. and Halifax, N.S., sailed latter port February 9 full cargo for France, where she arrived February 21. Arrived back in Saint John, N.B., March 27.

S.S. "STANLEY PARK"

Arrived Africa January 24. Being handled there in South and West Africa.

S.S. "RIDEAU PARK"

Sailed Halifax, N.S., January 16 full cargo for U.K., where she arrived January 28, and arrived back in Saint John, N.B., February 28. Delivered to Montreal Shipping Company Limited on March 19, 1946 under Bareboat Charter.

S.S. "STRATHCONA PARK"

Sailed French Indo-China January 17 for B.C., via Manila. Arrived B.C., February 15 and sailed again February 26, full cargo for U.K.

S.S. "KILDONAN PARK"

Sailed Persian Gulf January 10 enroute Saint John, N.B., where she arrived February 23. After fitting up for the carriage of horses proceeded to Portland, Me., where she arrived March 28, to load for France.

S.S. "LAFONTAINE PARK"

Arrived Saint John, N.B., from Middle East, January 23 and sailed again February 21, full cargo for India. Sailed Aden March 25.

S.S. "MOUNT REVELSTOKE PARK"

Arrived Saint John, N.B., January 10 and sailed again January 27 full cargo for Middle East where she arrived March 9. Sailed March 28 enroute Saint John, N.B.

S.S. "WASCANA PARK"

After loading South American ports, proceeded on February 2 to U.K., where she arrived March 1., sailed U.K., March 12 and arrived Saint John, N.B., March 25. To be delivered to new owners.

S.S. "RIVERDALE PARK"

Arrived back in Saint John, N.B., from U.K., January 31 and sailed again February 14, full cargo for U.K., where she arrived February 28. Returned to Saint John, N.B., March 24. Fitting up for carriage of horses.

S.S. "WESTMOUNT PARK"

Sailed Halifax, N.S., January 12, full cargo for France where she arrived January 25. Returned to Saint John, N.B., March 2 and delivered to Montreal Shipping Company Limited on March 18, 1946 under Bareboat Charter.

S.S. "ROCKY MOUNTAINS PARK"

Sailed Saint John, N.B., January 1, full cargo for Africa where she arrived February 3. Being handled in South and West Africa.

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S.S. "WINNIPEGOSIS PARK"

Sailed U.K., January 5 for B.C., where she arrived February 13. Delivered to Seaboard Owners Limited on February 21, 1946 under Bareboat Charter.

S.S. "BEATON PARK"

Sailed West Africa, January 12, enroute B.C., via East Coast U.S. Port. Arrived Vancouver, B.C., March 5 and delivered to Western Canada Steamships Limited on March 18, 1946 under Agreement of Sale.

S.S. "TECUMSEH PARK"

Delivered to Canadian Transport Company Limited on January 9, 1946 under Bareboat Charter.

S.S. "WINDERMERE PARK"

Delivered to Western Canada Steamships Limited on December 30, 1945 (revised date) under Bareboat Charter.

S.S. "DUNDURN PARK"

Arrived U.K., January 11, sailed February 7 for Vancouver, B.C., where she arrived March 15. Sold and delivered to Canadian Shipowners Limited on March 22, 1946.

S.S. "KITSILANO PARK"

Arrived Vancouver, B.C., January 1, 1946 from Australia and delivered to Western Canada Steamships Limited on January 15, 1946 under Bareboat Charter.

S.S. "LEASIDE PARK"

Arrived Australia January 4 and delivered to Western Canada Steamships Limited on February 6, 1946 at Sydney, N.S.W., under Bareboat Charter.

S.S. "MEWATA PARK"

Enroute South Africa where she arrived February 17. Delivered to Canadian Transport Company Limited on February 20, 1946 at Capetown, under Bareboat Charter.

S.S. "TEMAGAMI PARK"

Arrived U.K., January 20 and sailed February 13, for Vancouver, B.C., when she arrived March 22, 1946.

S.S. "LOUISBOURG PARK"

Sailed Gulf Mexico January 24 for Vancouver, B.C., where she arrived February 16. Sold and delivered to Canadian Transport Company Limited on March 1, 1946.

S.S. "TIPPERARY PARK"

Sailed U.K., January 8 for Vancouver, B.C. where she arrived February 16. Sold and delivered to Western Canada Steamships Limited on February 28, 1946.

S.S. "SAPPERTON PARK"

Delivered to Canadian Transport Company Limited on January 29, 1946 under Agreement of Sale.

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S.S. "ASPEN PARK"

Sailed Singapore January 20 for India where she arrived February 1. Proceeded to Bahrein (Persian Gulf) where she was delivered to Western Canada Steamships Limited on March 20, 1946 under Bareboat Charter.

S.S. "SUNNYSIDE PARK"

Sailed New Zealand January 13 for B.C., via Fiji and San Francisco. Arrived Vancouver, B.C., February 24 and delivered to Canadian Australasian Line Limited on March 5, 1946 under Agreement of Sale.

S.S. "ALDER PARK"

Sailed U.K., January 15 for Saint John, N.B., where she arrived February 3 and sailed again February 15, full cargo for U.K., where she arrived March 1; sailed March 19 enroute Canada.

S.S. "RUNNYMEDE PARK"

After being handled in Australia, sailed February 13 for East Coast U.S. Port via New Zealand.

S.S. "QUEENS PARK"

Sailed Gulf Mexico January 13 for Vancouver, B.C., where she arrived February 3. Sold and delivered to Seaboard Owners Limited on February 20, 1946.

S.S. "DORVAL PARK"

Delivered to Western Canada Steamships Limited on January 29, 1946 under Bareboat Charter.

S.S. "SALT LAKE PARK"

After being handled in Australia sailed February 21 enroute Vancouver, B.C., via Fiji Islands.

S.S. "MOUNT ORFORD PARK"

Sailed U.K., January 19 for Saint John, N.B., where she arrived February 3 and sailed again February 16, full cargo for U.K., arrived back in Saint John, N.B. on March 27.

S.S. "CONNAUGHT PARK"

Delivered to Seaboard Owners Limited on January 10, 1946 under Agreement of Sale.

S.S. "ATWATER PARK"

Arrived U.K., January 14 and sailed February 2 for Vancouver, B.C., where she arrived March 14. Delivered to Western Canada Steamships Limited on March 21, 1946, under Bareboat Charter.

S.S. "BOWNESS PARK"

Bareboat Chartered to Canadian Transport Company Limited as of December 31, 1945 (revised date)

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S.S. "ROSEDALE PARK"

Arrived Saint John, N.B., January 8 and sailed again January 20, full cargo for U.K. Arrived back in Saint John, N.B., March 7 and delivered to Canadian Shipowners Limited on March 24, 1946 under Bareboat Charter.

S.S. "SIBLEY PARK"

Sailed Halifax, N.S., January 12, full cargo for France where she arrived January 24. Arrived back in Saint John, N.B., February 24 and sailed again March 30, full cargo for U.K.

S.S. "TUXEDO PARK"

Arrived U.K., January 18; sailed February 2 for Vancouver, B.C., where she arrived March 16. Sold and delivered to Lunham & Moore on March 30, 1946.

S.S. "WESTEND PARK"

Delivered to Seaboard Owners Limited on January 6 under Bareboat Charter.

S.S. "KAWARTHA PARK"

Arrived Saint John, N.B., January 17 from U.K., and delivered to Canadian Shipowners Limited on January 24, 1946, under Bareboat Charter.

S.S. "WITHROW PARK"

After being handled in India sailed January 30, homeward bound.

S.S. "DENTONIA PARK"

Sailed Saint John, N.B., January 7, full cargo for Northern France and arrived back in Saint John, N.B., February 19. Sailed again March 7, full cargo for U.K. where she arrived March 19.

S.S. "DUNLOP PARK"

Bareboat chartered to Western Canada Steamships Limited as of December 30, 1945 (revised date).

S.S. "HASTINGS PARK"

Sailed Vancouver, B.C., January 7, full cargo for U.K., where she arrived February 16. Sailed U.K., March 9 enroute B.C.

S.S. "DOMINION PARK"

Sailed Australia January 11 for New Zealand and after being handled there sailed March 19 enroute Vancouver, B.C., Via Fiji Islands.

S.S. "RICHMOND PARK"

Arrived Vancouver, B.C., January 7 from U.K., and delivered to Western Canada Steamships Limited on January 18, 1946 under Bareboat Charter.

S.S. "TOBIATIC PARK"

Sailed U.K., January 24 for B.C., via California. Arrived Vancouver, B.C., March 5 and delivered on same day to Seaboard Owners Limited under Bareboat Charter.

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S.S. "YAMASKA PARK"

Sailed Saint John, N.B., January 3, full cargo for U.K. and returned Saint John, N.B., February 20. Sailed again March 6, full cargo for U.K. where she arrived March 21.

S.S. "SUNALTA PARK"

Sold and delivered to Montreal Shipping Company Limited on January 11, 1946.

S.S. "BRIDGELAND PARK"

Sailed U.K., January 19 for Philadelphia where she arrived February 8 and sailed again February 16, full cargo for Holland. Arrived back in Saint John, N.B., March 24 from where she will be delivered to new owners.

S.S. "NORANDA PARK"

Sailed Saint John, N.B., January 6, full cargo for South America, where she arrived February 2; sailed March 29 enroute Saint John, N.B.

S.S. "OUTREMONT PARK"

Arrived Saint John, N.B., January 18 and sailed again February 4, full cargo for South America where she arrived February 25. Being handled there.

S.S. "WESTON PARK"

Bareboat chartered to Western Canada Steamships Limited as of December 26, 1945 (revised date).

S.S. "WHITEROCK PARK"

Arrived U.K., January 13; sailed January 29 for Saint John, N.B., where she arrived February 14. Sold and delivered to Johnson, Walton Steamships Limited on February 24, 1946.

S.S. "SEACLIFF PARK"

Sailed Philadelphia January 3 for B.C., via Gulf Mexico ports. Arrived Vancouver, B.C. February 12 and delivered to Canadian Transport Company Limited on March 1, 1946 under Bareboat Charter.

S.S. "GRAFTON PARK"

Sailed Saint John, N.B., January 5, full cargo for U.K. and arrived back in Saint John, N.B., February 18. Sold and delivered to Saguenay Terminals Limited on March 25, 1946.

S.S. "EASTWOOD PARK"

Sailed Saint John, N.B., January 8, full cargo for U.K. and arrived back in Saint John, N.B., on February 23. Sold and delivered to Saguenay Terminals Limited on March 12, 1946.

S.S. "CORONATION PARK"

Arrived Vancouver, B.C., January 26, from U.K., and delivered to Seaboard Owners Limited on February 14, 1946 under Agreement of Sale.

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S.S. "WESTVIEW PARK"

Bareboat Chartered to Seaboard Owners Limited as of December 29, 1945 (Revised Date)

S.S. "LAKEVIEW PARK"

Sailed U.K., January 17 for Saint John, N.B., where she arrived February 1. Proceeded to Philadelphia to complete loading and sailed latter port February 24, for Holland. Arrived back in Halifax, N.S. March 29.

S.S. "MISSION PARK"

Bareboat chartered to Canadian Transport Company Limited as of January 9, 1946.

S.S. "WELLINGTON PARK"

Arrived Saint John, N.B., from U.K. January 28 and sailed again February 16, full cargo for Belgium. Arrived back in Saint John, N.B., March 26 from where she will be delivered to new owners.

S.S. "HAMPSTEAD PARK"

Arrived Saint John, N.B., January 13 and sailed again January 29, full cargo for Belgium. Arrived back in Saint John, N.B., March 5 from where she will be delivered to new owners on completion of repairs.

S.S. "FRONTENAC PARK"

After being handled in South America, where delayed by strike, sailed March 27, enroute Halifax, N.S.

S.S. "PORTLAND PARK"

Arrived Halifax, N.S., January 17. Sold and delivered to Canadian Shipowners Limited on January 24, 1946.

S.S. "GOLDSTREAM PARK"

After being handled in Africa, sailed February 4, for Saint John, N.B., where she arrived March 13. To be delivered to new owners.

S.S. "CHAMPLAIN PARK"

Sailed Halifax, N.S., January 13, full cargo for U.K., and arrived back in Saint John, N.B., February 28. Sold and delivered to Liverpool Loyalist Shipping Company on March 21, 1946.

S.S. "ALEXANDRA PARK"

Sailed Spain January 19 for Saint John's, Nfld., where she arrived January 31. Sold and delivered to Montreal Shipping Company Limited on February 1, 1946.

S.S. "WINONA PARK"

Arrived Vancouver, B.C., January 16 from India. Sold and delivered to Western Canada Steamships Limited on January 28, 1946.

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S.S. "FAIRMOUNT PARK"

After being handled in Australia; sailed March 5 for India where she arrived March 18; sailed March 30 for East Africa.

S.S. "MONTEBELLO PARK"

Returned Halifax, N.S., from Yugoslavia January 29 and sailed again February 17, full cargo for France, where she arrived February 28, sailed March 22, for Halifax, via Falmouth.

S.S. "CROMWELL PARK"

Arrived India January 2 and delivered to Canadian Transport Company Limited under Agreement of Sale at Bombay, February 2, 1946.

S.S. "ELGIN PARK"

Sailed U.K., January 25 for Vancouver, B.C., where she arrived March 2, Sold and delivered to Furness (Canada) Limited on March 13, 1946.

S.S. "PRINCETON PARK"

Enroute U.K., where she arrived February 9; arrived back in Vancouver, B.C., March 30.

S.S. "SELKIRK PARK"

Sailed U.K., January 25 for Vancouver, B.C., where she arrived March 3. Sold and delivered to Johnson, Walton Steamships Limited on March 13, 1946.

S.S. "WAVERLEY PARK"

Sold and delivered to Dingwall Shipping Company Limited on January 15, 1946.

S.S. "GARDEN PARK"

Sailed Persian Gulf January 3 for East Africa via Madagascar and returned Bahrein where she was delivered to Western Canada Steamships Limited under Agreement of Sale on February 16, 1946.

S.S. "SIMCOE PARK"

Arrived Halifax, N.S., from U.K., January 16 and sailed again February 8, full cargo for U.K. where she arrived February 20. Arrived back in Halifax, March 20.

S.S. "LAKESIDE PARK"

After loading West African ports sailed Africa January 27 enroute Saint John, N.B., where she arrived February 27.. Sold and delivered to Andros Shipping Company Limited on March 20, 1946.

S.S. "ALBERT PARK"

Arrived U.K., January 30; sailed February 18 for B.C., via West Indies.

S.S. "RUPERT PARK"

Arrived Vancouver, B.C., from U.K., January 17, sold and delivered to Western Canada Steamships Limited on January 24, 1946.

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S.S. "HIGHLAND PARK"

Sailed Italy, January 20, for Saint John, N.B., where she arrived February 10. Sailed again February 28 full cargo for Belgium where she arrived March 15.

S.S. "SEVEN OAKS PARK"

Sailed U.K., January 18 for B.C., where she arrived , February 27. Sold and delivered to Andros Shipping Company Limited on March 8, 1946.

S.S. "GASPESIAN PARK"

Delivered to Montreal Shipping Company Limited under Agreement of Sale as of November 24, 1945.

S.S. "ROCKCLIFFE PARK")
S.S. "LISCOMB PARK") 4,700 tonners being operated by
S.S. "CARTIER PARK") C.N.S. in the West Indies Trade.

S.S. "LORNE PARK"

4,700 Tonner formerly operated by Canadian National Steamships was delivered to Canadian National Steamships on February 17, 1946 under Bareboat Charter.

S.S. "WESTDALE PARK"

4,700 Tonner formerly operated by Canadian National Steamships was sold and delivered to Canadian National Steamships Limited on February 28, 1946.

S.S. "BELL PARK"

4,700 Tonner formerly operated by Canadian National Steamships was sold to Federal Commerce and Navigation on March 15, 1946.

S.S. "MAISONNEUVE PARK"

4,700 Tonner formerly operated by Canadian National Steamships was delivered to Canadian National Steamships on March 9, 1946 under Bareboat Charter.

S.S. "SUTHERLAND PARK"

4,700 Tonner formerly operated by Canadian National Steamships was delivered to Canadian National Steamships on March 18, 1946 under Bareboat Charter.

S.S. "DUFFERIN PARK")
S.S. "KELOWNA PARK") 4,700 Tonners being operated by
S.S. "BALDWIN PARK") Pickford & Black Limited in the
S.S. "OAKMOUNT PARK") West Indies trade.
S.S. "ROCKWOOD PARK")

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S.S. "SHAKESPEARE PARK")
S.S. "BLOOMFIELD PARK")
S.S. "WENTWORTH PARK")

4,700 Tonner formerly operated by Saguenay Terminals Limited were delivered to said firm under Bareboat charter as of January 17, 1946, January 22, 1946 and March 4, 1946, respectively.

S.S. "BERESFORD PARK"

4,700 Tonner formerly operated by Montreal Shipping Company Limited was Bareboat Chartered to Federal Commerce and Navigation as of March 20, 1946.

S.S. "HAMILTON PARK"

4,700 Tonner formerly operated by Shipping Limited was Bareboat Chartered to Familoil Carriers as of March 1, 1946.

S.S. "MULGRAVE PARK") 4,700 Tonners being operated by H.E. Kane &
S.S. "ROCKLAND PARK") Co. Limited in the West Indies Trade and Coastwise Eastern Canada.

S.S. "EVANGELINE PARK") 4,700 Tonners being operated by Inter-
S.S. "ARGYLE PARK") Provincial Steamship Company Limited in the West Indies Trade and Coastwise Eastern Canada.

S.S. "POINT PELEE PARK")
S.S. "BRENTWOOD BAY PARK")
S.S. "WILDEWOOD PARK") 10,000 Ton Tankers being operated
S.S. "CYPRESS HILLS PARK") by Imperial Oil Limited.
S.S. "ARLINGTON BEACH PARK")
S.S. "QUETICO PARK")
S.S. "WILLOWDALE PARK")
S.S. "MOUNT ROYAL PARK"

10,000 Ton Tanker formerly operated by Imperial Oil Limited was sold to Norwegian Interests and delivered on March 28, 1946.

S.S. "MOOSE MOUNTAIN PARK") 10,000 Ton Tankers operated by Shell
S.S. "MOUNT BRUCE PARK") Canadian Tankers Limited.
S.S. "MOUNT MAXWELL PARK"

10,000 Ton Tanker formerly operated by Shell Canadian Tankers Limited was sold to Familoil Carriers Limited as of January 13, 1946.

S.S. "CLEARWATER PARK"

10,000 Ton Tanker formerly operated by Shell Canadian Tankers Limited was sold to Norwegian Interests and delivered on March 22, 1946.

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POLYMER CORPORATION LIMITED

STEAM AND POWER PLANT

Each of boilers 2, 3 and 4 were taken out of service for approximately three weeks during the quarter for overhauling and cleaning. All three were found to be in good condition. The build-up of scale in the disposal line of the fly ash system is still troublesome. It has been necessary to by-pass the fly ash collectors several times and circulate sodium phosphate through the system in an effort to loosen the material. Analyses indicate that the deposition can probably be overcome by pre-treating the make-up water with lime to remove the bicarbonates. Tests using one of the water softeners in the steam plant indicated that the carbonates can be removed and a temporary draw-off from the top of the water softener to the fly ash system is now being made to permit the operation of the system with lime treated water rather than raw water. Investigations as to the possibility of using the spent sulphuric acid from the isobutylene extraction unit to prevent the build-up of the scale are also continuing. Alterations were made to no. 2 boiler during its shut-down in March to enable the surplus butane to be used as fuel.

Coal consumption during the quarter was as follows:

January	27,649 tons
February	23,687 tons
March	24,018 tons
Inventory as of March 31	73,948 tons

SUSPENSOID CRACKING COIL

No. 9 cracking coil and the four Imperial Oil cracking coils continue to operate satisfactorily. The former was taken off stream twice during March and no. 8 was down once. Feed rates to the Light Ends Recovery Unit were maintained at a satisfactory level during most of the quarter.

FEED PREPARATION UNITS

(a) Light Ends Recovery Unit

The transfer of the propylene side stream to the Canadian Oil Refinery at Petrolia in exchange for a C4 cut containing butylenes began on January 21, but was discontinued early in March due to the fact that the company had a surplus of butane and the drums used for the Petrolia service were incorporated in the system used to burn the butane in the boilers. Some of the excess butane is being sold to the Canadian Oil Company, that contained in the feed stocks received from Imperial Oil is being returned to that firm, but a market has not yet been found for the butane extracted from the feed stocks received from other sources. It is expected that Imperial's demand for butane, which is used as a blending agent for gasoline, will increase as soon as shipment by tanker begins. As a result of the increase in the propylene content of the ethylene transferred to the styrene unit in January, an effort was made to correct the condition by controlling the seal oil pressure on the deethylanizer reflux pump. This was not entirely satisfactory but the condition has been improved considerably by withdrawing a portion of the ethylene through the vent line from the reflux drum. Tests are being made to determine the efficiency of the water wash system in removing entrained caustic. If satisfactory, the system will be put back in operation after being shut down in December due to water carry-over to the fluorite driers.

Transfers of ethylene to the ethylbenzene section of the styrene

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unit and to the butyl rubber plant during the quarter were as follows:

	January	February	March
Ethylbenzene Section	635,300 lbs.	620,200 lbs.	673,700 lbs.
Butyl Rubber Plant	33,900 lbs.	25,900 lbs.	34,100 lbs.

(b) Isobutylene Extraction Unit

This unit operated satisfactorily throughout the quarter. The feed rate to the unit varied from 2800 to 4500 bbls. of hydrocarbons per day due to low feed inventory and several shutdowns of the unit of short duration. The unit was shut down on March 5 for three days while the reboiler and reactor systems were washed out and again on March 27 for two days to enable the rings in the regenerator to be replaced. A spare acid reconcentrator is being obtained which will improve the efficiency of the unit. There has been a noticeable improvement in the purity of the isobutylene transferred to the butyl rubber plant as a result of raising the temperature of the vent drum to discard the isobutane from the isobutylene. This unit has been producing isobutylene in excess of local requirements and such excess is being shipped to the United States.

(c) Butylene Concentration Unit

Emulsion difficulties were experienced in the butylene water wash system during January and the water flows had to be restricted which reduced acetone recovery. The system was cleaned in the latter part of January and the operation improved considerably. For a short time in March the water rate was increased to 18,000 lbs. per hour which is almost the maximum, and the designed recovery of 70% of the acetone in the butylene stream was obtained. The unit was shut down on February 4 for four days to enable the rerun tower to be cleaned as its fractionating efficiency was declining. The tower performed very well during the rest of the quarter. The new extractor tower was received during the latter part of March and is now in position. The overhead lines, trays and insulation will be installed while the unit is still in operation and the final connections will be made in the latter part of April. The tower is expected to increase the percentage recovery of normal butylenes by approximately 5%.

BUTYL RUBBER PLANT

The production of GR-I was maintained at a high level throughout the quarter. A new 2000 bbl. isobutylene sphere was installed in February. The major operating difficulty has been the occasional production of lumpy polymer, which restricts the capacity of the extruders. This condition may be due to (1) impurities in feed, (2) degree of agitation in flash tanks, or (3) slurry concentrations in flash drums and strippers. Tests are now being made with a view to determining the cause of this condition. The temperature of the vent drum in the isobutylene extraction unit has been raised in an effort to discard the isobutane and improve the purity of the isobutylene. Some improvement was noted when the isobutylene content of the feed was reduced from 25% to 20%, indicating that the condition is related to high slurry concentrations in the reactors. Studies are continuing.

The unit cost (ex depreciation and obsolescence) of the specification material produced during the months of December, January and February was as follows:

December	16.996¢
January	13.064¢, the lowest to date
February	13.435¢

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Production during the quarter was as follows:

January	2,279,610 lbs.
February	2,130,800 lbs.
March	2,316,470 lbs.

BUTADIENE UNIT

Both Dehydrogenation Sections A and B operated well throughout the quarter. Section A has been operating on the new Shell 105 catalyst since December, resulting in a substantial reduction in the quantity of steam required. Indications are that the steam requirements will be reduced by 11,000 lbs. to 30,000 lbs. per hour, which amounts to a saving of $25,000 to $65,000 per annum. Connections were made in Section A during March to enable the make-gas produced in the unit to be burned in the superheaters. Alterations are being made to both sections so they can be converted to the new Dow catalyst during a normal shutdown. This catalyst is expected to give better butylene utilization.

The extraction section operated almost continuously throughout the quarter. During a two-day shutdown in February steam and water connections were made for the iso-amyl alcohol plant which is designed to remove contaminants from the solvent solution. The system was put into operation on March 1 but an excessive loss of alcohol forced a shutdown on March 7. Changes are being made in the instrumentation to provide better control. Product purity and recovery are being maintained at 98% and 97% respectively.

The unit cost (ex depreciation and obsolescence) of the butadiene produced in the months of December, January and February was as follows:

December	15.182¢
January	14.611¢
February	13.989¢

Production during the quarter has been as follows:

	January	February	March
Net	4,428,900 lbs.	3,615,600 lbs.	4,383,000 lbs.
Recycle	2,366,700 lbs.	1,199,200 lbs.	1,290,200 lbs.

STYRENE UNIT

This unit continues to operate very smoothly. No interruptions in production occurred during the months of January and February. The unit was down for twelve hours on March 12 to enable the utility lines to the Dow styron plant to be connected and again on March 14 to enable some repair work to be done on a reactor. A noticeable increase in the propylene content of the ethylene from the Light Ends Unit occurred early in the quarter, and active steps have been taken to correct the condition. An improvement has already been made by withdrawing a portion of the ethylene through the vent line from the reflux drum at the Light Ends Unit.

The unit cost (ex depreciation and obsolescence) of the styrene produced during the months of December, January and February was as follows:

December	7.617¢
January	6.525¢ - lowest since last July
February	6.745¢

Production of ethylbenzene and styrene during the quarter has been as follows:

	January	February	March
Ethylbenzene	2,236,470 lbs.	2,434,450 lbs.	2,742,970 lbs.
Styrene	1,662,922 lbs.	1,718,256 lbs.	1,546,041 lbs.

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BUNA-S COPOLYMER PLANT

This unit operated very satisfactorily throughout the quarter. Production during the month of January was the highest in the past six months. Production during the months of February and March was limited somewhat due to a shortage of butadiene. The unit was forced to shut down on March 7 for three days due to a lack of butadiene but produced at a high level during the balance of the month.

The unit cost (ex depreciation and obsolescence) of the specification material produced during the months of December, January and February was as follows:

December	16.843¢
January	16.513¢
February	15.874¢

The unit cost for February is very encouraging being the lowest to date. The previous record was 16.395¢, which was established in June, 1945.

Production during the quarter has been as follows:

	January	February	March
GR-S	7,159,333 lbs.	6,291,797 lbs.	6,082,680 lbs.
Latex	92,704 lbs.	129,553 lbs.	149,540 lbs.

EXPORTS

The company's export program is developing very well. The company is unable to fill the many orders received from Sweden, Norway, Belgium, France, Denmark, Switzerland and the South American countries. Indications are that the demand will tax the capacity of the plant for the next two years at least.

Export shipments exclusive of those to the United States during the quarter were as follows:

	January	February	March
GR-S	227 lbs.	1,561,059 lbs.	224,465 lbs.
GR-I	71,775 lbs.	181,535 lbs.	48,225 lbs.

EMPLOYMENT

There were 85 employees on the construction payroll as of March 31.

The number of employees on the payroll of Polymer and of its three associated operating companies as of the same date was as follows:

St. Clair Processing Corporation Ltd.	1194
Canadian Synthetic Rubber Limited	302
Polymer Corporation Limited	215
Dow Chemical of Canada Limited	94
	1805

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R E S E A R C H E N T E R P R I S E S L I M I T E D

PERSONNEL

Total personnel at Jan. 1, 1946 was 2,091,and on March 31, 1946, was 1,306 distributed as follows:

	Productive	Non-Productive	Total
Male	301	664	965
Female	140	201	341
Total	441	865	1306

PAYROLL

Aggregate payrolls for the three months ended March 31, 1946, and total to date are shown below.

Total to Dec. 31, 1945		$45,157,008.44
January, 1946	$286,143.60	
February, "	267,690.46	
March, "	256,897.21	810,731.27
Total to March 31, 1946		$45,967,739.71

ORDERS ON HAND

At March 31, 1946, unfilled orders on hand were valued at $6,841,234.97. Changes during the month of March are summarized as follows:

Radio Division

Report as of February 28, 1946		$10,252,865.81
Plus		
Additional Orders	$193,200.00	
Price Adjustments	365,765.25	558,965.25
		$10,811,831.06
Less:		
Shipments	$4,106,580.90	
Price Adjustments & Cancellations	6,287.84	4,112,868.74
Report as of March 31, 1946		$ 6,698,962.32

Instrument Division

Report as of February 28, 1946	$ 15,833.98
Plus: Price Adjustments	144,915.93
	$160,749.91
Less: Shipments	18,477.26
Report as of March 31, 1946	$142,272.65

BILLINGS

Billings for March, 1946, and cumulative totals to March 31, 1946, are as follows:

	March	Total to Date
Radio Division	$3,834,678.27	$174,200,406.28
Instrument Division	115,458.74	37,728,066.25
Total	$3,950,137.01	$211,928,472.53

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PRODUCTION

Radio Division

Following is a summary of production of Radio equipment on major contracts:

	January	February	March
Type 931 (Admiralty)	2	3	-
RH7 - I.F.F. Equipment	-	4	11
MHF Equipment	2	-	1
AA No. 4 Mk. VI	21	26	26
" " " Spares	8 carloads	10 carloads	21 carloads
RXF (26ℓ) Bulk Spares	6	1	-
RB Bulk Spares	-	-	5 carloads

Instrument Division

Production of complete Optical Instruments during the quarter ended March 31, 1946, was as follows:

	January	February	March
Dial Sight C No. 9 Mk.I	5	11	(Complete)
Rangefinder No. 12 Mk.VI	9	-	"
" C No. 2 Mk.VI	3	-	"
Stands C No. 47 Mk.I	60	-	"
Illuminating Apparatus for Dial Sight	-	50	350
3½ Power Sighting Telescope	-	2	-
Sighting Telescope No. 32 Mk.III	-	-	55

T U R B O R E S E A R C H L I M I T E D

PERSONNEL

Personnel totals at the end of March were as follows:

Hourly Employees	Male	Female	Total
Leaside	6	-	6
Winnipeg	16	1	17
Salary Employees			
Leaside	61	21	82
Winnipeg	9	5	14
Ottawa	2	-	2
England	9	-	9
			130

During the month of March the Turbo staff decreased by seven persons. This included four resignations at Leaside and one resignation and two discharges from Winnipeg.

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BUILDINGS & EQUIPMENT

There has been no change in the position with respect to buildings and equipment.

RESEARCH PROJECTS

Cold Test Station, Winnipeg

The test program on the two W2/B37 jet engines has been practically terminated. One engine was rendered unserviceable due to a fuel pump failure. Two series of tests were conducted at the request of the Engine Design Section, Leaside, to determine the temperatures of various engine parts.

High Temperature Metals

a) The contract with the Ontario Research Foundation for research work on high temperature metals has been cancelled as of April 30.

b) Commitments with the Department of Mines and Resources regarding metallurgical research have been cancelled and the two employees of Turbo Research Ltd. working in this laboratory have been given one month's notice commencing March 30.

c) The contract with the Deloro Smelting and Refining Company, our Purchase Order 477-L, covering experimental melts on high temperature metals has been cancelled.

ENGINE DESIGN AND DEVELOPMENT PROJECTS

TR-3 (Aircraft jet propulsion engine to R.C.A.F. Specification)

The shop drawings for this engine are now completed except for some of the compressor parts. Further work on these drawings has been given a low priority pending the decision on what type of aircraft will be built. If a single engine aircraft is still favoured, this engine will be redesigned and will be similar to the TR-4 arrangement. This redesign will render approximately 75% of the existing completed shop drawings obsolete.

TR-4 (Alternative jet engine for twin-engined aircraft)

The layout of this engine is now finalized and approximately 70% of the shop drawings are complete except for final checking. To complete the final checking of these drawings approximately one month will be required.

WAR ASSETS CORPORATION

SUPPLY DEPARTMENT

(1) Organization

The experience gained during the last quarter of 1945 enabled the Supply Department to bring about some changes which have improved efficiency. In order to start the work of the Department with the least delay and disturbance to sales, separate sections were set up each dealing with a particular phase of the work, such as Capital Expenditures, Ships, Aircraft, etc., but as the work progressed it was possible to streamline the Ottawa operations. An overall screening section was developed to process all declarations. Those of a technical nature were referred to the section responsible for its type of declaration, the section following up the declaration

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assisting the Regions on all points requiring solution. Declarations are still so numerous that this screening section is considered necessary in order to adopt a production basis of operations.

Declarations are thus expedited to the Regions, and it is there that the real work of clearance takes place. Staffs in all Regions have been greatly augmented, which is illustrated by comparing the numbers in the Corporation. December 1945, - 3,708; February, 1946 - 5,053; March will approximate 5,500, of which the Supply Department is responsible for 70%. Some difficulty has been experienced in obtaining reliable help, particularly necessary owing to the isolated nature of the work.

Warehousing has improved in all Regions with the exception of British Columbia, where the situation is very difficult.

A decision was reached to recall from the Merchandising Department all old declarations and to process through the new method of Availability Reports, sufficient new reports being available for sales operations.

To replace the original manual of procedures which was hastily produced in order to get under way, a new manual has been produced and is now being issued to all Regions.

The classification of materials received close attention by both the Merchandising and Supply Departments. The classification adopted has a direct relation to the various sales sections and efforts are being made to adopt the new classifications by April 1.

A new division was formed to provide for maintenance, security and overseeing all property, not used for warehousing, which is turned over to the Lands and Buildings department. This division is also responsible for providing receipts for property taken over.

Considerable progress has been made in the various Regions and much still is to be done to even draw level with the number of declarations still being received.

The Supply Regional areas were changed to meet the desires of the Merchandising department. Changes were mostly minor except for the Province of Alberta which was moved from British Columbia to the Prairie Region.

A conference in Ottawa of all the Regional Supply Managers was held during the last week in January, followed by a joint meeting with the Merchandising department in Montreal. The series of meetings proved to be very beneficial.

(a) Activities

Available statistical information covering the activities of the various divisions of the department is as follows:-

Procurement Division

Surplus reports were received in the following volume from:-

Government Depts. except Reconstruction and Supply	-	3,595
United States War Department	-	1,315
United Kingdom	-	346
Reconstruction and Supply	-	2,565
TOTAL	-	7,821

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Plant Clearance Division (Screening Section)

	1 Oct/45 to 29 Mar/46
No. of files received from Procurement Div.	11,968
No. of files received from U.S. & U.K. Surplus Div.	1,772
No. of 4-2- files received	150
	13,890

No. of declarations being handled by Regions:

	Received	Completed	In Process
Newfoundland	625	7	618
Halifax	1,385	37	1,348
Montreal	2,455	289	2,166
Ottawa	1,738	348	1,390
Toronto	3,650	209	3,441
Winnipeg	2,742	28	2,714
Vancouver	1,270	36	1,234
Prince Rupert	1,049	158	891
TOTAL	14,914	1,112	13,802

No. of files at Head Office in process - 283

Remarks: It will be noted that more declarations are sent to field than files received. This is due to many files containing a declaration with more than one location. For example, one file may come in and eight declarations be sent out - one for each Region.

Warehousing Division

Region	Operating 31 Dec 1945	Operating 31 Mar 1946	Total Available Area 31 Mar 46 (Sq. ft.)	Total Occupied Area 31 Mar 46 (Sq. ft.)	Ratio Available Area to Occupied Area	Approx. Tonnage Reserved 31 Mar (Tons)	Approx. Tonnage Shipped 31 Mar (Tons)
Maritimes	1	4	430,718	267,045	38%	203	182
Quebec	10	9	1,891,580	586,390	31%	13,179	3,255
Ontario	9	10	1,654,582	546,012	33%	14,699	6,609
Prairies	2	7	665,791	446,080	33%	1,838	693
Br.Columbia	1	4	177,859	51,579	71%	271	277
Pr. Rupert	-	1	174,816	96,148	45%	1,554	304
TOTALS	23	35	4,995,346	1,993,254	41.5%	31,744	11,320

Security Division

Region	Number of Locations	Number of Guards
Maritimes	15	101
Quebec	20	339
Ontario	26	222
Man., Sask., and Alta.	7	52
Br. Columbia and Prince Rupert.	18	92
TOTALS	86	806

Surplus Property Division

This newly formed division, in addition to clearing surplus Crown property for sale, has organized the dismantling of Army and Air Force camps in order to provide much needed building material and plumbing supplies. Work has already started in one location in Quebec Province and two locations in Ontario.

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United States Surpluses

Plant Clearance teams have been organized for U.S. surpluses in Alberta and the Northwest Territories, and warehouse space has been secured in Edmonton and vicinity.

MERCHANDISING DEPARTMENT

(1) Sales

Sales for the quarter, including $43,889,991.81 as reported to date for March, totalled $74,697,885.10, giving a total for the fiscal year of $125,937,635.13.

During the quarter, the Aircraft Division included in its sales 57 complete aircraft, in addition to components of $806,983.

Sales of machine tools for the quarter totalled $3,325,950, with a disposal in the month of March alone of 1,993 various items of machine tools and production equipment.

Sale of scrap was at a fairly high level throughout the quarter, with three large accumulations at Hamilton and at Sorel Industries being disposed of in March for a total recovery of $32,000, and for a quarterly recovery of $624,895.

The Export division, which operated only in the last two months of the quarter, effected a total recovery of $1,952,568, which was largely received from the sale of steel rails and of used clothing and new military clothing to European countries.

The Automotive division completed the quarter by disposing of 536 vehicles, 129 motor cycles in March, for a recovery during the month of $295,179.

The Metals division maintained their quarterly average in the last month with a recovery of $443,387.

Disposal action of cafeteria equipment, surgical and hospital equipment, office furniture, textiles and shelf hardware was increased by sales total for March of $500,000.

(2) Organization

Appointment was made in the month of March of a Regional Sales Manager for the Maritimes, placing the Corporation in the position of having established during the quarter, Regional Sales Offices in Quebec, Ontario, the Prairies and the Maritimes.

The re-action from the two-day Branch and Regional Sales Managers conference held in January has been so satisfactory that plans are now in hand to hold a similar meeting early in May, in order that Regional and Branch Sales Managers may be kept fully advised of changes that have been made in disposal procedure and of any changes that may be under way.

Action was taken to effect the organization of a Central Information division which will become effective during the month of April. The purpose for which this Division is required is to have a centralized point from which replies to inquiries received at Head Office and to any complaints that may be made are suitably and promptly answered.

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LANDS AND BUILDINGS DEPARTMENT

(1) Buildings with land

(a)	Total declarations received	- 49
(b)	Total sales of buildings with land for last quarter	- $116,289.40
(c)	Total sales of buildings with land for this quarter	- $207,192.96
(d)	Declarations involved in (c) above	- 24

(2) Buildings without land

(a)	Total declarations received	- 172
(b)	Number of sales directives referred to Branches	- 144
(c)	Total estimated salvage value of (b) above	- $1,160,600.87
(d)	Total sales of buildings without land for last quarter	- $404,360.00
(e)	Total sales of buildings without land for this quarter	- $883,693.15
(f)	Declarations involved in (e) above	- 109

(3) Summary

(a) Total sales for last quarter:-

Buildings with land	- $116,289.40
Buildings without land	- $404,360.00
TOTAL	- $520,649.40

(b) Total sales for this quarter:-

Buildings with land	- $ 207,192.96
Buildings without land	- $ 883,693.15
TOTAL	- $1,090,886.11

(4) General Remarks

(a) It is to be particularly noted that the sales reported herein are only those for which this Department is in possession of copies of sales orders. Many other sales are at present in the process stage by Branches.

(b) It should also be noted that sales referred to in this report do not include those made by the Ottawa office during the period under review.

(c) In connection with para (1), these are not referred to Branches inasmuch as all negotiations in connection with sales are made by this Department.

CUSTODIAN SALES

This section functions at Ottawa and is the successor to the War Surplus Branch which had been set up originally to deal with

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sales of Crown-owned plants and equipment to existing users. Sales made by this section during the first quarter, 1946, were as follows:-

Land and buildings	-	$ 978,396.28
Equipment	-	$6,332,638.26
TOTAL	-	$7,311,034.54

SUMMARY OF SALES FOR THE QUARTER

	For the Quarter 1 Oct to 31 Dec 45	For the Quarter 1 Jan to 31 Mar 46
Merchandising department	$23,245,444.21	$66,295,964.45
Lands and buildings department	520,649.40	1,090,886.11
Custodian sales	5,778,160.68	7,311,034.54
TOTALS	$29,544,254.29	$74,697,885.10

COMPTROLLER'S DEPARTMENT

The report for this Department covers the last quarter of the current fiscal year with the exception of the figures quoted under the heading "Revenue and Expenses", and because March statements are not yet available, it is necessary to quote those for the months of December, 1945, and January and February, 1946.

(1) Organization

During the month of March, the newly appointed Chief Accountants of Regions and Regional Auditors gathered in Montreal for a conference which lasted for four days. The purpose of the meeting was to discuss the Manual of Accounting Procedure for Regional Offices and the Manual of Accounting Procedure for Branch Offices which became effective April 1, 1946.

The Accounting Manuals were drawn up against time, and will doubtless be subject to amendment as actual field experience of their application is gained.

Copies of the Manuals have been distributed to all Field Offices and to other Departments of the Corporation who have need of them.

(2) Staff

This Department is still experiencing difficulty in securing and retaining competent help in the higher salary brackets. The Assistant Comptroller, J. L. Carter, has recently resigned and a suitable replacement for him has not as yet been found.

(3) Revenue and Expenses

Following is a summary of the operations of the Corporation as shown in the Books of Account for the months of December, 1945, and January and February, 1946:-

	December	January	February	Total
Gross Proceeds of Sales	$10,124,428	$14,399,204	$16,220,735	$40,744,367
Direct charges: Freight, handling, Packing and Reconditioning of Clothing; warehousing; Dismantling & scrapping; Technical services	481,440	919,981	1,043,369	2,444,790
Net proceeds of sales	$ 9,642,988	$13,479,223	$15,177,366	$38,299,577

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	December	January	February	Total
5% Fee	$ 482,149	$ 673,961	$ 758,868	$ 1,914,978
Other income	1,521	3,908	5,578	11,007
Total revenue	$ 483,670	$ 677,869	$ 764,446	$ 1,925,985
Administrative and Operating expenses	407,039	438,158	485,633	1,330,830
Excess of revenue over expenses	$ 76,631	$ 239,711	$ 278,813	$ 595,155

Excess of revenue over expenses for the eleven months of the current fiscal year, namely, April 1, 1945 to February 28, 1946, amounted to - $711,014.20

thereby wiping out the deficit as at March 31, 1945, (including that of the predecessor company, War Assets Corporation Limited) of - $538,330.95

and showing a net surplus as at February 28, 1946, of - $172,683.25

PUBLIC RELATIONS DEPARTMENT

(1) Press Releases

During the three months, a total of 54 press releases were issued in both English and French.

(2) Special Articles

Special articles on a variety of subjects were prepared during the quarter for "Boating Magazine", "Canadian Transportation", The Canadian Press, The British United Press, "Canadian Machinery and Manufacturing", "Electrical Appliances", "The Montreal Star","The Canadian Mariner", "The Toronto Globe and Mail", "XTAL" (organ of Canadian radio "Hams"), and the "Verdun Guardian", the last named being a series of articles on the Corporation and especially on the multiple tenancy scheme at Verdun.

(3) Enquiries

Many daily enquiries from press services, daily newspapers and magazines on details of Corporation operations were received and answered.

(4) Translations

The French language section has been particularly busy maintaining liaison with the French press, translating all press releases and advertisements used in French-language publications, and with translation of correspondence for Corporation officials.

(5) Advertising

Sales advertising placed by head office was approximately as follows:-

	January	February	March	Total
Ships	$3,130.	$10,538.	$7,121.	$20,789.
Construction equipt.	550.	-	393.	943.
Lands & buildings	376.	183.	1,115.	1,674.
Buildings without land	335.	-	156.	491.
Automotive equipt.	-	682.	-	682.
Cordite & powder	-	147.	-	147.
Aircraft	-	-	2,621.	2,621.
TOTALS	$4,391.	$11,550.	$11,406.	$27,347.

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Total advertising lineage used amounted to about 182,000 lines or about 600 daily newspaper columns.

ORGANIZATION AND PERSONNEL DEPARTMENT

Policies and procedures which were formulated for the needs of Organization and Personnel activities in the previous quarter were extensively amplified in the quarter just ended.

The Organization and Job Classification division screened a total of 3,369 requisitions for staff, of which 283 were cancelled following investigation. Approved positions totalled 2,875, with 211 pending decision.

Promotions, reclassifications and pay revisions totalled 590 for the quarter. Job schedules were drafted, approved and put into use for 70 new classifications. A new Finding and Direction was obtained from the N.W.L.B. covering 48 new rates. Surveys of some 23 divisions at head office were completed for the purpose of establishing proper wage levels, position relationships and assignment of duties. Extensive reviews of salary levels at Regional points were also carried out with the respective Personnel Representatives and the Regional Managers concerned.

The Recruiting and Assignments Division reviewed a total of 2,398 appointments made throughout the organization. Separations totalled 747.

The Administrative Services division, which was set up just before the end of the year, made considerable progress in its various activities. Controls covering space procurement, long distance telephones, stationery and office supplies were instituted. A Printing Section was established which is now capable of maintaining a production schedule of one million forms a month. A review of all forms used by the Corporation was made and a standard method of analyzing and authorizing new forms was put into operation.

New manuals for all Departmental procedures have been made available with revisions in style and indexing. Accounting manuals for both Regional and Branch Offices were printed and put into use. Central Registry, by making certain changes in routines, has been able to cope with the tremendous increase in mail which has continued during the quarter. Total pieces received in March numbered 100,000, as compared with 73,000 in January and 28,000 in November, 1945.

Preliminary staff figures for March 31 indicate an increase in the total personnel for the quarter considerably in excess of that for the previous period. The Regional growth continued to be greatly in excess of head office expansion.

	31 Dec	31 March	Increase	% Increase
Head Office	923	1,182	259	28.0
Regional	2,851	4,236	1,385	48.5
TOTAL	3,774	5,418	1,644	43.5

This brief summary of operations gives some indication that the reorganization commenced eight months ago and accelerated during the last quarter of 1945 has made further progress, and that the Corporation is steadily being moulded into a smooth-running machine for which no model was available.

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WAR SUPPLIES LIMITED

(000 omitted)

Orders			$1,347,748
Invoices to date		$1,208,621	
Less:	Price Adjustment	50,000	
	Refund on Contract 72-190	26,974	
Net Billings			1,131,647
Cash Receipts (Gross)		$1,217,437	
Less:	Refunds - Price Adjustment	50,000	
	Advance Payments	22,605	
Less:	Refunds - Cash received on Navy Contract 72-190	26,974	
Cash Receipts (Net)			1,117,858

ORDERS:

During the quarter, due primarily to terminations, net orders have decreased by $10,060,403.62, leaving balance to date of $1,347,748,437.51.

There are still terminations in the amount of approximately $95,000,000.00 which are not reflected in these net figures.

ACCOUNTS RECEIVABLE:

The outstanding balance is $13,912,296.55. Of this amount there is $3,668,079.73 over 30 days.

TERMINATIONS:

During the quarter, termination certificates have been filed for 32 terminations, leaving a balance awaiting decision from The Contract Settlement Board of 26.

CASH RECEIPTS STILL TO BE COLLECTED:

Over and above the Accounts Receivable of approximately $14,000,000.00 there is another $10,000,000.00 to be collected against the cost of termination, or a total of $24,000,000.00.

STAFF:

The Washington staff remains at 8 and 3 in the Ottawa office. Present plan is to move the records, ledgers of the Company to Ottawa on April 17, leaving a small staff in Washington so as not to lose touch with American contacts.

WARTIME HOUSING LIMITED

The activities of Wartime Housing Limited from January 1, 1946 to March 31, 1946, as well as future operations are as follows:

CONTRACTS AWARDED JANUARY 1 TO MARCH 31, 1946.

	HOUSES	HOSTELS	STAFF HOUSES	BUNK HOUSES	DINING HALLS	SCHOOLS	SPEC. BLDGS.
Fort Garry #1	25						
London #3	50						
Montreal #6	193	out of the 500 recommended awarded					
Transcona #2	25						
Renfrew #2	56						
	349						

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PROJECTS AWAITING CONTRACT FOR WHICH FUNDS HAVE BEEN MADE AVAILABLE

	HOUSES	HOSTELS	STAFF HOUSES	BUNK HOUSES	DINING HALLS	SCHOOLS	SPEC. BLDGS.	
Barrie #1	50							(City withdrew request)
Lethbridge #2	50							
Long Branch #3	25							
Moose Jaw #4A	50							
Moose Jaw #5	50							
Niagara Falls #6	100							
Ottawa #4	200							
Peterborough #9	100							(cancelled)
St. Catharines #12	25							
St. Catharines #13	10							(Faircraft)
St. John #8	100							
Sault Ste. Marie #4	50							
Timmins #1	100							
Toronto #6	48							(Faircraft)
Victoria #5	150							
Weyburn #1	25							
Winnipeg #5	250							
	1,383							

Less Barrie #1 and Peterborough #9 i.e. 1,383 - 150 = 1,233

The estimated value of work completed, under construction or awaiting contract including such services as sewers, water, roads and walks with storage shed accommodation for all houses; also Halifax and Moncton water development is $117,178,977.50, which will provide:

29,507 Houses
15 Hostels
65 Staff Houses (See list below of Surplus Declarations.)
17 Bunk Houses
17 Dining Halls
29 Schools, plus 1 two-room addition at Welland
82 Special Buildings

THE FOLLOWING HAVE BEEN DECLARED SURPLUS:

Amherst	1 Staff House
Brantford	Winston Hall (Women's Residence)
	Staff Houses #1 & #2 project #1
Eastern Passage #3	Staff House #13
#4	Staff House 14 land, buildings & Equip.
#5	Staff House and Commissary
Fort Erie #2	Women's Hostel
Fort William	Women's Hostel #1 & #6, Staff House #1.
Eastern Passage	Clarence Park Recreation Centre Proj. 4
Esquimalt #6	Staff Houses 3 & 4
Halifax #3	Staff House #6
#5	Staff Houses #3 & #5
Kingston	1 Staff House
Lauzon #1	Staff House and Commissary
Long Branch #1	Women's Residence
Malton #4	Women's Residence
	Men's Staff House
New Glasgow #1	Staff Houses 1, 2, 3 and Commissary
North Vancouver #3	Building used as a Fire Hall
Peterborough	1 Staff House
Pictou #1	3 Staff Houses and 1 Commissary
#3	2 Staff Houses
Prince Rupert #4-A	Army type bunk houses
#6	Staff Houses 7, 8 and 9
St. Catharines #6	3 Staff Houses and Commissary

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St. John #3	2 telephone booths and shelters
#4	Commissary and Staff Houses 2 and 3
#1	Staff Houses
St. Paul L'Ermite #2	Staff House (Men's)
	Winston Hall
Sorel	Boarding Houses Nos. 1, 2 & 3
Wallaceburg	Winston Hall closed and now declared surplus.
Welland	1 Staff House

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W A R T I M E S H I P B U I L D I N G L I M I T E D

PROGRAMS COMPLETED AT MARCH 31, 1946

10,000 TONNERS

YARD	Dry Cargo	Tanker	Maintenance	4700 Ton Cargo	3600 Ton Tankers	Frigates	Revised Single Screw Corvettes	Transport Ferries	Algerines Minesweepers
Burrard D.D. Co. Ltd., North Vancouver, B.C.	98	-	10	-	-	-	-	-	-
Pacific Drydock Co. Ltd., North Vancouver, B.C.*	50	-	3	-	-	-	-	-	-
West Coast Shipbuilders Ltd., Vancouver, B.C.	43	7	3	-	-	-	-	-	-
Victoria Machinery Depot Co. Ltd., Victoria B.C.	15	5	-	-	-	-	-	-	-
Yarrows Limited, Victoria, B.C.	2	-	-	-	-	17	-	5	-
Prince Rupert D.D. & Shipyard, Pr. Rupert, B.C.	13	-	-	-	-	-	-	-	-
TOTAL WEST	221	12	16	-	-	17	-	5	-
Port Arthur Shipbldg. Co. Ltd. Pt. Arthur, Ont.	-	-	-	-	-	-	-	-	20
Collingwood Shipyards Ltd., Collingwood, Ont.	-	-	-	-	3	-	9	-	2
Midland Shipyards Ltd., Midland, Ont.	-	-	-	-	-	-	9	-	-
Redfern Construction Co. Ltd., Toronto, Ont.	-	-	-	-	-	-	-	-	40
Can. Shipbuilding & Engrg. Ltd., Kingston, Ont.	-	-	-	-	-	-	8	-	-
TOTAL GREAT LAKES	-	-	-	-	3	-	26	-	62
United Shipyards Ltd., Montreal, P.Q.	45	-	-	-	-	-	-	-	-
Canadian Vickers Ltd., Montreal, P.Q.	5	1	-	-	-	26	-	9	-
Marine Industries Ltd., Sorel, P.Q.	30	-	-	-	3	-	-	1	-
Davie Shipbldg. & Repairing Co. Ltd., Lauzon, P.Q.	19	-	-	-	-	12	-	11	-
G.T. Davie & Sons Ltd., Lauzon, P.Q.	-	-	-	7	-	7	-	-	-
Morton Engrg. & D.D. Co. Ltd. Quebec, P.Q.	-	-	-	4	-	8	16	-	-
Foundation Maritime Ltd., Pictou, N.S.	-	-	-	24	-	-	-	-	-
St. John D.D. & Shipbldg. Co. Ltd., St. John, N.B.	-	-	-	8	-	-	-	-	-
TOTAL QUEBEC & MARITIMES	99	1	-	43	3	53	16	21	-
GRAND TOTAL	320	13	16	43	6	70	42	26	62

* Formerly North Van Ship Repairs Ltd.

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PROGRAMS UNDER CONSTRUCTION

Type of Ship	Shipyard	Quarterly Progress			Totals at March 31, 1946			
		Keels Laid	Launched	Completed	Ordered	Keels Laid	Launched	Completed
Destroyer	Halifax Shipyards Limited	-	-	-	4	4	3	1
Maintenance	Burrard Dry Dock Co. Ltd.	-	-	-	10	10	10	10
	Pacific Dry Dock Co. Ltd.	-	-	-	3	3	3	3
	West Coast Shipbuilders Ltd.	-	-	1	3	3	3	3
	TOTALS	-	-	1	16	16	16	16
Motorship 7500 D.W.T.	Burrard Dry Dock Co. Ltd.	-	-	-	1	1	-	-
	Canadian Vickers Ltd.	-	-	-	1	1	-	-
	Davie Shipbuilding & Repairing Co. Ltd.	-	-	-	1	1	-	-
	TOTALS	-	-	-	3	3	-	-
Ocean Going Tug 1000 H.P.	Midland Shipyards Limited	-	-	-	11	11	11	8
	Canadian Shipbuilding & Engrg. Ltd.	-	-	-	7	7	6	5
	TOTALS	-	-	-	18	18	17	13

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PROGRAMS UNDER CONSTRUCTION (Continued)

Type of Ship	Shipyard	Quarterly Progress: Keels Laid	Launched	Completed	Totals at March 31, 1946: Ordered	Keels Laid	Launched	Completed
"B" Coaster 1200 D.W.T.	Burrard Dry Dock Co. Ltd.	-	3	3	6	6	5	3
	Pacific Dry Dock Co. Ltd.	-	-	3	3	3	3	3
	Victoria Machinery Depot Co. Ltd.	-	1	2	4	4	3	2
	Prince Rupert Dry Dock & Shipyard	-	1	1	2	2	2	1
	TOTALS	-	5	9	15	15	13	9
"C" Coaster 300 D.W.T.	Port Arthur Shipbuilding Co. Ltd.	-	-	-	3	3	3	-
	Collingwood Shipyards Limited	-	-	1	4	4	4	-
	Geo. T. Davie & Sons Limited	-	-	-	5	5	-	-
	Morton Engineering & Dry Dock Co. Ltd.	-	-	-	5	5	1	-
	St. John D.D. & Shipbuilding Co. Ltd.	-	-	-	3	3	-	-
	TOTALS	-	-	1	20	20	8	-

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TOTAL EMPLOYED IN SHIPYARDS HOLDING "SHIP CONTRACTS (including those on repair and other work)

	As at March 31, 1946		Changes during 1st Quarter 1946	
Burrard Dry Dock Co. Limited (North Yard)	2,566		- 25	
Burrard Dry Dock Co. Limited (South Yard)	47		- 592	
Pacific Dry Dock Co. Limited	817*		- 410	
West Coast Shipbuilders Limited	534*		-1,391	
Victoria Machinery Depot Co. Ltd.	1,025		- 31	
Prince Rupert Dry Dock & Shipyard	288		- 384	
TOTAL B.C.		5,277		- 2,833
Port Arthur Shipbuilding Co. Ltd.	591		- 189	
Collingwood Shipyards Ltd.	561		- 194	
Midland Shipyards Limited	322		- 161	
Canadian Shipbuilding & Engineering Co. Ltd.	506		- 26	
TOTAL ONTARIO		1,980		- 570
Canadian Vickers Limited	2,243		+ 412	
Davie Shipbuilding & Repairing Co. Ltd.	975		+ 79	
Geo. T. Davie & Sons Ltd.	581		+ 27	
Morton Engineering & Dry Dock Co. Ltd.	424		+ 62	
TOTAL QUEBEC		4,223		+ 580
St. John Dry Dock & Shipbuilding Co. Ltd.	960		+ 20	
Halifax Shipyards Limited	2,073		-	
TOTAL MARITIME		3,033		+ 20
GRAND TOTAL		14,513		- 2,803

* "Ship contracts completed during quarter.

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Collated - Dept of Reconstruction & Supply

C182679

Q U A R T E R L Y

S U M M A R Y

July 1st, 1946 to September 30, 1946.

THE DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Honourable C. D. Howe, Minister.

C O N F I D E N T I A L

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DEPARTMENT OF RECONSTRUCTION AND SUPPLY

QUARTERLY SUMMARY

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A D M I N I S T R A T I O N B R A N C H

COMMUNICATIONS AND TENDER OPENING DIVISION

COMMUNICATIONS SECTION

During the quarter ending September 1946, the Communications division received, despatched and distributed an average of 1,616 messages per day made up as follows:

	Quarter ending Sept. 30, 1946	Quarter ending Sept. 30, 1945	Quarter ending June 30, 1946
Teletypes	1,475 per day	2,213 per day	1,699 per day
Cables	26 " "	63 " "	22 " "
Telegrams (Out)	45 " "	78 " "	51 " "
Telegrams (In)	70 " "	104 " "	63 " "
	1,616 " "	2,458 " "	1,835 " "

The quarterly report ending September 30, 1946 shows a decrease of 842 messages per operating day over the quarterly report ending September 30, 1945, and a decrease of 219 messages per operating day over the preceding quarter ending June 30, 1946.

TENDER OPENING SECTION

During the quarter ending September 30, 1946, the Tender Opening section of the Communications division received, opened and distributed an average of 73 tenders per day as follows:

Quarter ending September 30, 1946.	Quarter ending September 30, 1945.	Quarter ending June 30, 1946.
73 per day	101 per day	63 per day

RECORDS DIVISION

FILES

Number of files on record total 1,212,720 an increase of 36,036 for the quarter.

Records of various branch offices and controls were received and the work of combining these with the departmental filing system is under way.

Due to reorganization, it was possible to reduce staff in the mail room, internal sortation and distribution section and other sections of the main registry.

Records of Regional Reconstruction Councils were shipped to Ottawa.

Records were, also, received from Reconstruction and Supply storage depots as well as from district purchasing offices across Canada.

The Follow-up section checked, approximately, 47,000 files and out of this total located 364 files, which were lost or misplaced. In addition, the Follow-up section, also, located several hundred files, which had been misplaced in various branches and divisions throughout the department.

The following is a summary of some of the work carried out in the main and branch registries during the quarter:

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Current mail, requisitions, applications, etc.	124,945
Papers indexed and filed (P.A.'s)	194,310
Files created and/or recorded	36,036
Files handled (charged out and put away)	55,381
Pass slips recorded	2,830
Files repaired	18,844
Files brought forward	489
Telephone enquiries	16,206
Files transferred to storage	17,791

STORAGE SECTION

The Storage section vacated its space at Cornwall, Ontario, all records having been transferred to the basement of the New Supreme Court building. 1,360 transfer cases and 310 filing cabinets, filled with records, were moved and relocated in the New Supreme Court basement. In addition to the above records, 173 filing cabinets and, approximately, 360 transfer cases were received from other Crown-owned and management-fee plants, whose activities have been terminated.

The use of a Hyster lift truck, which was transferred to the Records division, has greatly facilitated the storage and handling of the records.

The Storage sections in buildings Nos. 3 and 4 have been busy preparing the records stored in these buildings for the proposed move to the New Supreme Court basement. When these records have been moved, all the storage will be located in the New Supreme Court building, which will greatly facilitate filing and handling of all records in storage.

BRANCH REGISTRIES

It was possible to bring all the branch registries under the supervision of the main registry, resulting in better co-ordination, as well as enabling a decrease of staff.

The Construction Control branch registry was abolished in July and in August the Armament Supply and Naval Equipment Production branch registry was also abolished.

Other branch registries have been obliged to cope with increased work and in branch registry of Metals Control it has been necessary to increase the staff.

CROWN COMPANIES, etc.

The records of Canada Strip Mill, Montreal East, Federal Aircraft Limited, Machine Tools Control, Machine Services Limited, Citadel Merchandising Company Limited, Foundation Maritime, Quebec Shipyards and Electric Reduction Company Limited were transferred to Ottawa and in addition large shipments were also received from Research Enterprises and John Inglis Company.

Considerable correspondence was also exchanged with other Crown-owned and management-fee companies in connection with preparation and shipment of records to this division.

MAIL

Daily volume of incoming mail average 1,408 (envelopes only) as against 1,592 in the last quarter, and 2,655 in the corresponding quarter in 1945.

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Outgoing mail average 1,852 per day (envelopes) against 2,417 in the last quarter, and 3,701 per day in the corresponding quarter in 1945.

EXPRESS AND FREIGHT

530 pieces of express weighing 7,203 lbs. were handled during the quarter.

MESSENGER SERVICE

Messenger calls in buildings 1, 2 and 3, average 217, 94, and 86 per day respectively. 1,584 by hand messages were delivered outside the four buildings, an average of 21 per day.

ORGANIZATION SECTION

During this quarter the organization survey of the Records division was completed which finalized the survey of the Administration branch as a whole.

The survey of the Purchasing branch was inaugurated and up to the end of the quarter detailed surveys and reports have been completed covering the Clothing & Textile section, the Construction section, the Commissary section, together with the Ottawa District Purchasing Office and the Ottawa Sub-office on the Montreal Road.

In addition up-to-date organization charts have been completed on the majority of the branches showing staff as at the September 1 October 1 period. Remaining charts cover Economic Research, Priorities, Purchasing, Co-Ordinator Housing, and Steel Control branches. Due to the great number of staff changes taking place within the department it is difficult to keep abreast of the charts. However, means have been adopted as the initial chart is completed to bring each branch chart up-to-date quarterly on schedule.

MAIN POOL

A statement of the work performed by the Main Pool is attached as "Appendix A".

EQUIPMENT AND STATIONERY DIVISION

A statement of the work performed by the Equipment and Stationery division is attached as "Appendix B".

PERSONNEL DIVISION

A statement of the work performed by the Personnel division is attached as "Appendix C".

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MAIN POOL PRODUCTION

QUARTER ENDING SEPT. 30/46

DICTAPHONE SECTION				TYPING SECTION				PURCHASING SECTION					DUPLICATING SECTION
No. of Operators	Days Absent	No. of Cylinders Transcribed	No. of Lines Produced	No. of Operators	Days Absent	No. of Jobs Typed	Lines Produced	No. of Operators	Days Absent	No. of Accept. Typed	No. of Amend. Typed	No. of Tenders Typed	Legal Contracts Dittoed
4	33	918	111,124	16½	257	7,022	913,328	8	127½	3,197	1,851	1,329	353

Appendix "A"

APPENDIX "A"

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ADMINISTRATION BRANCH
EQUIPMENT AND STATIONERY DIVISION
QUARTER ENDING SEPT. 30, 1946

Stationery Section			Printing Section	Duplicating Sect.	Reproduction Section		Equipment Section											
										Telephone Requisitions					Typewriter Repairs			
											Cancellations							
No. of Requisitions to Kings Printer for Stationery Supplies	Rubber Stamps Purchased	Impression Production	Copies Produced from Stencils and Masters	Blueprints Processed	Photostats Processed	Furniture Requisitions to Public Works Dept. for Ottawa use.	Furniture Requisitions to Public Works Dept. for Outside Ottawa.	Machines Ordered or Released	Telephones Transferred	Installations	Locals	Extensions	Hiring Plans	No. of Repair Calls	No. of Overhauls	Machines Checked to go out	Cost of Parts Purchased	Cost of parts used
285	10	1,702,680	4518	8941	4435	1 Map case 1 Brief case	1 Steno. Desk 1 Steno. Chair 1 Swivel Chair 2 Straight Back Chairs 1 Desk 1 Coat Tree 2 Tables 3 Filing Cabinets 1 Stationery Cabinet	77	60	--	3	5	2	200	17	31	$3.10	$21.02

Appendix "B"

Appendix "B"

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APPENDIX "C"

PERSONNEL DIVISION

STATEMENT ON STAFF JULY 1 - SEPT. 30, 1946

The staff of the department was decreased by 313 during the quarter: Total staff on Sept. 30 - 1757; Total salaried staff on Sept. 30 - 1700.

The average salary (Col. 6, Page 2 of this Appendix) rose from $154 to $163 due to the consolidation of the basic salary with the cost-of-living bonus, effective Sept. 1. Formerly only the basic salaries were considered in determining the average salary.

ADMINISTRATIVE AND SERVICE BRANCHES

An over-all decrease in staff of 82 is shown for this group. There were no increases in the branches comprising this group, for the month of September.

SUPPLY AND CONTROLS

A net decrease of 97 is registered here with Purchasing accounting for 72 of this number. The Motor Vehicle Control was disbanded and most of the staff absorbed by the Priorities branch to handle the greatly expanded volume of work on priority certificates.

RECONSTRUCTION BRANCHES

A net decrease of 135 is registered here as a result of the disbanding of the Regional Reconstruction Councils. Increases in September were registered by:

PUBLIC PROJECTS BRANCH - 1

Two appointments (M.H. Dineen, engineer on loan to Naval Service; D.A. Symon, tracing clerk to work on blueprints) and one resignation (Mrs. K. Cutts, stenographer, Grade 3).

CO-ORDINATOR OF HOUSING - 2

S. R. Frazer was transferred from the Financial Advisor's Office to act as assistant to R. W. Catto, Director of Reclamation Projects. J. S. Sutherland was appointed as a head clerk to supervise the office activities for the same division.

RESEARCH AND DEVELOPMENT - 1

Three resignations, two technical officers resigned to accept positions elsewhere, and a stenographer in Winnipeg resigned to accept other employment. Four appointments: A typist in Vancouver, a stenographer in Calgary and two clerks grade 3 in Ottawa.

ROYAL COMMISSION ON COAL - 3.

These are clerk-stenographers grade 3.

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STATEMENT OF EMPLOYEES, SALARIES AND EXPENSES

JULY 1 - SEPTEMBER 30, 1946

BRANCH	1 TOTAL STAFF JUNE 30	TOTAL STAFF SEPT. 30	2 INC. DEC.	3 NON-SALARIED EMPLOYEES JUNE 30	NON-SALARIED EMPLOYEES SEPT. 30	4 SALARIED EMPLOYEES JUNE 30	SALARIED EMPLOYEES SEPT. 30	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
ADMINISTRATION AND SERVICES	941	859	82	14	8	927	851	$403,086.	$154.	$ 1,353.	$12,284.
SUPPLY AND CONTROLS	753	656	97	84	27	669	629	319,014.	162.	12,655.	19,541.
RECONSTRUCTION	377	242	135	135	22	242	220	131,098.	187.	16,269.	16,031.
TOTAL	2071	1757	314	233	57	1838	1700	$853,198.	$163.	$30,277.	$ 47,856.

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Appendix "C"

SPECIAL SUMMARY FOR MONTH OF SEPTEMBER

	TREASURY PAYROLL EMPLOYEES	OTHER SALARIED EMPLOYEES	NON-SALARIED EMPLOYEES	TOTAL
ADMINISTRATION & SERVICES	844	7	8	859
SUPPLY AND CONTROLS	621	8	27	656
RECONSTRUCTION	207	13	22	242
TOTAL	1672	28	57	1757
CIVIL SERVICE STATISTICS	1661			

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ADMINISTRATION AND SERVICES

BRANCH	1 TOTAL STAFF JUNE 30	TOTAL STAFF SEPT. 30	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES JUNE 30	NON-SALARIED EMPLOYEES SEPT. 30	4 SALARIED EMPLOYEES JUNE 30	SALARIED EMPLOYEES SEPT. 30	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
MINISTER'S	20	18		2	4	2	16	16	$ 10,106.	$220.		
DEPUTY MINISTER'S	34	31		3	2		32	31	23,816.	251.	$ 63.	$ 3,278.
COMPTROLLER'S	275	228		47			275	228	113,277.	157.		4,277.
CONTRACT SETTLEMENT BOARD	80	70		10	1		79	70	45,488.	208.		2,314.
FINANCIAL ADVISOR'S	75	80	5		4	3	71	77	52,497.	228.	1,290.	1,102.
GENERAL COUNSEL	4	4					4	4	4,434.	370.		19.
LEGAL	15	16	1		1	1	14	15	9,280.	211.		125.
SECRETARY'S	7	6		1			7	6	4,770.	251.		905.
ADMINISTRATION	364	341		23			364	341	113,385.	110.		
PUBLICITY	9	9					9	9	3,954.	146.		264.
LONDON OFFICE	3	3			1	1	2	2	2,388.	398.		
MONTREAL OFFICE	32	31		1	1	1	31	30	11,395.	119.		
TORONTO OFFICE	23	22	-	1			23	22	8,296.	120.		
TOTAL	941	859	-	82	14	8	927	851	$403,086.	$154.	$1,353.	$12,284.

APPENDIX "C"

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SUPPLY AND CONTROLS

BRANCH	1 TOTAL STAFF JUNE 30	TOTAL STAFF SEPT. 30	2 INC.	DEC.	3 NON-SALARIED EMPLOYEES JUNE 30	NON-SALARIED EMPLOYEES SEPT. 30	4 SALARIED EMPLOYEES JUNE 30	SALARIED EMPLOYEES SEPT. 30	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
COAL CONTROL	104	104			5	5	99	99	$ 47,089.	$161.		$ 2,309.
MOTOR VEHICLE CONTROL	9			9			9		2,740.	125.		155.
STEEL CONTROL	9	11	2		8	7	1	4	1,996.	181.	$ 1,869.	953.
RUBBER CONTROL	11	12	1		3	3	8	9	4,571.	176.	595.	392.
TIMBER CONTROL	183	167		16	13	11	170	156	78,275.	162.	175.	12,110.
PRIORITIES	25	43	18				25	43	18,206.	177.		819.
QUEBEC ARSENAL	77	65		12			77	65	43,102.	219.		
PURCHASING	309	237		72	55	1	254.	236	114,490.	159.	10,016.	2,803.
REQ. PUR. INV. AND SUB. TO P.C.	26	17		9			26	17	8,545.	147.		
TOTAL	753	656		97	84	27	669	629	$319,014.	$162.	$ 12,655.	$19,541.

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RECONSTRUCTION

BRANCH	1 TOTAL STAFF JUNE 30	1 TOTAL STAFF SEPT. 30	2 INC.	2 DEC.	3 NON-SALARIED EMPLOYEES JUNE 30	3 NON-SALARIED EMPLOYEES SEPT. 30	4 SALARIED EMPLOYEES JUNE 30	4 SALARIED EMPLOYEES SEPT. 30	5 SALARIES	6 AVERAGE SALARY	7 LIVING EXPENSES & ALLOWANCES	8 TRAVELLING EXPENSES
AIR DEVELOPMENT	14	19	5		2	2	12	17	$ 8,054.	$149.		$ 2,258.
ECONOMIC RESEARCH	116	104		12	5	4	111	100	46,399.	144.	$ 453.	1,214.
PUBLIC PROJECTS	31	31			1	2	30	29	24,816.	282.		1,545.
CO-ORDINATOR OF HOUSING	2	8	6				2	8	4,353.	272.		407.
REGIONAL RECONSTRUCTION COUNCILS	147			147	113		34		7,814.	244.	285.	287.
RESEARCH & DEVELOPMENT	32	39	7		3	3	29	36	23,167.	223.	433.	6,161.
RESOURCES DEVELOPMENT	8	8			1	1	7	7	5,013.	239.		147.
FOREST INSECTS CONTROL BOARD	16	16			7	7	9	9	5,181.	192.	608.	1,196.
ROYAL COMMISSION ON COAL	11	17	6		3	3	8	14	6,301.	175.	14,490.	2,816.
TOTAL	377	242		135	135	22	242	220	$131,098.	$187.	$16,269.	$16,031.

APPENDIX "C"

Clinic Report

July, August, September, 1946

TREATMENTS AND DRESSINGS

Cuts, gravel burns, infections	615	
Headaches and general malaise	280	
Colds and sore throats	404	
Toothaches, earaches and irritated eyes	213	
Fainted and feeling weak	22	
Intestinal upsets	154	
Muscular pain and stiffness	90	
Skin conditions	136	
Hypodermics	36	
Rest periods	98	
TOTAL TREATMENTS		2052
Employees sent home from work due to illness	45	
Employees advised to see doctor	137	
Employees advised to see dentist	43	
No. of telephone calls	748	
Employees through clinic to be weighed	1213	
No. of medical certificates through clinic	373	
Emergency calls outside clinic	6	
Visits made by visiting nurse	129	

INTERVIEWS:

New employees	36	
Routine examination of employees	268	
Employees telephoned following treatment in clinic	384	
Employees interviewed following illness and absence from work	628	
TOTAL INTERVIEWS		1316
No. of treatments in clinic from other Departments		351

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A I R D E V E L O P M E N T B R A N C H

During the past three months the personnel of the division has, first of all, completed its compilation of data on the economic characteristics of some 150 cities and towns in Canada. For the present it has been decided not to release to the public the information which was compiled primarily for the use of the Air Transport Board.

The second major assignment was the preparation of distance tables to be used for air transportation in Canada. It is hoped that when these tables are completed, and after approval has been received by the Surveyor General, that they should be used by all air carriers in Canada as well as other departments such as, the Post Office, Department of Transport, and the Air Transport Board.

The field work in connection with the five area surveys, which were undertaken during the summer months, is now completed and the reports on Northwestern Ontario and Northeastern Manitoba have already been submitted to the Minister. The other three, i.e., North Shore of the St. Lawrence, Northwestern Manitoba, and the Northwest Territories, should be available before the end of October.

The hotel registration survey performed during the summer months was also completed in mid-September, and the data is now being compiled and assembled in the branch.

The increase in the personnel of the branch during the last quarter was brought about by a special assignment for the Board of Transport Commissioners. An analysis is being made of the freight and passenger traffic handled by the water carriers operating in the MacKenzie River area. This is a major assignment which will provide considerable work to the branch and will not be terminated until early 1947.

The study of the history and growth of commercial air services in Canada, 1919 - 1944, was extended during the quarter to incorporate new information respecting the number of operators. Preliminary copy of the report has been assembled, and additional copies are now being prepared and cross-indexed.

C O M P T R O L L E R ' S B R A N C H

In accordance with instructions of September 6, 1946, arrangements were made with A. V. Franklin, Chief Treasury Officer, to transfer the jurisdiction of the Mutual Aid and Overseas Accounting divisions and the Production and Stores Accounting division to the Chief Treasury Officer.

These transfers were made effective as of the following dates:

Mutual Aid & Overseas Acct'g. divisions - Sept. 10, 1946.

Production & Stores Acct'g. division - Sept. 12, 1946.

The details of these changes have now been worked out and clarified with the result that the staffs selected by Mr. Franklin, which are required to carry on or finalize the work formerly performed by the two divisions, are to be considered as still employees of the Department but on loan and under the jurisdiction of the Chief Treasury Officer. Such matters as attendance sheets and payroll will remain as heretofore. The staff selected and required is as follows: Mutual Aid and Overseas Accounting divisions 24, a reduction of 27 from the previous month, and Production & Stores Accounting division 66. For the

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reasons explained it will be sometime before any substantial decrease can be made in this division. Surplus staff in Mutual Aid and Overseas Accounting divisions have been given notices of release or transfer.

The resignations of S. J. Jackson, Chief Officer, and W. E. VanSickle, Assistant Chief Officer of the Production and Stores Accounting division, effective September 30, 1946, have been accepted.

The Cloth Accounting division has also been transferred and now is under the jurisdiction of the General Purchasing branch.

WINDING UP OF CROWN COMPANIES

The winding up of Crown companies has progressed favourably within the quarter, two additional companies having terminated their operations within that period and having transferred their remaining assets and liabilities to the department for liquidation. This brings the total of Crown companies completely wound up to twenty-one, while preparations for the liquidation of five of those remaining are underway.

The current position of those five companies in process of winding up is as follows:

Aero Timber Products Limited

All logging operations have now been completed and final settlements made with the B. C. government and with all timber owners although two claims by logging operators are still in dispute. As it seems that this company has taken an undue length of time to terminate its operations, we have requested the company to provide definite information as to its remaining problems and to give its best estimate as to when it can be completely wound up.

Melbourne Merchandising Limited

September figures are not yet available. Inventories which amounted to some $5,000,000. at the beginning of the calendar year had been reduced to approximately $1,000,000. by the end of August with a steady monthly reduction in the neighbourhood of $4/500,000. In accordance with the recent rulings of the Comptroller of the Treasury, the company has ceased to act as agent of War Assets Corporation in the matter of disposal of its inventories and all losses thereon are to be absorbed by the reserve created for such purpose during the company's years of operation. The company expects to wind up shortly after the turn of the year.

Research Enterprises Limited

Although all production will not be complete until approximately the middle of October, this company anticipates that it will be possible to wind up its affairs by October 31, 1946. A determined effort has been made during the past few months to clear the company's capital records and to reconcile the company's accounts with those of the Production and Stores Accounting division and unless something quite unexpected intervenes it should be possible to meet this date for liquidation.

War Supplies Limited

This company expects to be in a position to wind up in the near future although no official date of closing has yet been set. (See remarks under War Supplies division elsewhere in this report).

Wartime Shipbuilding Limited

This company is completing a few ships on account of War Assets Corporation which were in various stages of production on V.J. Day.

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They all should be completed very shortly. Last week discussions were held with officials of Wartime Shipbuilding Limited and it was impressed on them the urgency of winding up the Crown shipbuilding companies under their supervision.

Wartime Shipbuilding Limited have advised it will have final balance sheets on all such companies by November 15. They are: Foundation Maritime Limited, Pictou, N. S., Redfern Construction Company Limited, Toronto, and United Shipyards Limited, Montreal.

WINDING UP OF CROWN-OWNED MANAGEMENT FEE PROJECTS

The finalization of the accounts of Crown plants during the quarter has not been as rapid as was anticipated, although some progress has been made in this direction. Reconciliations and clearances have been effected of the capital accounts of most plants although the production accounts have in many cases to be finalized. In a large number of cases, final statements are awaiting either completion by the project or certification by the Cost Inspection and Audit division.

Progress generally has been retarded by holidays and resignations both at the plants and within this branch. In particular, the simultaneous resignations of Messrs. Jackson & VanSickle, chief and assistant chief officers respectively of the Production and Stores Accounting division of this branch will have a detrimental effect on the work of winding up the Working Capital sections of the Crown plant accounts.

CAPITAL ASSISTANCE DIVISION

There are still 132 uncompleted capital expenditure contracts awaiting cost audit reports and inventory reports. Every effort has and is being made to complete this work.

There is a continual heavy flow of amendments and cancellation resolutions of bank accounts in the name of the Minister relative to Crown plants, Crown companies and management fee projects which have been finalized or where production is continuing.

CENTRAL INVENTORY RECORDS DIVISION

The volume of work has been heavy during the past three months. Contractors have been submitting War Assets Corporation receipts in considerable numbers and on the basis of these receipts the departmental records are being relieved of the original capital charges. Canadian Arsenals Limited allocation reports have been received covering large blocks of assets taken over by the Arsenals. These transfers entail considerable checking and screening as between capital and production.

The volume of transfers (M. & S. 680) has diminished to a very great extent, but we still find cases where physical transfer of assets took place many months ago and no record was made of the movement. This was due to various production officers of the department authorizing the movement of equipment without the knowledge of this branch. Due to the fact that one or other of the contractors concerned has since been closed this type of transfer necessitates much investigation before the accounting of such movements can be satisfactorily recorded.

The reconciliation of accounts is now on a current basis and control accounts are maintained covering transfers between plants, (M. & S. 680), transfers to War Assets Corporation, (M. & S. 2008), and capital loss write-offs covering intangibles and actual losses.

During the last month steps were taken to have the Central Inventory Records division co-operate with the Surplus Property officer in an effort to speed up the clearance of surplus Crown assets from the plants of contractors. This relates particularly to tangible assets acquired by contractors from production funds.

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While Central Inventory Records division has been instructed to co-operate with the Surplus Property officer to the fullest extent, it must be stressed that their work for him in no way can be subordinated. Nevertheless the function which Central Inventory Records division are carrying out for the Surplus Property officer will enable this division to get from the contractors the documents necessary to clear its capital records more quickly. The new arrangements will also enable our men to co-ordinate their activities as between the contractor, War Assets Corporation representatives, and other parties concerned in the clearing of surplus government property from contractors' plants.

Over the next few months there will be an increase in the volume of work to be handled in recording the movement of assets out of the plants. More time will have to be devoted to contractors who find it advisable to send representatives to Ottawa in order to facilitate and speed up the process of the clearance of their records.

WAR SUPPLIES LIMITED, DIVISION

There are still 32 contracts which must be classed as incomplete for the reasons as set out below:

12 - on which contractors' invoices are required.

7 - require Treasury cost audits.

11 - termination claims not reported by Contract Settlement Board.

32 - termination claims not passed by War Supplies Ltd.

Every possible effort is being made to press contractors for final invoices and to have same audited by Treasury Cost Inspection and Audit. Similarly all possible is being done to finalize matters relating to terminations.

As of October 15 the staff of this division will be reduced to four, notices of release given in September are effective on that date.

C O N T R A C T S E T T L E M E N T B O A R D

The number of notices of termination and claims for final payment received during the past three months has been very much less than in any quarter since the Board was established. On the other hand, due to the fact that July and August were holiday months, the number of claims approved was also lower. The net result is that the total number of prime contractors' claims outstanding and awaiting settlement at September 30 is 329 as compared with 386 Claims outstanding at the end of June.

During this quarter, there were 167 final claims of prime contractors and 186 final claims of sub-contractors approved, in addition to which 19 settlements with Crown companies and management-fee projects were recorded.

Many of the claims now being received are quite substantial in amount, and as a result the average dollar value of the claims has increased during this quarter from $115,000. to $226,000.

Due to the fact that this office is now performing the supervision work formerly done by Federal Aircraft Limited, and to a large extent that done by Wartime Shipbuilding Limited, there has been a substantial increase in the volume of work of the Aircraft section of the Settlement division, particularly with regard to the processing of sub-contractors' claims.

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The staff of the Board has been further reduced and now numbers 71, distributed as follows:-

Administration	5
General Office	9
Settlement Division	47
Inspection Division	7
Property Transfer Division	3
	71

Several substantial claims from the shipbuilding companies are still awaited. In addition, the claims of Ford Motor Company of Canada and Chrysler Corporation of Canada, both of which will be substantial in amount, are yet to be received. These have been promised for the near future.

D E P R E C I A T I O N C O M M I T T E E

1. PARLIAMENTARY LIAISON

The House sat 48 days during the quarter and in this period 28 questions and 1 motion for production of papers were directed to the department. Prorogation took place on August 31.

The following facts pertaining to the second session of the twentieth parliament are of interest:-

Sitting days	-	118
Questions	-	182
Motions for Production of Papers	-	13
Unanswered -- (Orders for Return)	-	4

2. DEPRECIATION COMMITTEE

(a) The following table shows the net number of certificates issued during the quarter and the capital expenditure represented thereby:-

PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	33	$ 5,182,625.29
Prince Edward Island	1	10,000.00
New Brunswick	10	293,918.27
Quebec	175	10,060,532.25
Ontario	218	19,376,730.57
Manitoba	13	556,728.72
Saskatchewan	8	136,957.67
Alberta	16	495,578.10
British Columbia	61	2,708,391.73
Totals	535	$ 38,821,462.60

(b) The following table shows the net number of certificates issued to September 30, 1946 and the capital expenditure represented thereby:-

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PROVINCE	CERTIFICATES	CAPITAL EXPENDITURE
Nova Scotia	82	8,141,498.48
Prince Edward Island	6	134,267.00
New Brunswick	87	5,407,664.51
Quebec	955	115,889,692.47
Ontario	1637	222,426,140.52
Manitoba	88	3,715,245.94
Saskatchewan	37	758,482.27
Alberta	75	3,975,864.64
British Columbia	278	42,060,930.17
Totals	3245	$402,509,786.00

(c) As a result of the further screening decided upon in July, 76 applications representing a total of $28,685. for construction items and $505,630. for machinery and equipment were turned down as having been completed prior to submission of the applications. In addition, 18 applicants for certificates for construction items totalling $1,315,100. were refused certificates and were urged to postpone their projects.

During the month of September a decision was taken whereby applications for a licence from the Controller of Construction, which had not been refused by the Controller, would be acceptable to the Committee as the equivalent of a "notice of intention to incur capital costs." All certificates issued from July 20 to September 14 were rescreened with the result that 8 certificates for a total of $193,100. which had been previously refused, were issued.

This rescreening reduced the value of projects refused certification to $1,250,000 for construction and $406,400 for machinery and equipment.

Of the total eligible applications received during the quarter, 4.1% of dollar value was refused certification for the reasons discussed above.

3. CONTROLS

(a) Three orders in council respecting Controls were issued:-

P.C. 2714	dated July 3, 1946	-	Power
P.C. 3456	dated August 14, 1946	-	Motor Vehicles
P.C. 3544	dated August 22, 1946	-	Timber

(details in reports for July and August)

(b) The following Controllers' Orders were issued through this office:

No. Coal 24A	dated July 17, 1946
No. M.V.C. 28B	" August 1, 1946
No. M.V.C. 29B	" August 1, 1946
No. P.O. 11A	" August 12, 1946
No. M.V.C. 28C	" August 14, 1946
No. M.V.C. 29C	" August 14, 1946
No. M.V.C. 30	" August 14, 1946
No. Rubber 6E-1	" September 13, 1946

(c) Three cases of infractions of orders of the Controller of Construction were closed. Fines of $5,600 and costs were imposed and in one of the cases, a sentence of 10 days in jail was added.

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E C O N O M I C R E S E A R C H B R A N C H

1. FORECASTING STUDIES

Early in the third quarter of the year a forecast of employment for 1946 was completed. In this forecast the level of employment in all major economic groups was projected for each month in the year to the end of 1946. Employment at each of these twelve month intervals was averaged to provide the average employment for 1946.

A second statement summarizing the general economic outlook for 1946, based upon a revised forecast of national income and expenditure and the forecast of employment for the year, has been developed during the quarter but has been withheld from circulation outside the branch in order to allow for adjustments which may be necessary as a result of the steel strike.

A broad functional classification of imports has been completed for the years 1938 to 1945 and each of the groups, that is, finished consumer goods, components of consumer goods, finished producers goods, etc., have been correlated with related economic aggregates. These correlations will provide a basis for the establishment of relationships which will assist in the determination of the likely level of imports during 1947 and future years. Study of the present status and past behaviour of a selected list of commodity imports has continued throughout the quarter with a view to appraising their value as indicators of their activity in related industries.

A draft memorandum setting out the concept and components of national savings was completed during the quarter and investigation of source material for the development of a statistical series on some of the important components of personal savings was commenced.

A preliminary memorandum on problems relating to indirect taxes, particularly the sales tax as they pertain to forecasting, has been completed.

Examination of the export pattern has been carried out with a view to establishing suitable coverage for the quarterly forecast of exports which is under development jointly by Economic Research branch and by the Export branch of the Department of Trade and Commerce.

Preparations have been under way during the quarter for the 1947 forecast. In particular, initial arrangements for the survey of capital, repair and maintenance expenditures of business enterprises have been completed with the Dominion Bureau of Statistics.

2. AREA STUDIES

The regular monthly reports were completed and distributed during the quarter. The reports for June and July contained an analysis of employment trends based on D.B.S. employment survey data from 1939 to 1946 for the provinces and for the larger industrial centres respectively. An attempt was made to bring up to date Section V of "Location and Effects of Wartime Industrial Expansion in Canada, 1939-1944", by indicating the extent to which the various industrial centres are succeeding in maintaining their wartime gains in employment during the transition from a war to a peacetime economy. The report for August contained an account of the employment forecast survey carried on by the Department of Labour and an analysis of forecast changes by regions.

Following a conference in Halifax in June, a survey of the Sydney area was prepared by the Director-General and presented to the Minister and the Deputy Minister.

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A first draft of an outline study of the factors affecting the economic position of Quebec City was completed and reviewed.

In September a special report giving ratings on the industrial development prospects of approximately ninety municipalities in Ontario and Quebec was prepared for Central Mortgage and Housing Corporation.

Considerable work was required in the fundamental revision of the area studies, involving a consideration of area problems from the long term prospects for peacetime employment rather than a current review of the employment situation in the localities most directly affected by reconversion problems. Work was completed on a revision of the areas included in the Area Study Summary Tables and of the content of the tables, and new plates were designed and printed accordingly. These changes will be incorporated in the September report.

Increasing attention was given to the development of the theoretical concept of full employment on a regional basis, and a preliminary memorandum is in preparation.

3. INDUSTRY STUDIES

During the quarter, the secretariat of the Interdepartmental Committee on Industry Studies prepared a memorandum on the preliminary work of the secretariat. Arrangements have been made for the cataloguing of industrial information available in the government departments and agencies, represented on the Interdepartmental Committee.

A draft of the study of the Canadian automobile industry is nearing completion. A survey of the rubber industry is under way and will be followed by preliminary supply-demand analyses in selected manufacturing industries.

A statement on the progress of industrial reconversion was prepared for the Minister for the annual issue of the Financial Times.

4. CHART PREPARATION

During the quarter 64 new charts were prepared, 61 were brought up to date and 54 revisions were made to charts already completed. A series of 14 maps of Canada was prepared showing the location of industrial plants producing building materials.

5. MONTHLY SUMMARY OF ECONOMIC CONDITIONS

The regular monthly reports on current economic conditions were issued during the quarter. These reports summarized briefly Canadian action against inflationary pressures and the possible effect of such action on the Canadian economy; reviewed the progress which has been made in reconversion to peacetime production with particular reference to conditions created by current work stoppages and indicated a number of maladjustments of economic relations that are creeping into the Canadian economy and which will have to be watched and interpreted during the next year or eighteen months.

6. FORECAST OF CAPITAL INVESTMENT

A statistical White Paper entitled "Capital, Repair, and Maintenance Expenditures by Business Enterprises in Canada, Forecast 1946" has been completed. At the end of the quarter it is in the process of being printed.

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7. RESEARCH SURVEY

A draft memorandum has been prepared on technical research activity in the private sector of the Canadian economy. Further work on this draft is being undertaken on the significance of scientific research on economic behaviour.

A first draft of the survey of research being carried on by Dominion Government agencies is nearing completion.

8. PUBLIC PROJECTS

The main effort of this section during the quarter was concentrated on the preparation of tables, listings and reports on the construction items submitted by the various Federal departments and agencies for inclusion in the supplementary estimates. Subsequent to the passing in the House of the estimates, records have been revised to date and tables prepared on the complete 1946-47 construction program of the Dominion Government. Preliminary steps have been taken in connection with a quarterly survey of actual expenditures made by Federal departments and agencies on public construction projects. This survey is being undertaken in co-operation with the Department of Finance. Work is proceeding on a second periodic report on the Dominion construction program.

A series of maps designed to show the geographical distribution of plants producing building and construction materials in Canada has been completed.

Records and files have been reorganized and expanded to accommodate an enlarged program and to provide a record section for the official reserve shelf of public projects.

Normal production of tables, reports and statements concerning various aspects of the public construction program was continued.

9. PUBLIC INVESTMENT AND CAPITAL FORMATION

Work on bringing up to date the report "Public Investment and Capital Formation, 1926-1941" has proceeded during the quarter. A major portion of the statistical material covering the years 1942-1945 has been compiled.

10. SPECIAL DEPRECIATION

Applications for special depreciation allowance under P.C. 8640 of November 10, 1944 as amended by P.C. 1449 of April 16, 1946, totalled $38,740,000 for the three months ended September 30, 1946. Of this amount $8,752,000 was for new construction, $1,913,000 for buildings purchased, $22,828,000 for new machinery and equipment and $5,247,000 for used machinery and equipment.

Information was provided to the Special Depreciation Committee on housing and labour conditions in communities affected by construction jobs as outlined in applications for the allowance.

11. HOUSING AND BUILDING MATERIALS

The regular monthly reports on the "Supply of Building Materials" were issued during the quarter. Part A of these reports covers data on the flow of building materials and items of current interest relative to building activity in Canada. Part B contains up-to-date tabular material on priorities issued by types of priorities and by provinces.

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A number of inquiries for statistics by the Co-ordinator of Housing, Priorities branch of the Department and the Committee on Materials of the Canadian Construction Association were filled.

A chart book showing progress in production of a selected group of key building materials was introduced and is being kept up to date on a monthly basis.

The report "Manpower and Building Material Requirements for a Housing Target in Canada" was published and distribution was commenced in the second half of September.

12. EMPLOYMENT PROBLEMS AND SPECIAL ASSIGNMENTS

The final report dealing with post-war industrial re-adjustment entitled "Reconversion, Modernization and Expansion - Progress and Programs in Selected Canadian Manufacturing Industries, 1945-1947" was completed and tabled in the House by the Minister on August 22. This report was based on information supplied this department by 643 major plants formerly engaged on war production.

A memorandum providing "A Measure of the Repercussion of the Strike in the Basic Steel Industry" based on employment reports of 151 large steel consuming plants in nineteen industries was prepared. Employment and man-hours data for these plants for the last pre-strike pay period and two months later were compiled and analysed.

A paper on Canadian Economic Progress and Immigration was prepared and delivered to the Senate Committee on Immigration and Labour by the Director-General.

A statistical summary of the estimated distribution of Canadian manpower was completed and distributed within the branch.

The regular monthly reports providing advanced estimates of employment based on special tabulations of the Dominion Bureau of Statistics were prepared.

Information contained in the series of charts on employment and payroll data, taken over from W.P.T.B., has been brought up to date and the charts are in the course of preparation.

The final draft of a special report indicating the progress of post-war disposal of Crown plants is nearing completion.

Regular monthly reports on the trend of employment and demand for labour in the base metal mining and refining industry were issued.

13. WAR PRODUCTION

The outline of the draft report "The Canadian Industrial War Effort" was revised and a procedure was set out concerning the re-write necessary for a document designed for tabling in the House at the next session.

A number of miscellaneous statements were prepared including a revision to December, 1945 of the report "Government Financed Expansion of Industrial Capacity".

14. DEMOBILIZATION

A report covering the demobilization of the armed forces up to September 1, 1946 was released late in the quarter.

Since demobilization is now nearly complete it is intended that this report be the last of the series.

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15. LIBRARY

During the third quarter of 1946 both circulation and reference work increased. The library was enlarged to include a section to service Central Mortgage and Housing Corporation.

The library received 61 new books and 8 new periodicals during the quarter.

16. EXPORT EMPLOYMENT STUDY

The first draft of the study dealing with the employment content of production in the pulp and paper and newsprint industries with particular reference to the employment effect of export was completed.

17. CONFERENCES AND MEETINGS

The Director-General and two members of the branch attended meetings in Washington for discussions on forecasting with officials from the United Kingdom and the United States. The general topics discussed included objectives and organization, forecasting techniques and policy formulation arising out of forecasting, with particular reference to the maintenance of full employment levels.

Discussions were held in Washington with officers of agencies of the United States and United Kingdom Governments on the exchange of economic information among the various governments of the United Nations.

Members of the staff attended a number of official interdepartmental meetings including the Committee on Free Ports, the Committee on Newfoundland, the Committee on Professionally Trained Personnel and the Committee on Enemy Patents.

Discussions on post-war problems were held during the quarter with European economists and journalists.

O F F I C E O F T H E F I N A N C I A L A D V I S E R

R E N E G O T I A T I O N

As at June 30 the total of refunds arranged was shown as	$406,655,948
Added July 1 - September 30	15,265,483
	$421,921,431
Deducted for duplications, etc.	391,321
Adjusted total to September 30	$421,530,110

During the quarter, 1,479 cases were dealt with and completed as follows:

Refunds established - - - - - - - - - - - - - - - - - -	198
Settled on basis of no refund after examination of financial statements - - - - - - - - - - - - - - - -	259
No renegotiation deemed to be required after preliminary investigation - - - - - - - - - - - - -	750
No war business reports accepted - - - - - - - - - -	272
TOTAL	1,479

The quarterly total of refunds established by overall renegotiation and covered by Crown companies and the Purchasing branch on ceiling price contracts and through voluntary refunds was $15,265,483, which is made up as follows:

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Refunds established by renegotiation (198 cases) - - -	$12,964,366
Recoveries on ceiling price contracts and voluntary refunds to Crown companies and Purchasing branch -	2,301,117
TOTAL FOR QUARTER	$15,265,483

Up to the end of September, 6,736 companies or individuals have been approached and 2,931 individual files have been opened. Individual files are only opened when preliminary investigation indicates the need for more comprehensive review.

It is interesting to note that the average earnings of 1,129 cases, where refunds were not required, was 4% of cost, while that of 1,111 cases, where refunds were obtained was reduced to 7.15% from reported average earnings of 13.92% of costs. These figures are cumulative to the end of September, 1946.

LIQUIDATION OF ADVANCES, WINDING UP, ETC.

Winding up of Crown companies

The overall situation is as follows:-

	As at September 30	As at June 30
Continuing operations	5	5
Winding up	5	7
Wound up	21	19
TOTALS	31	31

The Comptroller's branch quarterly report will deal individually with the five companies in the process of winding up which are as follows:

Aero Timber Products Limited
Melbourne Merchandising Limited
Research Enterprises Limited
War Supplies Limited
Wartime Shipbuilding Limited

Taking all things into consideration, satisfactory progress is being made in the winding up of Crown companies.

Winding up of Crown-owned Management Fee Projects

The overall situation is as follows:

	As at September 30	As at June 30
Continuing operations	6	6
Winding up	37	38
Wound up	25	24
TOTALS	68	68

Progress in winding up these management fee projects is most disappointing although more actual progress has been made than appears on the surface. Practically all reconciliations on capital accounts have been completed and considerable progress has been made in reconciling production accounts. However, the office has been very badly handicapped during the past quarter by holidays, absences on business both in the Department and in the plants, and by resignations, and it would seem that the resignations of Messrs. Jackson and Van Sickle in the Production Stores Accounting division of the Comptroller's branch will further complicate matters as most of the production accounts are carried on the books of that division. The Comptroller's branch will be giving a separate report on the management fee companies.

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Recovery of Working Capital Advances to Private Contractors

The past quarter saw good progress made in recovering outstanding working capital advances to private contractors as follows:-

	Amount	Number
Advances June 30, 1946	$178,066,056	85
New Advances during quarter	1,339,860	
	$179,405,916	
Recoveries during quarter	33,265,080	(31 complete, 31 partial)
Advances September 30, 1946	$146,140,836	54

An analysis as at the end of September shows:

Canadian Car & Foundry	$ 52,101,644
Canadair Limited	10,037,884
Fairchild Aircraft Limited	49,036,813
Fleet Aircraft Limited	8,863,306
	$120,039,647

4	accounts totalling (as above)		$120,039,647
9	"	between $1,000,000 & $5,000,000	17,775,787
21	"	" $100,000 & $1,000,000	7,679,999
20		under $100,000	645,403
54	"	totalling	$146,140,836

In large measure this office is down to the accounts which either because of large volume or special features present considerable difficulties and delays in liquidation. Unusual problems presented in the Canadair operation have made it impossible to devote adequate attention to the other aircraft companies but it is hoped this situation will be remedied shortly.

Guaranteed Bank Overdrafts under P.C. 3542

Guarantees cancelled during quarter	8
Guarantees reduced during quarter	2
Total number of Guarantees issued	110
Total number of Guarantees remaining end of September	6
Total amount of Guarantees remaining end of June	$6,830,000
Total amount of Guarantees remaining end of September	5,500,000
Total amount of Overdrafts at end of June	797,590
Total amount of Overdrafts at end of September	903,110

Loans under the Auspices of the Loan Committee

No change. The 12 loans under this heading were liquidated some time ago.

Miscellaneous Guarantees

The loan of Ed. and Kenneth Oliver guaranteed by the Emergency Coal Production Board was liquidated during the quarter. The only remaining coal loan, which is that of Standard Coal Co. Ltd., was reduced from $7,000 to $2,500 during the quarter, the liquidation is expected during the coming quarter.

Privy Council has authorized a guarantee of $730,000 on behalf of Acadia Coal Co. Ltd., to enable that company to open and develop a new seam of coal. The terms of the guarantee are at present being negotiated with the company and Dosco.

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Strip Mining Projects - These were all cancelled some time ago.

SETTLEMENT OF CONTRACTS

By the end of the second quarter, the number of contracts remaining to be settled was reduced to 2,050 as a result of the settlement of 1,080 contracts during the quarter. Certain figures which illustrate what has been accomplished are set out here below:

	Second Quarter 1946-47	First Quarter 1946-47	Fourth Quarter 1945-46
Unsettled contracts at beginning of quarter	3,086	4,708	5,745
Total settlements during quarter	1,080	1,681	2,239
Unsettled contracts at end of quarter	2,050	3,086	4,708
Ration No. of settlements to unsettled contracts at beginning of quarter	35%	36%	39%
No. of contractors (end of quarter)	166	256	406

Analyzing the contracts settled during the quarter, 972 were direct settlements on the basis of government audit, self-audit or negotiation, while 108 were part of overall renegotiation settlements. In this connection, 812 of the 2,050 contracts remaining to be settled will be specific settlements and 1,238 of those remaining will be taken care of in overall renegotiations. The most important transfers of contracts from the category of specific settlement to settlement as part of renegotiation were those of RCA Victor, Northern Electric and Canadian Marconi, whose contracts, in the main, had been subject to Master Audit Agreements which called for Treasury Cost Audits.

DESTRUCTION OF FINANCIAL RECORDS COMMITTEE

The volume of accounting records without permanent value which were recommended for destruction fell off during the July - September quarter as compared to the preceding two quarters. The records in question of 16 contractors were dealt with in three meetings of the committee whereas such records of 33 contractors were processed in the previous quarter.

The present indication, however, is that a larger volume of recommendations will be forthcoming in the next period.

LIAISON WITH COMPTROLLER OF THE TREASURY, AUDITOR-GENERAL, INCOME TAX DIVISION AND COMPTROLLER'S BRANCH

Cost Audit Reports

There were about 12 audit requests during the quarter and approximately 80 reports issued. The scrutinizing and distributing of these audits and reporting the refunds established thereon is being kept up-to-date.

Liaison with Service Treasuries

Approximately 85 letters have been received from the Service treasuries regarding contracts on which firm prices have not yet been established. 55 of these inquiries were received during the month of September. This office has not been abbe to deal with all these inquiries immediately on receipt but is making the necessary investigations as quickly as possible.

Liaison with Comptroller's Branch

222 requests for collection of refund were passed to the Comptroller's branch and approximately 65 were referred back to this office, due to difficulties encountered in making collection or requests for extension of time in making payments. This phase of our work has increased considerably during the quarter.

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Allocations of refunds were provided for a total of $74,066,775 during the quarter. Special attention was given to providing distribution for funds in the suspense account and nearly all amounts held in suspense as at July 31 have been cleared insofar as this office is concerned.

In connection with allocations, it was arranged that funds allocated to Crown companies as a result of renegotiation of their suppliers are being placed in the Special Receipts War Appropriation Account with the exception of Polymer Corporation. The Crown companies which are still operating are notified and bookkeeping adjustments are made, giving them credit for price reductions in their purchases. This new arrangement eliminates the forwarding of funds to the Crown companies except for specific purposes and still maintains as accurate a record as possible of the cost of the material or equipment produced by them.

Certificates of Necessity

There were 15 applications made for Certificates of Necessity during the quarter, of which 9 were approved.

STAFF

Other than the replacement of R.E. Saunders, C.A., Chief Accountant of the Renegotiation Division, by W.L. Parr, C.A., no major changes occurred in the staff situation. The accommodation problem, while not finally settled, is no longer pressing, satisfactory office space having become available during the quarter, and the necessary rearrangement of staff will be carried out shortly.

H O U S I N G C O - O R D I N A T I O N B R A N C H

During this quarter the work of the branch was concentrated on the materials end, to assist in increasing the production of building materials and supplies for essential construction in Canada, particularly that of housing. Work was focused on increased production from existing capacity; expansion of current production facilities for materials in short supply; reclamation of materials from surplus war projects; encouragement of imports of needed materials; control of exports. The matters of imports and exports were handled in liaison with the Government departments responsible for such operations.

Changing conditions necessitated continual surveys of the supply and demand pictures through contact with the research departments of the Government, with industrial associations and also directly with key producers. A major phase in the operation of the branch was in conjunction with the Executive Committee on Materials.

REPORTS

The monthly review on "Supply of Building Materials" and "The Chart Book" by the Economic Research branch, provided the basic, detailed information necessary to the development of supplementary reports for specific purposes. These special reports were primarily pinned to: the housing program and materials required for the program; the residual materials and supplies for other essential construction; the disappearance of materials and supplies to construction, other than housing, and to non-essential construction. These have been planned and designed in collaboration with the Economic Research branch and from data, where necessary, from certain key industrial associations and organizations or from special field and "on site" surveys.

Except for surveys on individual projects, these reports are being continued on a monthly basis.

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"REPORT ON DOMESTIC PRODUCTION OF BUILDING MATERIALS AS COMPARED WITH REQUIREMENTS FOR 60,000 UNIT HOUSING PROGRAMME".

This is produced monthly and is a summary progress report on production of building materials and supplies against the demand for housing. It also shows: imports and exports; the plus or minus picture on materials against needs for housing; the residual materials for other construction; materials obtained through reclamation projects.

"PRODUCTION OF SELECTED BUILDING MATERIAL ITEMS, SHOWING MONTHLY AVERAGE FOR 1944 AND 1945 AND MONTH BY MONTH PRODUCTION FOR 1946".

This is a condensed report, confined to what are considered the key materials or groups of materials. It compares "current" production with past performance and "pin-points" the relative weak spots in the production picture so that immediate steps may be taken to remedy the conditions.

MONTHLY ANALYSIS OF MACLEAN'S BUILDING REPORTS

This shows a comparison between volume, in dollars, of residential and other types of construction. The MacLean reports cover construction, across Canada, of building contracts awarded of $1,000. and over. Since these reports are on the basis of "contracts awarded" they can be considered estimated costs. Actual expenditures, by the time a job is completed, may well be considerably above the MacLean figures.

The value of these data, however, is that they indicate the disappearance of building materials and supplies from housing and essential industrial construction to non-essential fields and show the trends toward or away from housing even though the actual construction of considerable building may be planned for some future date.

THE "CHART BOOK"

This covers the production of building materials for selected key years and, by months, for 1946. It is a quick visual presentation, based on detailed figures available in the Housing Co-ordination or the Economic Research branch.

PORTFOLIO OF MAPS OF CANADA SHOWING GEOGRAPHICAL LOCATION OF ESTABLISHMENTS PRODUCING BUILDING MATERIALS AND SUPPLIES.

This was prepared due to the need for readily available data on location of producers, for better knowledge of distribution, costs and prices problems. It is of particular value in liaision work with the Wartime Prices and Trade Board and in relations with industrial associations. Cases in point have been in negotiations toward increased, economical production and distribution of such materials as brick and tile, furnaces and stoves, and other materials where production is unevenly located and it is necessary to re-align distribution.

A plan is in process to extend this series of maps to show large industrial and public works programs which involve extensive usage of certain types of materials and have, accordingly, a substantial effect on distribution problems.

"SPOT" REPORTS

As required, covering production, usage, exports, imports, etc., of specific materials and supplies on an industrial basis or, where necessary, to examine the production operations of individual establishments.

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THE COMMITTEE ON MATERIALS, CANADIAN CONSTRUCTION ASSOCIATION

The twelve recommendations of this committee and action taken by the Executive Committee on Materials have been analyzed and summarized in a special report, dated August 15, 1946, (submitted as an appendix). Definite action has been taken in respect of the five recommendations dealing specifically with increasing supplies of building materials. These cover a broad field, having regard to the number of producers, continued action is being taken to further increase production.

EXECUTIVE COMMITTEE ON MATERIALS

Many problems of production, supply and distribution of materials have come to this Branch, requiring joint action by the various offices of the Department of Reconstruction and Supply and other departments of the Government.

This branch has, therefore, worked in close cooperation with the above committee in examining problems of materials supply both industrially and individually; processing the cases; and preparing recommendations for decision and action by the Committee.

On arriving at decisions on these cases action has been taken, as considered advisable, either by the Housing Co-ordination branch or the committee as a whole. Details on action are covered in the reports of the committee.

LABOUR

All cases where producers have complained of lack of labour have been dealt with. Details have been provided to the Labour Liaison Officer to act on in conjunction with the Department of Labour.

AIDS TO SPECIFIC INDUSTRIES

In line with established policy, cases have been generally dealt with by individual establishments rather than an industry as a whole. However, the pattern set in handling the problems of one establishment can generally be used as a basis for dealing with other concerns in the same industry. Specific aid has been given to the production of supplies listed in the following sections of this report.

STOVES AND FURNACES

Direct assistance has been given to Clare Bros. Limited, Preston, Ont., in obtaining accommodations for plant rehabilitation and expansion, namely, by the procurement of two hangars from Brantford airport. The use of these accommodations will enable the company to resume operations, after being closed down for five months due to fire losses. It is expected that production will be resumed before the end of 1946.

Due to the fact that the Advisory Committee of the Industry pointed out the difficulties involved in producing 51,262 warm air furnaces, the estimated needs for 60,000 housing units, meetings have been held with the industry to develop ways and means of producing adequate heating equipment of some nature to meet the requirements.

This branch, therefore, in conjunction with the industry has arranged for a report covering the potential production of the industry. This will show: current production by types and sizes of hot air units; the potential production of the industry; the possibilities of changing over production to increase the number of small units; substitute methods of heating, such as space heaters, for small houses until sufficient warm air furnaces can be turned out.

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The report will be available early in October and figures will be based on the assumption that adequate supplies of materials will be available.

SOIL PIPE AND FITTINGS

Assistance has been given to Anthes Imperial Limited in obtaining equipment from War Assets Corporation to replace broken down equipment at Winnipeg and St. Catharines plants. Arrangements are under way to obtain huts for housing of additional labour at St. Catharines. A recommendation has been made, through the Executive Committee on Materials, to the Crown, that financial assistance be given to this firm at St. Catharines, which will be repaid by credits on increased production of 2,800 tons of soil pipe and fittings per annum during 1947 and 1948.

In respect of Associated Foundries, Vancouver, after considering production facilities and financial requirements, it was recommended that they make arrangements with the Industrial Development Bank. These are now under negotiation.

The British Columbia Tube Works Limited, Vancouver, reported plans to go into the soil pipe production, their potential production being dependent upon supply of steel scrap. Their case has been considered by the Executive Committee on Materials. The Steel Controller has arranged to provide scrap when they are ready to go into production. They do not request financial aid.

The Northern Engineering and Supply Company Ltd., Fort William, indicated its intention to go into increased production and the possibilities of this production are under investigation.

GLASS

Canada is assured of approximately one and a half million feet per month from the United Kingdom. Small shipments have landed from Belgium and although there is, as yet, no assurance of future supplies, it is expected that others will follow. The glass supply from the United States has dried up for the present. The Glass Administrator, W.P.T.B., is preparing a report, on estimated future supplies, which will be ready early in October.

BRICK AND TILE

Representations have been made to this branch for assistance by way of finance and labour, by eight firms. Four cases, namely, Norwich Brick and Tile, Albert Deller & Son, Northern Brick and Clay Products and Georgetown Clay Products Company, have been passed on by the Executive Committee on Materials and recommendations made that they approach the Industrial Development Bank for the funds they claim necessary for increased production. Arrangements have been made for priorities on materials and for accelerated depreciation where desired.

Four other firms, notably, the Toronto Brick Company, have submitted data concerning their programs and requirements. These have been discussed with the Executive Committee on Materials and with the Construction Products Administration. The latter are pursuing further investigations to determine the merits of the requests, for our action. The supply of labour was the major problem with Toronto Brick Company and the Labour Liaison Officer has acted with the Department of Labour to channel additional help to this firm and to other producers. This work is being continued. The Cooksville Company's problem is the early expected loss of P.O.W's. which the Company claimed would reduce their production from a current 80% to 50% of capacity. Meetings were held with the company and the administration and the matter has been turned over to the Labour Liaison Officer for action.

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NAILS

A constant check has been maintained with Steel Control as to stocks of nails on hand at the producer level and the current production picture. This shortage situation, however, has been handled directly by the Steel Control and the Priorities branch.

PLUMBING SUPPLIES AND EQUIPMENT

Throughout the quarter, negotiations were carried on with Crane Limited, with a view toward increasing the supply of cast iron sanitary ware by 20,000 bathtubs and 20,000 smaller pieces per annum. These meetings resulted in a proposal that the financial assistance given to the company be covered by incentive bonus credits on production over the base level. The arrangement, however, was qualified by the fact that the bonus would cease if price ceilings were suspended and Crane Limited refused to come into agreement. Further proposals were later developed on a contractual basis and agreed to in principle, whereby Crane will proceed with expansion of production facilities and will earn back the costs involved through bonus credits on increased production up to the end of 1948 plus receiving double depreciation on new installations. At the end of the quarter negotiations had reached the finalizing stage.

SHIPPING CASES

A number of requests have been received for aid in securing corrugated shipping cases for building materials. Since these are frozen by the W.P.T.B. deserving appeals have been forwarded with details of need to the Administrator of Shipping Cases, W.P.T.B. Food and food products are at the top of the list with construction products immediately following.

RECLAMATION PROJECTS

The number and approximate position of reclamation projects for the recovery of materials and equipment suitable for house construction, as of September 30, 1946, is as indicated below.

Operations Completed.	Operations Under Way	Operations To Start Shortly	Operations under active Consideration	Total
3	19	10	40	71

Completed Projects

Montmagny, P.Q.
Windsor Mills, P.Q.
Chatham, Ontario.

Operations under Way:

Woodstock, Ont.	Transcona, Man.	Nanaimo, B.C.
Mount Hope, Ont.	Nobel, Ont.	Jarvis, Ont.
Brantford, Ont. (2)	Halifax, N.S. (2)	North Bay, Ont.
Kingston, Ont.	Sarnia, Ont.	Belleville, Ont.
Toronto, Ont.	Orillia, Ont.	Virden, Man.
Pickering, Ont.	Brandon.	

In addition, other surplus properties presenting possibilities for reclamation purposes are being considered.

In some locations where emergency shelter conditions, which might require the use of the surplus buildings, are foreseen, decision regarding reclamation has to be delayed pending action by municipal authorities which are usually slow to act in this respect.

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Some approximation of the quantities of materials and equipment reclaimed from reclamation projects undertaken for general allocation among government controlled agencies engaged in the construction of houses for veterans may be had from the table below.

Item	Meas.	Reclaimed	Delivered	On Hand
Doors and frames	Ea.	2,920	1,631	1,289
Windows and frames	Ea.	9,776	3,890	5,886
Lumber	FBM	8,130,633	6,376,562	1,754,071
Wallboards	SF	1,095,467	907,257	188,210
Plumbing Fixtures	Ea.	730	552	178
Plumbing Pipe	LF.	52,525	30,147	22,378
Electric Outlets	Ea.	9,547	7,358	2,189
Electric Wire	LF.	637,713	213,596	424,117
Nails	Lbs.	34,151	17,555	16,596

The above does not include the quantities reclaimed through demolitions carried out by government controlled agencies to serve only their own requirements.

PUBLICITY

Feature publicity was released in September covering the Transcona reclamation project. This is to be followed by other releases, on selected projects, which are being prepared by the Publicity branch.

A proposed program of publicity on the housing situation and materials involved has been developed in outline. This is in the hands of the Publicity branch and includes films, news clips and attendant material.

MEETINGS

These were, in the main, with other departments, association representatives and groups of industrial interests or individual industrial and contracting firms. They have been particularly important to the operations of the branch in that they provide guides to practical aid to industry in locating materials and supplies, referrals for priorities and arranging for equitable distribution etc., all of which contribute to increased production or effecting better distribution of goods.

In general, the manufacturers have stressed the matter of distribution. Many have claimed they would like tighter controls on materials required for priority projects or other essential housing and industrial construction so that these could be channeled by them, but under Government instructions to the work where the goods are most needed. Notably, the industries which have expressed themselves along the above lines include brick and tile, soil pipe, roofing, wallboard and sanitary-ware. These, however, are being handled to a substantial extent through priorities and directives.

LIAISON

This primarily has had to do with building materials and supplies production, exports, imports and prices, and equipment needed for production. Constant contacts with the Controllers, the Priorities branch, C.M.H.C., the W.P.T.B., have been maintained, and with War Assets Corporation, Crown Assets Allocations Committee, the Department of Trade and Commerce, the Department of Veterans' Affairs and, at times, the Department of National Defense.

In the matter of supply considerable inquiries (or complaints) have been received from municipalities and private individuals concerning lack of building materials in their localities. Where equitable distribution is involved each case has been taken up with W.P.T.B. provided it is directly concerned, or with the Controllers who have to do with the handling of these materials, and with the Priorities branch.

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GENERAL

Under this heading included are the handling of inquiries from producers of materials, contractors on housing projects, etc., who claim to be in need of supplies and equipment. These are checked against the availability of supplies and, where the cases have shown good reason for assistance, have been passed to the supplying authorities directly concerned.

Correspondence channelled to this office from other Departments has all been handled. During the Session many calls and communications were received from members of Parliament concerning inquiries or complaints from their constituents. All questions were cared for.

August 15, 1946.

SUMMARY REPORT ON RECOMMENDATIONS BY THE COMMITTEE ON MATERIALS CANADIAN CONSTRUCTION ASSOCIATION AND ACTION TAKEN THROUGH THE DEPARTMENT OF RECONSTRUCTION AND SUPPLY

The following is a summary of the recommendations respecting building materials and supplies, made by the Committee on Materials, Canadian Construction Association, to the Right Honourable the Minister of Reconstruction and Supply, and the acknowledgements by the Executive Committee on Materials, Department of Reconstruction and Supply.

1. February 16 - Recommendation: -

Dismantlement of surplus Armed Services' buildings and use of materials salvaged therefrom for housing purposes.

Action Taken:-

A section of the Housing Co-ordination Branch has been set up to survey Government-owned industrial projects and camps formerly occupied by the Armed Forces to determine the types and quantities of materials and supplies at these locations and their potential use for housing construction. Special consideration has been given to the location of these projects so that recoverable materials will be most readily available for building in localities particularly in need of additional priority housing. Actually under way are reclamation operations at the D.I.L. plant, Transcona, and at the Nobel project. Demolition has started and some recovered materials have actually gone into construction. Surveys of other projects have been made and the next to be handled are at Deepbrook, Nova Scotia, Shelburne, Nova Scotia and various points in British Columbia.

2. February 23 - Recommendation:-

Deferment of construction of theatres, dance halls and amusement places of that type. That certain controls be set up to curb non-essential construction in order to conserve materials vitally needed for housing.

Action Taken:-

It was considered that the Federal Government itself was not in a position to handle such matters directly in view of the fact that the Construction Control no longer exists and the authority for issuing permits to build is vested in the municipalities. It is regrettable to note that, except in a few localities, there has been considerable construction of non or less essential natures such as theatres, other places of amusement, storage warehouses, garages, etc. Unfortunately the bulk of these are largely in or adjacent to tight housing areas.

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3. March 7 - Recommendations:-

Cast iron soil pipe and fittings.

(a) Price increase.

(b) Capital assistance and accelerated depreciation to provide for expansion of existing foundries making soil pipe and also for those not now making soil pipe.

(c) Operation of Crown-owned surplus war plant by private company on management fee basis.

Action Taken:-

The Government has gone into the matter thoroughly and had examined the possibility of increased production in two ways. Plan No. 1 is to assist in making available additional suitable plants to operating soil pipe manufacturers. Plan No. 2 is to foster increased production by these manufacturers at their own plants. The latter plan is felt to have more merit because equipment and patterns are on the sites whereas in opening new plants it would be necessary to seek extremely scarce equipment wherever possible and make up new sets of patterns.

Presently, one leading soil pipe manufacturing company has advised that they can increase production, with proper financial and equipment assistance by approximately 10,000 tons of pipe and fittings per year, once it attains maximum production. This firm had already submitted its preliminary report and the Government will deal with it as soon as specific requirements of this firm are drawn up. Assistance has been given in helping to obtain equipment from War Assets Corporation.

4. March 11 - Recommendations:-

Establishment of independent 5-man Board to:-

(a) Determine what classes of construction projects should be deferred and to defer such projects where desirable.

(b) Obtain information as to construction projects intended to be carried out this year.

These recommendations were further developments of Recommendation No. 2, and suggested that a special 5-man Board be established by the Government to determine the types of construction that would be considered as essential or otherwise, and set up a plan of screening.

Action Taken:-

The Government, in view of the fact that the authority to issue building permits was under the municipalities, considered that this was presently outside of Federal jurisdiction.

5. April 3 - Recommendation:-

Expressed concern at steel pipe shortage; asked if any conservation program or other steps were planned by the Government and recommended conservation.

Action Taken:-

In handling the matter the Government has acted by prohibiting export and exploring the use of such substitutes as aluminum - alloys, copper and brass. Steps have already been taken to increase the use of copper and alloy known as camalloy. All copper and brass pipe and tubing have been frozen and are only released on order.

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6. April 3 - Recommendation:-

Expressed concern at shortage of window glass and asked if any steps can be taken to expedite imports from Belgium

Action Taken:-

This recommendation has to do with the window glass situation and, in view of the fact that Canada is entirely dependent on imports, it was suggested that greater efforts be made to increase these imports. From Great Britain there has been a steady flow averaging close to 1,500,000 ft. per month, which will bring in a total of the arranged for quantity of 18,000,000 feet during the year. It is possible that during the latter months of the year there will be an increase. From Belgium and Czechoslovakia no glass has actually been received, but at the present time there are three ships afloat carrying approximately 800,000 feet. This is not for low cost housing, but should contribute to relief of housing generally. The Glass Administrator advises that the needs for priority housing are being watched and will be satisfied. From the United States some supplies of glass came into Canada during the early part of the year. Although it was brought in as "window" glass, it was not helpful for housing because it was largely for automobiles and other purposes. The import situation from the United States has been disappointing, resulting from the various strikes in the glass, coal and soda ash industries.

7. April 8 - Recommendation:-

Plumbing Fixtures: (Bathtubs, closet bowls, sinks, etc.)
Provision of additional capacity through accelerated depreciation and, if necessary, capital assistance, to companies now making cast iron enamelled and vitreous china plumbing fixtures.
Target: 50% increase over estimated 1946 production.

Action Taken:-

The recommendation was that the manufacturers be approached to find out what they would be prepared to do to increase production by 50%. Plans are at the discussion stage covering such matters as capital assistance and accelerated depreciation for expansion of production facilities and other incentives for substantially increased production over and above the present rate toward a target of 50% increase over the currently estimated 1946 production. Industry has co-operated to the extent that the major producer has already placed orders for additional equipment.

There is a further increased source of supply as a result of production from a new company established in Vancouver. This company is particularly engaged in the production of tubs. Arrangements for pressed steel have been made with the United States and the material is flowing in to Vancouver, where they are enamelled and finished. It is expected that this production will be fairly substantial.

A still further supply of sinks and basins is expected from General Steel Wares, Toronto, if, as, and when steel can be obtained. Export control over these supplies has been tightened and, as a matter of fact, exports have recently been prohibited to a foreign country for a sizeable quantity.

8. April 9 - Recommendation:-

Price relief on specific low-price items in short supply, regardless of fact company concerned is making over-all profit.

Action Taken:-

Since the matter of pricing is under the jurisdiction of the Wartime Prices and Trade Board, the Executive Committee advised that the

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individual cases be taken up directly with the Wartime Prices and Trade Board through the Co-ordinator of Capital Equipment and Durable Goods. These matters are under constant review and appeals in such cases are being made to the Wartime Prices and Trade Board.

9. April 30 - Recommendation:-

To develop some national programme of education devoted to increasing productivity of labour.

Action Taken:-

The Executive Committee in considering this felt that the matter should be discussed with the National Joint Conference Board of Construction Industry, since the Board had representatives from labour, management and Government. It should be noted that the Government, through its programme, through the Canadian Vocation Branch, Department of Labour, is conducting a broad programme of training for returned veterans in the many skilled trades connected with building and construction. This, however, can go only so far and it was felt that industry itself was in the best position to give an impetus to such a movement. Furthermore, in industry, the best opportunities are right in the plants which have facilities for training and for incentives to make such training effective.

10. May 1 - Recommendations:-

Brick

(a) Wage increases where necessary to attract labour.

(b) Price increases where necessary for profitable operation.

(c) Suitable publicity re priority assistance for equipment.

(d) Financial assistance, preferably on basis of accelerated depreciation.

Action Taken:-

The Executive Committee on Materials in reviewing the recommendation advised that priority assistance for equipment had been and would certainly be given covering specific requirements from the producers. It was also suggested that applications for accelerated depreciation be made to the Secretary, Depreciation Committee, Department of Reconstruction and Supply. The Executive Committee offered, if the industry so desired, to act as an intermediary to the Depreciation Committee.

Since the supply of labour, wages and prices are major problems with not only individual producers but with the industry as a whole, a meeting is planned, to be held in the immediate future, with representatives of industry to crystalize the various independent and uncorrelated problems of the producers. From this it is hoped that a firm programme can be set up to supplement the assistance that has already been given to these producers. So far as supply of labour is concerned, this Department has been working closely with the Department of Labour in an endeavour to get more help channelled to the brick yards.

The Wartime Prices and Trade Board has been constantly working with the brick manufacturers and numerous price increases have been given to the brick producers, these of course have been based on individual appeals and quite a number have been granted in 1946. The only broad increase on the geographical basis was granted for the Toronto region this year.

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11. June 4 - Recommendation:-

Electrical Materials. Outlined major problems with reference to wire, conduit fittings, other fixtures, price, export, labour.

Action Taken:-

This recommendation covered electrical materials and prices. The most serious shortage is reported as being in connection with unsheathed cable and electric wire, sold under such trade names such as "Lomax". The shortage resulted from lack of cotton yarn but this has now been overcome and adequate supply of yarn is presently going through to the manufacturers. An attempt was made to provide a thermosplastic substitute but unfortunately raw materials required for this manufacture such as castor oil were not available, being in extremely short supply themselves.
These materials are under export control and screened most carefully. Lack of qualified labour is another factor which has to be coped with. Prices generally are not much of a factor in the picture in view of the fact that an adjustment in the price of wire was made last Fall. As to the capacity the Committee on Materials state that the manufacturers are presently in a position to meet the requirements not only for the housing programme but also for other type of construction.

12. June 4 - Recommendation:-

Builders Hardware.

(a) That controls make every effort to provide the industry with its requirements of coal, pig iron, etc. and to look into the matter of increased sheet brass production.

(b) That export control be tightened.

(c) That the Department of Labour be pressed for assistance by way of additional help (Note: Some manufacturers felt higher wages necessary for qualified labour.

Action Taken:-

The Executive Committee noted that there was considered to be adequate manufacturing capacity in this field. It goes without saying that the Department is making every effort to help in increasing production in the face of difficult conditions particularly at the primary stage. In so far as exports are concerned, these are being rigidly screened and under constant survey. As to labour there has been unremitting contact and pressure on the Labour Department over the past years to assist in channelling labour into these industries particularly at the foundry level.

Price have been another problem. This of course is one with which Wartime Prices and Trade Board has to deal and have been doing by granting increased prices for individual items where proof for need of such increases has been established.

L A B O U R L I A I S O N O F F I C E

LABOUR SUPPLY AND DEMAND

During the period under review job opportunities or unfilled vacancies increased steadily each month to stand at 138,000 at the close of the quarter. Unplaced applicants seeking work continued to steadily decrease to 142,000. Actually this latter figure is inflated because it

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includes many thousands of married women who have ceased wartime activities and who have to register as unemployed in order to secure out-of-work benefits. In addition to this, there are many thousands of registered applicants who are unemployable owing to age and other reasons in a peace-time economy. Furthermore, strikes and shortages of materials affecting secondary industries have also temporarily increased the number of unplaced applicants.

N.R.X. Project, Chalk River, Ont.

Approval was secured from the Deputy Minister of Labour to extend the free board and lodging provisions and the weekly cash allowance to construction workers, from August 1 to October 31, 1946.

Again in August representations were made by Defence Industries Ltd. and Fraser Brace, Ltd., supported by the resident engineer to seek further extension after October 31. This matter is being considered by our Deputy Minister and probably will be implemented.

Matters affecting payment of wages to injured workers awaiting a decision from the Workmen's Compensation Board were referred to and dealt with by this office.

Complaints from the general contractors that skilled tradesmen were being enticed from the project for substantially higher wages on the Toronto-Barrie Highway, were taken up with the Department of Labour, whose officials settled the matter satisfactorily.

In September an inspection was made of the fire hazards and precautions taken at the town and plant sites and a report submitted to the Deputy Minister. Copies were forwarded to Dean C.J. Mackenzie, President of National Research Council and to H. Greville Smith, Vice-President of Defence Industries Ltd. for their comments.

It has been found necessary to arrange payment to the Deep River Voluntary Fire Brigade for any time spent in necessary drills or fire fighting action in order to give these workers the benefits of the Dominion Government Compensation Act.

The fire prevention inspection was made by J. Upton Fletcher of Dominion Underwriters' Association, formerly D.M.&S. Insurance and Fire Prevention Officer, assisted by Dr. W.S. Hutton of the Canadian Underwriters' Association. They were accompanied by two members of the R.C.M.P. Fire Prevention Division and the Labour Liaison Officer. Generally speaking, fire prevention measures were found to be adequate at both the plant and town sites.

Purchasing Branch

A recommendation was received from the Deputy Minister of Labour that construction contracts awarded by this department should contain a proviso that the contractor must use in his labour force a number of tradesmen apprentices. This procedure has been adopted by a number of provincial governments and the department concurs in principle with the recommendation made. Wartime Housing Ltd. felt some doubt that the procedure would work out satisfactorily as apprentices were prone to transfer from one employer to another after a short period of training and request full rates of pay for the trade.

Various divisions of the branch submitted requests for information on wage rates structures and availability of labour in particular areas in order to consider estimates from contractors.

Construction Division - Purchasing Branch

Weekly reports were received from this division listing all contracts

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awarded, and lists were screened for urgency and labour requirements and appropriate action taken where indicated as necessary.

Building Materials Manufacturers

Requests received from the office of the Co-ordinator of Housing and the Priorities Officer for intercession with the Department of Labour in securing skilled and unskilled labour for certain manufacturers of building materials, particularly brick and soil pipe, were dealt with. This office also made surveys regarding availability of, labour and worker accommodation as well as wage structures, and certain specific areas being considered for new sources of supply of construction materials.

FINANCIAL ADVISOR'S OFFICE

Customary service to the Financial Advisor's Office in furnishing specific information regarding wartime wage rates and labour legislation with regard to their affect on production costs was rendered.

COST INSPECTION AND AUDIT DIVISION, DEPARTMENT OF TREASURY

Services similar to those accorded the Financial Advisor's Office were rendered to this unit in respect to departmental contracts.

NATIONAL AND REGIONAL WAR LABOUR BOARDS

Matters affecting various Crown companies and contractors to the department were taken up with board officials, where necessary.

LABOUR RELATIONS AND AGREEMENTS

The Department of Labour forwarded a request from L'Association Des Employes De L'Arsenal Du Quebec seeking permission to effect a bargaining agreement with the Quebec Arsenal and/or Canadian Arsenals Ltd. This office recommended that the Industrial Relations branch of the Department of Labour defer a decision until the Quebec Arsenal comes under the sole jurisdiction of Canadian Arsenals Ltd. It is expected that this will be effected within the next month or two.

This office advised the Department of Labour of its strong interest in having the matter finally decided by the National War Labour Board rather than the Regional War Labour Board, in order to secure uniformity of board decisions with reference to Crown companies. This department has been assured of Department of Labour co-operation in this matter.

DEPARTMENT OF LABOUR - LABOUR GAZETTE

The office continued to prepare and forward to the Industrial Relations branch of the Department of Labour lists of all contracts awarded by this department for supplies and construction, which are subject to the Fair Wages and Hours of Labour Act, 1935, for promulgation in the Labour Gazette. The Department of Labour also screened these lists to ensure that properly authorized labour conditions have been secured to include in the contracts.

REPATRIATION TO UNITED KINGDOM OF KEY WAR WORKERS

Applications were received throughout the quarter from shipbuilding yards, Wartime Shipbuilding Ltd. and from shipbuilding workers direct for repatriation under the terms of contracts negotiated in wartime by the D.M.&S. London office. The necessary documentation and arrangements for ocean and rail passages, travelling expenses, etc. were handled by this office.

Numerous supplementary expense accounts submitted by workers recently repatriated were screened and approved where justified.

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COMMITTEES

Regular and special meetings were attended of the Advisory Committee on Rehabilitation and Re-Establishment and matters pertaining thereto taken up with the proper officials of this department and its Crown companies, where indicated as necessary.

Special meetings were arranged with National Employment Service officials to assure the provision of labour for special contracts and projects in which this department is interested.

GENERAL

Specific matters referred from the offices of the Minister and Deputy Minister were given attention.

Routine requests for information and direction, of a liaison nature were received from other government departments.

In mid-July the office designation was changed from Office of the Labour Advisor back to the former designation, Labour Liaison Office, coinciding with the official resignation of H. Carl Goldenberg, Labour Advisor.

L E G A L B R A N C H

1. GENERAL REMARKS

The volume of work has somewhat decreased during the quarter.

2. FORMAL CONTRACTS

Instructions were received during the quarter for the preparation of 328 contracts.

3. MISCELLANEOUS WORK

The amount of miscellaneous work has shown some increase.

4. PROSECUTIONS AND INVESTIGATIONS

(a) H. R. Barbe - Allegations of Bribery

The R.C.M.P. have secured admission from Barbe that he sent the letter and money and the matter has been referred to Justice for its opinion as to prosecution.

(b) Re S. Chalifoux

An offer to pay 10% to ordinary creditors was approved by the Inspectors while Mr. O'Donnell was in England. The situation is being considered by the Financial Advisor's office.

(c) Eldorado Prosecutions

The appeal to the Court of Appeal from Mr. Justice Barlow's decision on the motion for prohibition has been dismissed and November 12 set for the preliminary hearing.

(d) Eldorado Civil Suit

Action has been commenced in the courts of New York against

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Pregel, French and Pregel's companies based on fraud and further action in the New York courts against International Rare Metals Refinery Inc. for recovery of radium in its possession is in preparation.

(e) Explosives Washed Ashore - New Brunswick and Nova Scotia

The R.C.M.P. have advised that the posting of warning signs has been completed.

(f) Rex vs. Lefcort - Biltmore Shirt Co.

The trial has been fixed for October 15 and arrangements for preparation and attendance of witnesses are under way.

(g) Midland Shipyards Limited - Further Allegations of Irregularities

The R.C.M.P. have been requested to investigate the further allegations but no report has as yet been received, the matter having been delayed by the strike situation at Hamilton.

(h) Lt. J. R. Proctor et al - Thefts from Canadian Arsenals Limited, Cherrier Plant

Justice has appointed counsel to institute prosecutions.

(i) R. G. Presst

Further enquiries are being made by the R.C.M.P. at the request of Crown counsel as to availability of evidence from the Walsh Kaiser Company.

5. ORDERS IN COUNCIL AND ORDERS RELATING TO CONTROLS

During the quarter 8 Orders in Council and 7 Controller's Orders were drawn.

M O N T R E A L O F F I C E

OCCUPATION OF FLOOR SPACE

No changes have taken place in the occupation of office space since last monthly report.

The following are the offices and branches represented in the Montreal Office -

1) Anthracite Regional Coal Control (Quebec)
2) Central Inventory Records Division
3) Priorities Branch
4) Timber Control (Wood Fuel Division)
5) Contract Settlement Board (C. A. Warren)
6) Canadian Commercial Corporation (A.H.D. Hair)
7) Research and Development Branch (R.A. Frigon)
8) Purchasing Branch
9) Real Estate Branch

STAFF

The following are comparative figures of the personnel under the jurisdiction of this office at different dates.

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	April 1943	June 1945	Jan. 1946	Aug. 1946	Sept. 1946
M & S Officers	70	51	22	30	30
Stenos & Clerks	57	59	30	27	25
Male Clerks	9	22	12	9	8
	136	132	64	66	63
Canadian Commercial Corporation					1

OFFICE EQUIPMENT

Changes in our office equipment are entered in inventory and reported regularly to the Director of Equipment and Stationery at Ottawa.

TELEPHONE

No changes were made in telephone installation.

Equipment is at present as follows:-

Switchboard	1
Trunk Lines	10
Locals	29
Switches WP 203	3
Switches WP 150	1

Operator attends to a daily average of about 300 incoming calls and outgoing calls.

IMPREST FUND

During the month of September fifteen (15) cheques amounting to $1,307.53 were issued. Since the fund was opened on April 7 1943, 1887 cheques for a total amount of $ 112,487.95 have been issued.

COMMITTEE ROOM

Committee room installation is at the disposal of any branch of the Department for committee meetings.

P R I O R I T I E S B R A N C H

G E N E R A L

Throughout the third quarter, 1946, the volume of work in the Canadian division continued to register new increases and there was no indication that the peak had been reached as the quarter ended. A gradual increase in Ottawa personnel was needed to efficiently handle the growing volume. Details of this are given below under the heading "Canadian Division".

Work in the United States division continued at about the same level as for the second quarter but there were more than the usual number of problems involving continuing Canadian participation in U.S. priorities assistance, several requiring personal representation to Washington. At quarter's end, the overall policy in connection with U.S. priorities assistance still needed further clarification and work is continuing along such lines. Major specific problems with U.S. authorities are noted below, under the heading "United States Division".

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During the quarter, the activities of the United Kingdom division virtually ended since advice was received from London that Essentiality Certificates would no longer be required. Although no further certificates or priority recommendations concerning proposed U.K. imports will be issued, the branch will continue to give assistance on deliveries of goods already covered by certificates or recommendations. No separate section of monthly and quarterly reports will be devoted to U.K. activities in future.

As of September 30, staff in Ottawa and regional offices numbered 43.

C A N A D I A N D I V I S I O N

Throughout the quarter, serious work stoppages in Canadian plants continued to make most difficult the work of assisting the Canadian housing program. This program remains the chief interest of the Canadian division.

Over and above the issuance of a record number of formal priorities ratings to channel building materials into government-approved housing, the division expended much time and effort in assisting manufacturers of building materials to increase production.

Formal priorities (APH) ratings were issued in increasing numbers during each month of the quarter. Certificates issued were as follows: July 1120, August 1356 and September 1432 for a total of 3908; this quarterly total represented formal assistance to 10,379 housing units.

Formal applications (on Form PB-1046) for assistance, by individual veterans whose homes were partially completed, continued heavy and accounted for a high percentage of all formal ratings issued - the others going to approved projects under Veterans' Land Act, Wartime Housing Ltd., Housing Enterprises of Canada Ltd., Integrated Housing Developments, veterans' hospital projects, etc. Ratings pursuant to PB-1046 applications were issued as follows: July 692, August 1117 and September 1179 for a total of 2988.

Early in the quarter the Minister announced in the House that formal priorities assistance would be given to veterans whose homes were at least 50% complete (formerly 75%). This lowering of the percentage of construction necessary before formal help is given naturally resulted in a heavier flow of applications for assistance.

Also during the quarter, Priorities Officer's Order No. P.O. 11A was issued, making amendments to Order No. P.O. 11 (Priority Rating for Building Material for Use in Government-approved Housing). Amendments extended the effect of the priority rating back to the producer level on some building materials and added new building materials to those originally covered by the order.

During the latter half of the quarter, much consideration was given to ways and means of making the priorities system on building materials more effective. Several proposed new procedures were developed and discussed by interested parties; a final decision has not yet been reached in this connection.

Oil Burner Program - The increasing shortage of materials has badly slowed up the oil burner program. Items in most critical supply are steel and magnet wire but shortages on various other components are coming to light which are also traceable to strikes in various industries.

At the meeting held in Toronto, August 9, with producers of magnet wire, those who were in production agreed to make available some 6,300 pounds each month of fine magnet wire for the production of ignition transformers. During the month of August, approximately 5,600 pounds were produced.

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UNITED STATES DIVISION

As indicated above, the branch has experienced, during the quarter, many difficult problems so far as participation in U.S. priorities assistance is concerned. Although it was possible to clear procedures concerning Canadian applications for certain pig iron, castings and steel requirements, such Canadian applications have not yet been approved by Washington. This matter is being followed closely.

During September, the branch received a priorities policy decision from Washington granting Canada an allocation of 745,000 pounds of high tenacity rayon yarn for the third quarter. While issuance of this decision did not take place until the final month of the quarter, the Rubber Control had the various tire manufacturers in Canada submit to this branch purchase orders on United States suppliers for approval and processing to the Civilian Production Administration. The Ottawa office of the CPA immediately approved the purchase orders, but the period of time for placing these purchase orders on U.S. suppliers was quite short.

The branch has been unofficially advised that no allocation of high tenacity rayon will be made either in the U.S. or in Canada for the fourth quarter but the Rubber Control has made a request for such an allocation to Canada for the fourth quarter. This submission has been approved by the branch and presented to the CPA.

In September, the branch also submitted to the CPA office in Ottawa an approved request received from the Timber Control for an allocation of ponderosa and sugar pine for the fourth quarter in the same amount, (1,500,000 FBM per month), and along the same lines as the allocations made to Canada in the second and third quarters. At the end of the quarter, this request was in the hands of the CPA in Washington and no decision had been received.

As the quarter ended, advice was received that a request to Washington for a policy decision covering the granting of MM ratings to Canadian producers of streptomycin would be forthcoming. This request was submitted on July 26.

U.S. WPB(CPA)-541A Applications - During the quarter, a total of 230 "541A" applications were received. Of this number, 153 were approved by U.S. authorities, the balance being denied, returned for more information, cancelled for various reasons, or carried forward for fourth quarter processing. Grand total of this type of application received to date stands at 53,537.

During the quarter, there were 1003 submissions made for broad woven cotton fabrics from the United States and all were approved by the CPA, constituting an increase of 98 requests during the period. Cotton textile applications to date total 4,077.

A total of 668 interim adjustment reports on cotton fabrics were processed during the three-month period, as compared with 915 during the second quarter. Such reports to date total 3449.

U.S. Special Forms - Because it was necessary to submit special U.S. forms covering steel, pig iron and iron castings for low-cost housing, farm machinery and railway brake shoes during the quarter, a marked increase in special form submissions was registered. A total of 172 applications were received, an increase of 115 over the previous quarter.

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P U B L I C I T Y _ B R A N C H

DEPARTMENTAL RELEASES:

Sixteen press releases were issued during the quarter, as compared with 28 in the preceding quarter.

AIR TRANSPORT BOARD:

Thirteen press releases were issued during the quarter on behalf of the Air Transport Board, as compared with 23 during the second quarter.

ADVERTISING:

Two items of advertising on behalf of Coal Control were undertaken during the quarter. One consisted of an advertisement to be displayed in British Columbia daily newspapers, and the second an advertisement for display in Ontario, Quebec, and the Maritime daily newspapers. These advertisements were handled through the agency of R.C. Smith and Sons Limited, Toronto.

FEATURES:

The tour of the Transcona Works of Defence Industries Limited was conducted by a member of this Branch on behalf of Winnipeg newspapers to acquaint the Winnipeg area of the carrying out of the building materials reclamation scheme for veterans' housing. The resulting publicity in the Winnipeg newspapers was satisfactory. A similar tour of the Nobel plant of Defence Industries Limited, for the same purpose, was also conducted. Due to the wide distribution of materials from the Nobel plant, satisfactory publicity resulted in the Western and Southwestern section of Ontario.

The Minister's Desk Book was practically re-written and brought up to the date of September 15, in time to be of service to him on his trip to the West in the "North Star", and subsequent occasions.

On behalf of the Polymer Corporation, speeches by three officials and two issues of background material were distributed through this Branch.

In addition, assistance was given in publicizing the Polymer exhibit which appeared in Ottawa the week of September 23.

Distribution of an address by the Minister to the Trades and Labour Congress of Canada in Windsor was also made. The Branch assisted a Committee set up to organize and conduct a picnic for the staff of the Department. In addition to arranging publicity in the local papers concerning the event, photographic coverage of the picnic was effected through the National Film Board. As a result of this, more than 500 copies of photographs of interest to individual members of the staff were obtained.

Towards the end of the quarter, the Branch acted as liaison between the Army Ordnance Association of the United States and Colonel M. P. Jolley, President of Canadian Arsenals Limited, which resulted in Colonel Jolley being invited to speak at their annual meeting to be held in Washington on October 2. The Director of this Branch also arranged to accompany Colonel Jolley to assist in publicity matters in connection with his visit.

CLIPPING BUREAU:

This bureau continues to maintain newspaper clipping reference files for the information of the various units of the Department. The statistical record of the work of this section is being continued and showed a total of 1,121 clippings from the daily press of Canada, magazines, and house organs was filed, all of which were sent to the Minister's office. In addition, a total of 1,983 clippings were circulated to other branches and 21 were sent out by special request. The total circulation of press clippings for the quarter was 3,125.

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ENQUIRIES:

During the quarter the Branch provided information and assistance to those seeking information in a total of 776 enquiries. These enquiries are almost all from individual newspapers, news services, magazines, and trade papers seeking specific information concerning the operations and interests of this Department.

PHOTOGRAPHS:

Three-column mats and pictures were distributed to 114 dailies in addition to eight photographs, through the Photo Services Branch of the National Film Board.

Photographic coverage was arranged for the Transcona reclamation project.

One photographer of the National Film Board accompanied a member of the staff on the Nobel reclamation project.

STAFF:

During the quarter the office functioned without the assistance of a grade 2 clerk, absent on account of injuries sustained in an accident. She is due to return to the office on October 1.

For a period of one month, the office was without the services of a clerk grade 3, absent on a combination of sick leave and statutory leave.

The Director's urgent request for an additional assistant, first spoken for early in June, is yet unfilled.

P U B L I C P R O J E C T S B R A N C H

1. At the date of this report, the continuing tentative reserve of public projects consists of 1,800 projects totalling, when main and supplementary estimates for 1946-47 are deducted, $171,914,000; of which, projects amounting to $147,920,000 are in various stages of planning.

2. Of the 1,800 items recorded, the branch has received to date, 127 sets of plans covering 136 projects, valued at $55,728,840. An official reserve of registered projects, fully planned and deferred for execution to a time of regional or national unemployment has now been set up. Still in its early stages, it consists of 16 projects, totalling $7,677,000. Estimating is continuing during October on another $10,000,000 worth of timeable projects, and the reserve is accumulating rapidly.

3. Screening of departmental construction projects for inclusion in the 1946-47 supplementary estimates was completed during the period under review, and the results transmitted to the Cabinet Committee on Reconstruction and the Treasury Board. This branch also dealt with items totalling $657,250, representing proposals of other departments to purchase sites, most of which will be needed later for the construction of deferrable projects. Other departments were also advised by the Minister, that if insufficient departmental funds are available at this time for acquisition of sites which must be in possession of the Crown when deferred projects are put into execution, application may be made for allocation of necessary funds from the general Reconstruction Vote.

4. The survey of scrap iron and steel and potential scrap in federal departments and agencies was completed in September.

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In all agencies of the government, the survey estimated as being available, 139,650 tons of actual and 245,935 tons of potential scrap material. The official report from the Co-ordinator of Public Projects, to the Deputy Minister, was submitted on September 25.

5. At the request of the Minister, through R. A. S. Fraser, Assistant Director of Construction, Purchasing Branch, Messrs. Fairlie and Leon, of this Branch, were sent to Toronto for three days during July to look into the efficiency of the organization in charge of construction of Synnybrook Hospital. A report was made to Mr. Fraser that work was proceeding in a satisfactory manner, and H. G. Cochrane during August and September made two check surveys of the same project. Progress was found to be satisfactory with no indication of incompetence, and the information was transmitted by Mr. Fraser to the Minister.

6. H. G. Cochrane, of this Branch, represented the Department on a joint committee set up to consider a claim by the Municipality of Prince Rupert against the Department of National Defence (Army) for alleged excessive damage to streets and municipal utilities inflicted in wartime. Mr. Cochrane's conclusions were submitted to the committee, and a letter, sent out by the committee to the Deputy Minister of Reconstruction and Supply, asked for information as to whether claims for this type of war damage might be expected from other municipalities. Mr. Cochrane composed, for the Deputy Minister's signature, letters to the heads of Reconstruction branches concerned, and replies are expected shortly.

7. The total strength of this branch is now twenty-seven. Due to engineers leaving to take up positions in private industry, the staff has been depleted in past months, and the heads of our screening and design sections are now interviewing applicants with the necessary qualifications, with a view to securing the services of experienced engineers able to carry on the necessary screening and estimating of the labour and material content of projects as they come in.

P U R C H A S I N G B R A N C H

The activities of the Purchasing branch for the quarter were largely those of procurement with the remaining functions equally divided between contract terminations and settlement of outstanding contracts which were subject to price adjustment. There has been a marked increase in the number of contract demands and requisitions received by the branch in Ottawa as shown by the following figures for the past year.

1945		1946	
Last quarter	1,898	First quarter	1,782
		Second quarter	1,763
		Third quarter	2,154

It may be of interest to note here that during the month of September the following contract demands were received:

For the Navy	141	involving	$2,614,708
" " Army	119	"	660,341
" " Air Force	38	"	2,981,593
" " Inspection Bd.	5	"	1,766,532
" " United Kingdom	5	"	3,797,023
" R & S Requisitions	1	"	56,392
TOTAL:	309		$11,876,589

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These figures would seem to indicate that the Services, drawing on surplus stocks in the past, are perhaps beginning to return to a point which would indicate normal requirements for the continuing defence forces.

The decline in the number of acceptances of tender and local purchase orders issued may be accounted for by the fact that the Services are ordering larger quantities for stock rather than smaller quantities for immediate requirements only. Comparative figures for this year are as follows:-

	Acceptances of Tender and Local Purchase Orders	Estimated Value $
First quarter	16,921	$17,470,463
Second quarter	12,813	39,012,838
Third quarter	11,789	26,778,672

During the past quarter the average monthly reduction in the number of unsettled contracts containing provision for price adjustment was 345. Since December 1, 1945, the total number of such contracts has been reduced by 6,400. This figure includes many contracts which were not recorded at the time of the original survey. The balance as at September 30, 1946 is 2,050.

Internal changes in the branch at Ottawa during the quarter included the amalgamation of the Priority and Delivery Expediting sections of the Administration division. Plans were completed for the absorption by the Clothing and Textiles Purchasing section, Purchasing division No. 2, of the former Cloth Accounting Division of the Comptroller's branch. This change now brings all purchasing units handling clothing, cloth and personal equipment into one group.

The purchasing activities of the various Purchasing divisions may be summarized as follows:-

PURCHASING DIVISION NO. 1

SECTION "B"
AIRCRAFT & ELECTRICAL EQUIPMENT:

The approximate total value of purchases made by this section during the quarter was $5,020,943. In addition, Stores Transfer orders were placed to the value of $11,179, making a total of $5,032,122. Some of the larger items were:-

Repair and overhaul of aircraft	$2,482,829 ✱
Inhibiting of aircraft engines	1,314,058
Aircraft spares	509,849
Wireless equipment	266,723
Aircraft modifications	225,663
Miscellaneous	95,422
Electrical equipment	61,126
Parachutes, overhaul and repair of	31,088
Gases - acetylene, oxygen, etc.	9,284

✱ This item includes the overhaul in Canada of Royal Canadian Naval aeroplanes (Seafire and Firefly) & airframe spares purchased in the United Kingdom to the extent of $420,000.

SECTION "C"
MEDICAL, NAVAL, M.T. AND GENERAL STORES:

The approximate total value of purchases made by this section during the quarter amounted to $4,145,031. In addition, Stores Transfer orders were placed to the value of $1,645,484, making a total of $5,790,515. Some of the larger items were:

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Naval stores and shipbuilding	$2,225,244
General stores	1,193,888
M.T. spares	635,586
Medical supplies	66,483
U.S. Army publications	25,000

Some of the larger contracts included in the foregoing are as follows:

1. A contract for the supply of 13,766 tons of ammonium nitrate, placed with Consolidated Mining and Smelting Company of Canada Limited, Montreal, at a total cost of approximately $712,080.

2. A contract placed with Motor Coach Industries Limited for uncrating, reconditioning and assembling of military vehicles, which have been held in dead storage, at an estimated cost of ..... $150,000.

3. Contracts were placed to the extent of $301,050. covering tractors, scrapers, drag lines, etc. Such equipment being required to augment the facilities of the strip coal mining operations in the West.

PURCHASING DIVISION NO. 2

SECTION "A"
CLOTHING & TEXTILES:

The approximate total value of purchases made by this section for the quarter was $1,013,693. In addition, Stores Transfer orders were placed to the extent of approximately $20,815, making a grand total of $1,034,508. The larger purchases were:-

For the Army:	Trousers, serge battledress	$161,783
	Shirts, cotton khaki	154,298
	Silk medal, ribbon canadian volunteer	29,880
	Cloth Barathea khaki	29,500
	Socks, lightweight	26,598
	Socks, woollen, G.S.	19,906
	Gloves, woollen khaki	23,333
	Shorts, cotton	12,956
	Candlewick (various colours)	5,378
For the Air Force:	Suits, tropical worsted, R.C.A.F.	$ 51,120
	Boots, ankle, leather	21,458
	Shoes, leather, black (special size)	17,424
	Shirts, cotton blue grey	14,400
	Special clothing to be made up from time to time	11,760
	Gloves, leather black	8,151
For the Navy:		
	Making and trimming of Naval uniforms as required during the fiscal year 1946-47	$ 142,390
	Bedcovers	22,951
	Beds, ratings	19,250
	Shirts, white officers' double cuffs	18,308
	Shirts, under summer cotton	8,250
	Naval officers' brown gloves	6,138
	Pullovers, sleeveless woollen	5,775

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SECTION "G"
CONSTRUCTION:

The approximate value of construction contracts placed by this section during the quarter amounted to $1,231,307. as follows:-

29 New contracts (Navy 12: Army 3: Air 11:
M & S Aircraft 1: Arsenals 2) $701,554.

32 Additions to existing contracts
(Navy 6: Army 19: Air 6,
Arsenals 1) $529,753.

A priority rating equal to that carried by low cost housing projects has been assigned to the five contracts for health and occupational centres entered into by this Department on behalf of the Department of Veterans' Affairs. This should assist very materially in the completion of these contracts. In the case of all other construction contracts, however, the material situation is very tight and will continue to delay the completion of some of these contracts.

SECTION "J"
COMMISSARY AND LAUNDRY:

The total value of foodstuffs and equipment purchased by this section for Military District No. 3, tea and coffee, etc. for supply depots throughout the Dominion; the requirements of Laurentian Terrace and Canadian Signals Research and Development Establishment, amounted to $353,618, with Stores Transfer orders amounting to $120,135, making a grand total of $473,753.

When it was decided by the Wartime Prices and Trade Board that canned goods would no longer be 'frozen' for priority users, crop conditions seemed most favourable and it appeared that the packs of most products would equal the average volume, or better. Conditions have since decidedly changed. The final pack volume will be considerably less than anticipated, resulting in continued problems in procurement of such products. Unsettled labour conditions, farmers' strikes in the Western provinces, heavy export commitments to Britain and the adjustment of many basic prices by the Wartime Prices and Trade Board and other associated bodies have resulted in much additional work in the purchase of commissary requirements for the Department of National Defence.

SECTION "R"
PETROLEUM PRODUCTS, FUEL, LUMBER & PAINT:

The approximate total value of Acceptances of Tender placed by this section during the quarter amounted to $1,175,796. The chief purchases were:-

Coal	$375,865
Gasoline	353,007
Fuel Oil	295,259
Lubricants	86,613
Paints, etc.	22,027
Lumber	15,465
Paper	12,052
Defence containers	8,286

PURCHASING DIVISION NO. 4

GUNS AND AMMUNITION:

The approximate total value of purchases made by this division during the past quarter amounted to $644,290. In addition, Stores Transfer orders were placed to the value of $8,493,050, making a grand total of $9,137,340. The larger purchases were:-

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Additional tooling for 17 Pdr. A.P.D.S. shot	$76,016
Modification of Snowmobiles	64,800
Rifles .22" for R.C.N.	40,344
Signals equipment (radar)	49,474
Storage, etc. of ammunition	30,000
Wireless equipment from War Assets	20,000
Fuses, percussion	27,476
Torpedos, Bangalore	59,502
Disposal of obsolete ammunition	7,000
Filters for binoculars	6,835

Of the Stores Transfer orders the largest item covered Ordnance Q.F. 6 Pdr. Guns at an expenditure of $2,044,055.

U.S. PURCHASING DIVISION:
(Washington, D.C.)

Working in conjunction with Canadian Army representatives, arrangements were made and an Acceptances of Tender issued to the Foreign Liquidation Commission of the U.S. Government covering the purchase of 390 tanks complete with all ancillary equipment at a cost of $529,290, which equipment originally cost the U.S. Government $17,095,330. These were obtained from surplus U.S. war stocks. In addition, Acceptances of Tender were placed with the Foreign Liquidation Commission for.

Electrical cable for the R.C.N.	$6,938
Homing beacons for the R.C.N.	4,831

Of the $1,000,000 deposited by the Army to cover the purchase of surplus U.S. military equipment, commitments have already been made amounting to over 75 percent of the deposit.

DISTRICT PURCHASING OFFICES

A summary of the purchases made by district purchasing offices across Canada for the quarter is as follows:-

LOCATION	COMMISSARY PURCHASES	EQUIPMENT PURCHASES	VALUE OF TOTAL PURCHASES
Halifax, N.S.	$376,855	$187,324	$564,179
Quebec, P.Q.	32,060	181,818	213,878
Montreal, P.Q.	179,396	173,455	352,851
Toronto, Ont.	371,463	153,398	524,861
Winnipeg, Man.	207,589	89,738	297,327
Calgary, Alta.	139,529	213,040	352,569
Vancouver, B.C.	119,142	121,760	240,902
Victoria, B.C.	216,174	140,590	356,764
	$ 1,642,208	$1,261,123	$2,903,331

During the quarter the district purchasing office in St. John's, Newfoundland, administered by the Commission of Government for Newfoundland, was closed following the withdrawal of the bulk of the Canadian defence forces there.

The Regina office serving Saskatchewan was closed and the work transferred to the Winnipeg office.

The former main office at Halifax and the sub-office at H.M.C. Dockyard were amalgamated and transferred to accommodation provided by the Navy at the dockyard.

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The Vancouver office formerly administered by the Canadian Pacific Railway and the Halifax office, formerly administered by the Canadian National Railways, were both changed over to departmental administration so that all district purchasing offices of the department throughout the Dominion are now administered wholly by the Purchasing branch and staffed by temporary civil servants.

SUMMARY OF EXPENDITURES

PURCHASING DIVISION NO. 1

Section "B" - Aircraft & electrical equipment	$5,032,122
" "C" - Medical, Naval, M.T. & general Stores	5,790,515
	$10,822,637

PURCHASING DIVISION NO. 2

Section "A" - Clothing & textiles	$ 1,034,508
" "G" - Construction	1,231,307
" "J" - Commissary & laundry	473,753
" "R" - Petroleum products, fuel, lumber, etc.	1,175,796
	$ 3,915,364

PURCHASING DIVISION NO. 4

Guns and ammunition	$ 8,137,340

U.S. PURCHASING DIVISION (Washington) -

DISTRICT PURCHASING OFFICES

Commissary - $1,642,208	
General - 1,261,123	$2,903,331
✱ GRAND TOTAL:	$ 26,778,672

✱ Of the grand total of $26,788,672, $16,488,009 was spent on new purchases and $10,290,663 represents the Transfer of Stores from one agency to another by means of Stores Transfer orders.

During the quarter the staff of the Purchasing branch was reduced as follows:-

	June 30, 1946	Sept. 30, 1946	Decrease
Ottawa:	211	188	23
District Offices	74	60	14
	285	248	37

R E S E A R C H A N D D E V E L O P M E N T

A number of resignations from and appointments to the staff of the branch have occurred during this quarter. The following chart gives the organization and personnel of the branch as at September 30. W.J. Ahearn has been recommended as representative for Eastern Ontario

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and a decision by the Civil Service Commission is expected in a few days. A replacement is now being sought for G.H.D. Martin who has resigned effective October 22 to accept a position in industry.

TECHNICAL INFORMATION SERVICE

The total of inquiries to September 30 is 1945 of which 624 were received during this quarter. This compares with 541 for the quarter ending June 30 and 460 for the quarter ending March 31.

Additional clerical assistance has been obtained for the work at the Technical Information Service but additional stenographic assistance is required and there is an urgent need for more technical officers. Due to the nature of the work technical personnel with suitable qualifications are not readily obtainable. There are, however, a few prospects under review and it is expected that appointments will be made in the near future.

A booklet "Introducing to you Technical Information Service" is being translated into French and will be available for distribution soon. This booklet is very helpful to the representatives in their work and when available in French its usefulness will be much increased.

As an experiment W.A. Joyce, Western Regional Supervisor and A.F.G. Carroll, representative for Saskatchewan, each spent approximately two weeks at the Technical Information Service to become more completely familiar with the details of preparing replies to inquiries and the limitations of the facilities of the Technical Information Service so that in their field work they could gather and report all information that might be of use to the officers at the Technical Information Service in preparing a reply to an inquiry. As a result, it is considered that it would very materially improve the operation of the service if each representative had a minimum of two weeks' experience in the detailed work of the Technical Information Service. It is proposed to arrange for this during the coming winter season.

BUILDING RESEARCH

Good progress is being made in the experimental investigation of the application to housing of the sandwich construction technique developed by the aircraft industry. Development and testing of sandwich panel types and the detailing for doors, windows and other openings has proceeded to the point where full scale panels including these details are being constructed for test.

A 1-in. scale model to illustrate the structural features of the panels has been in use for some time and one $\frac{3}{4}$-in. scale model to illustrate the use of the panels in a finished house on a landscaped lot has been completed. Further $\frac{3}{4}$-in scale models to illustrate flexibility in design are being planned. The work has been reviewed by Dr. C.J. Mackenzie, president, and J.H. Parkin, director of the Division of Mechanical Engineering, of the National Research Council, and it was agreed that the development is proceeding in a satisfactory manner and direction.

It appears that the Canadian Standards Association will undertake to establish performance standards for buildings constructed by prefabricated methods and that the Association may also undertake an "approval service" for building papers, in which a strong interest has been expressed as a result of the distribution of the booklets on "Vapour Barrier" and "Sheathing Papers".

GENERAL

During this quarter Mr. Scull visited each of the Branch offices across Canada and attended a conference of the representatives for Manitoba,

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Saskatchewan, Alberta and British Columbia in Vancouver on September 17 and 18 and in company with Mr. Lathe and Mr. Cawdron a conference of the Quebec representatives in Montreal on August 13. All representatives are alert and active and appear to have the respect and confidence of all those interested in the activities of the Branch.

RESOURCES DEVELOPMENT BRANCH

PERSONNEL

No additions or deletions to personnel were involved during the period July 1 to September 30, 1946, inc.

ADMINISTRATION

Compilation of 1946 Map catalogue and distribution to interested officers was completed during the period under review.

COMMITTEES AND CONFERENCES

The Acting Co-ordinator is presently in Europe attending the following conferences:

Committee on Forests and Forest Projects,
Oslo, Norway.

Food and Agricultural Organization,
Copenhagen, Denmark.

AIR SURVEYS

285-9-9 INTER-DEPARTMENTAL COMMITTEE ON AIR SURVEY

A revised draft of the committee report to the Cabinet on air survey requirements of the Federal Government was received by the Acting Co-ordinator for review.

The report contained a review of requirements of government departments, comparative costs and recommendations.

FORESTRY

285-48-7 EAST SLOPES OF THE ROCKY MOUNTAINS
285-75-3 PRAIRIE PROVINCES ADVISORY WATER BOARD

Exchange of correspondence between the Deputy Minister of the Department of Reconstruction and Supply and the Acting Co-ordinator with respect to a proposal by the Department of Mines and Resources to hold a conference on the technical level between the Prairie Provinces Advisory Water Board and interested officials of the Dominion Departments affected.

Action -- Action delayed until the return from Europe of the Deputy Minister of the Department of Agriculture and the Acting Co-ordinator, Resources Development Branch, at which time the decision of the Cabinet Committee on Reconstruction will be discussed.

285-49-10 FOREST PROTECTION MOVIE

Production of a motion picture on fire protection to be commenced at an early date -- the work to be handled by a Toronto producer on behalf of the Department of Lands and Forests.

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285-50-2 FOREST INSECTS CONTROL BOARD

(a) Quarterly report of the Forest Insects Control Board attached.

(b) Meetings -- A Meeting of the board was held at Sault Ste Marie on September 13 and 14, 1946.

(c) Ministerial approval granted for a meeting of the board to be held in British Columbia, October 11 - 19 inc. Special study of forestry conditions in British Columbia.

285-88-1 BANFF NATIONAL PARK

Ministerial approval has been received authorizing the Acting Co-ordinator to collaborate with the Department of Mines and Resources in the planning of fire preventive measures in the area of Banff, Alberta.

OILS

285-40-1 DRILLING OF ALBERTA BITUMINOUS SANDS

Recommendation by the Committee of the Privy Council that funds in the amount of $100,000 be advanced by the Department of Reconstruction and Supply to the Department of Mines and Resources for further drilling purposes on this project.

Reimbursement to be made from Supplementary Estimates for the current fiscal year of the Department of Mines and Resources.

ASSISTED ROADS

291-4-14-12-1 ATLIN HIGHWAY PROJECT

Approval received from the Cabinet Committee on Reconstruction for the expenditure of $15,000 by the Department of Reconstruction and Supply to assist the Department of Mines and Resources to carry out a survey of that section of the proposed road within the Yukon Territory and Little Atlin Lake district to provide an outlet and assist in the development of that section of the Yukon Territory.

The expenditure involved is chargeable in the first instance to the Department of Reconstruction and Supply, F.E. 3115. Provision for reimbursement will be made by the Department of Mines and Resources in their Supplementary Estimates for the current fiscal year.

291-4-14-10-2 YELLOWKNIFE ROAD PROJECT

Approval of the Acting Co-ordinator forwarded to the Co-ordinator, Public Projects, in respect of an item to be included in the Supplementary Estimates of the Department of Mines and Resources to cover the cost of the Dominion Government's contribution towards construction of eight and a half miles of road to the Crestaurum Mine in the Yellowknife Mining District, North West Territories.

RESOURCES DEVELOPMENT PROJECTS

285-86-2 JOINT DEFENCE CONSTRUCTION PANEL

A copy of the minutes of a meeting of the Joint Defence Construction Panel held on Monday August 5, 1946, in the office of the Deputy Minister of Mines and Resources, Ottawa, was received.

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Subjects discussed: (1) Recompense to Prince Rupert for abnormal damage to streets by war traffic.

(2) Easing of travel restrictions - Alaska Highway.

(3) Winter maintenance of Haines Cut-off.

FEDERAL AND PROVINCIAL PROJECTS

291-4-7-12-1 WATER POWER - NORTH WEST TERRITORIES AND YUKON - SNARE RIVER DEVELOPMENT

Exchange of correspondence between the Deputy Minister and the Acting Co-ordinator, Resources Development Branch, with reference to the construction of the Snare River Power Project.

291-4-17-4-2 RIVERS DEVELOPMENT - WATERWAYS AND RIVERS (DREDGING QUEBEC)

Exchange of correspondence between the Department of Mines and Resources and the Deputy Co-ordinator in respect of a proposal for the cleaning of rivers in Ligneris Township for assisting property and mineral development in this area.

F O R E S T I N S E C T S C O N T R O L B O A R D

MEETINGS

A special meeting of the Forest Insects Control Board and the principal members of the scientific and technical staff of the Sault Ste Marie Forest Insect Laboratory was held at Sault Ste Marie, Ontario, on September 13, 1946.

The agenda comprised a review of the work being carried out at the laboratory in relation to:

(a) Forest Insect Survey.

(b) Investigative projects in fundamental research in operation in 1946.

(c) Investigative projects in fundamental research to be carried out as soon as conditions permit.

(d) Establishment, operation and objectives of Forest Insect Disease laboratory.

(e) Special equipment requirements for both laboratories.

(f) Personnel requirements, salaries and necessary living accommodation in the field.

(g) A conducted tour throughout the laboratory.

(h) Inspection by aircraft of the infested regions in the Algoma district adjacent to Sault Ste Marie.

A regular business meeting of the board was held in the Sault Ste Marie Laboratory on September 14, 1946.

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PROGRESS REPORTED

(1) Forest Insect Disease Laboratory

Negotiations are proceeding for the purchase of the selected lot and the completion of this transaction is expected at an early date.

Plans and specifications are expected to be completed by October 15, 1946.

As it is not anticipated that actual occupancy of the building will be possible until 1948, the board recommended that some temporary accommodation be arranged in order that the pathologists may carry on their work. The representative of the Department of Agriculture agreed that this expedient would be investigated.

It was recommended by the board that such steps as may be considered appropriate be taken through official channels to make available the building materials urgently required for the construction of the Forest Insect Disease laboratory immediately the building plans receive official approval and negotiations for the purchase of the lot completed.

(2) Scientific and Technical Staff Requirements

The representative of the Department of Agriculture informed the board that of the eight positions established last year, only two remained to be filled, namely:--

Co-ordinator - "Insect Survey "
Physiologist

A specialist in physiology is expected to arrive from England some time this Fall to fill the latter position.

An arrangement is in view at the present time to train a candidate for the position of co-ordinator from the present staff of the Department of Agriculture.

It was recommended by the board that a responsible officer in the Department of Agriculture, on behalf of the board, be appointed to travel Canada wide and interview the universities in an effort to have enough students interested in forest entomology and forest pathology divert their intentions to that line of study with a view to supplying the foreseeable demands for the next four or five years.

(3) Procurement of Furniture and Fixtures, Equipment, etc.

It was reported by the representative of the Department of Agriculture that the contract for the furnishings of the present laboratory at Sault Ste Marie had been given to the Office Specialty Manufacturing Company and it was expected that some urgently needed articles would arrive during the month of September.

(4) Report on Spruce Budworm and Insect Infestation by Provinces

Reports and memoranda dealing with forest insect conditions in the various provinces were submitted to the board for study.

(5) Control Measures - Fiscal Year 1947-48

The board recommended that the representative of the Department of Agriculture prepare a complete report of expenditures by that department for the first half of the fiscal year 1946-47 as a guide to next year's financial requirements; this report to be submitted to the board sufficiently far in advance of the time set for discussion of next year's financial estimates to allow of careful consideration of future requirements.

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(7) Quebec Forest Insect Survey

The board was advised that in consideration of a request for a grant of $20,000 by the Department of Reconstruction and Supply for the Province of Quebec to implement the work of the Entomological Service in that province, no action can be taken in this respect at the present time. The matter will be given further consideration in October.

(8) Chemical Experiments

The member for Ontario reported that D.D.T. spraying had been put into use on an area of 45 square miles in the Eagle Head Lake area southwest of Lake Nipigon. This area was sprayed last year and again this year. While no definite figures are as yet available, it is expected that this year's results will be 10% higher than last year.

(9) Forest Management

It was reported by the member for the Maritime Provinces that the Green River experimental project is progressing satisfactorily.

NEXT MEETING

With the approval of the Minister, the board arranged to hold its next meeting at Vancouver, B.C. on October 11 and 12, 1946.

At the conclusion of regular business, the member for British Columbia will conduct the board on a tour of the more readily accessible areas of the mainland and Vancouver Island for study of forestry conditions in British Columbia.

S E C R E T A R Y ' S B R A N C H

General administrative work carried out by this branch during the last quarter may be summarized as follows:

ORGANIZATION

During September the Requisitions, Purchase Investigation and Submissions division moved to offices adjacent to the offices of the secretary and Real Estate officer, thus concentrating the whole Secretary's branch in one location.

REQUISITIONS, PURCHASE INVESTIGATION AND SUBMISSIONS DIVISION

General:

The volume of work handled by the various sections, although fluctuating considerably from week to week, has shown a gradual decline throughout the quarter. At the request of the Mutual Aid Board administration, statistics were compiled covering the total purchases for its account of certain specific types of stores including radio tubes and all items of clothing and personal equipment.

The staff of this division now number 17 as compared to 25 at June 30, 1946.

Statistics in respect of the several sections follows:

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Requisitions Section

	This Quarter	Previous Quarter
New requisitions	8	9
Amendments	75	220

Purchase Investigation

Total number of reports dealt with	557	780

Submissions to Council

Total number of submissions		
General	176	256
Special	167	216
Totals	343	472

Included in totals of special submissions shown above are those prepared outside of, and passed through this division in processing to Privy Council. In this quarter there were 105, as compared with 81 in previous quarter.

INSURANCE

Insurance Committee

Two meetings of the Insurance Committee of the Department were held during the quarter to deal with an enquiry from A. V. Roe (Canada) Limited (successor to Victory Aircraft, Limited) as to insurance on certain Crown-owned aircraft being modified; and to deal with Fidelity, Vehicle and Boiler insurance, questions submitted by War Assets Corporation.

Fidelity Insurance

Coverage was deleted in respect of the officers of 17 Crown and management-fee companies as compared with 14 in the previous quarter.

Government Employees' Compensation Act

Letters were prepared for signature of the Deputy Minister in regard to three complaints received from former employees of war projects who were not satisfied with the awards of the respective provincial Workmen's Compensation Boards.

Polymer Corporation, Limited, had been granted permission by this Department and Transport Department to pay rates on the same scale as a private company under the Workmen's Compensation Act of Ontario, but because of the provisions of the new Government Companies Operation Act which contains provisions re employees' compensation, this permission was with-drawn, and the matter was referred to General Counsel.

Crown Companies

Wartime Housing, Limited, Polymer Corporation, Ltd., and Park Steamship Company, Ltd., had changes of officers or shareholders, and correspondence or interviews with officers of these companies took place in regard to the necessary minutes of meetings and the procuring of documents protecting the Crown's ownership and ensuring control by the Minister.

As War Supplies Limited had moved its Washington Office to Ottawa, a change in director's was required. The annual meeting and directors' meeting was held on September 30, 1946, and the departmental

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secretary, as secretary of the company, prepared the complete documentation for these meetings and for the change in shareholders and directors.

Information as to the policy of the department in negotiating the settlement of claims on expropriations was given to Wartime Housing, Limited at its request.

LETTERS PATENT

Letters Patent were applied for to the Secretary of State on behalf of War Assets Corporation and checked before being signed by the Deputy Minister of Reconstruction and Supply in regard to 45 properties sold by that company. Correspondence and telephone calls with the Legal division of War Assets Corporation and with the Secretary of State were necessary in settling the terms of some of these Letters Patent.

RECORD OF CONTRACTS EXECUTED

During the quarter 249 contracts were submitted to this branch for execution by the Deputy Minister and the departmental secretary on behalf of the department. These contracts were submitted by the Legal branch of this department, by Wartime Housing, Limited, War Assets Corporation and Wartime Shipbuilding, Limited. The execution of each of the above contracts has been recorded in this branch under the name of the contractor, type of agreement, file, P.C. and F.E. numbers, etc., and date of execution.

CONTRACTS

Negotiations toward settlement of the terms of certain contracts were carried on in cooperation with the Purchasing branch, Central Inventory Records division, Financial Adviser's office and the Comptroller's branch in respect of the following proposed contracts:-

United Steel Corporation, Ltd., Welland, Ontario, amendment and consolidation of certain of its capital expenditure contracts.

National Cut Stone, Limited, Hamilton, Ont.; settlement and surrender of lease of 355 Logan Ave. Toronto as at April 20, 1946.

Montreal Locomotive Works, Limited; contract terminating all operating contracts and agreeing on settlement for inventory and winding-up operations (including the parent company, American Locomotive Company) re the tank arsenal.

Saskatoon Badminton Club, Ltd. Saskatoon, Sask.; drafting with Legal branch the terms of the surrender of lease as at July 31, 1946, including payment in lieu of restoration. This lease was transferred to Department of Reconstruction and Supply from Department of National Defence (Army) for emergency shelter and is no longer required for that purpose.

Westminster Iron Works, Limited, New Westminster, B.C.; agreement and debenture to secure, and provide terms of payment of, $130,000.00 owing on renegotiation of war contracts.

St. John Drydock & Shipbuilding Co. Ltd., St. John, N.B.; amendment to contract dated October 2, 1944, re south fitting-out berth, necessary to bring this asset under the Dry Dock Subsidies Act as originally intended, and withdrawing this asset from War Assets Corporation.

Sydney Engineering & Dry Dock Co. Ltd. Sydney, N.S.; company requesting amendment to its contract of August 27, 1941 re operation of

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3,000 ton marine railway. Negotiations re winding up and disposal with Naval Services and War Assets Corporation.

Emergency (Ship) Repair Agreements. Prepared the terms of the submission for the order-in-council authorizing purchase of excess materials from approximately 25 contractors who entered into amendment No. 2 to this cost plus agreement, in co-operation with the Contract Settlement Board (who will receive the claims for excess materials), Wartime Shipbuilding, Limited and the Legal branch.

TAX ASSESSMENTS AGAINST CROWN LAND

Claims for grants in lieu of taxes from city of Toronto in respect of the Toronto Shipbuilding Company, and Parish of St. Laurent, P.Q. in respect of Canadair, Limited were investigated in cooperation with the Financial Adviser's office.

Information for Department of External Affairs being prepared respecting tax bill received from St. Johns' Municipal Council, Newfoundland re land owned by Canadian government and still being operated by L'Air Liquide Society on management-fee basis.

Compensation to Municipalities by Crown for damage to roads during the production period. The Financial Adviser's office is considering a claim by Prince Rupert, B.C. for damage to its roads caused by wartime activities of the government. This branch reviewed the files of a large number of projects at the request of the Financial Adviser to ascertain what precedents there were for paying such compensation.

ENQUIRIES

Many enquiries as to departmental matters and departmental policy were received from time to time by telephone and by letter during the quarter from other departments of government, from branches of this department, from Crown and management-fee companies and from private individuals and private companies. The Crown companies making enquiries included Central Mortgage and Housing Corporation, War Assets Corporation, Canadian Arsenals, Limited and Wartime Housing, Limited. Some of these enquiries were received by the Minister's office and by the Deputy Minister and were referred to the secretary for the preparation of replies. All such enquiries were answered by this branch except in a few cases where the enquiries were forwarded to branches or departments of government having special knowledge of the matters concerned.

REAL ESTATE

Exchequer Court Cases - Cases pending on which preparatory work is being done with the Department of Justice.

1. E.B. Everson, Brantford, Ontario. (Wartime Housing, Limited)
2. Harriet Naugle, Eastern Passage, N.S. (Wartime Housing Limited)
3. Bouchard Estate, Lauzon, P.Q.
4. M. Normandie, L'Acadie, P.Q.
5. Moldaver, Brantford, Ontario (Wartime Housing, Limited).
6. A.R. MacLeod, Prince Rupert, B.C. (Wartime Housing, Limited)
7. Mary Jane Hintern, Brantford, Ont. (Wartime Housing, Limited)
8. Geo. A. Richardson, Brantford, Ont. (Wartime Housing, Limited)
9. Elise M. Hobbs, Prince Rupert, B.C. (Wartime Housing, Limited)
10. Pinsonneault, Parish of St. Paul L'Ermite, P.Q.
11. Mrs. Mersereau, Township of Buchanan, County of Renfrew (Chalk River)
12. Township of North York, County of York, Ont. (Wartime Housing Limited).
13. Eugene Lavoie, Jonquiere, P.Q.

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Expropriations

L. & C. McCausland, Part Lot 5, B.F. Con. Range 3, Township of Pickering, A.W.S.C. Proj. 54, filed Aug. 2, 1946, Inst. No. 25870; to facilitate settlement of last outstanding claim at this project.

Abandonments.

1. Abandoned land taken for tank testing runway, Lot 21, Parish of Longue Pointe, Montreal. Expropriation Inst. No. 891; abandoned July 29, 1946.

2. Abandoned limited rights taken for Transcona Chemical plant expropriated under No. 553, A.W.S.C. Proj. No. 16; abandoned July 20,1946.

3. Abandoned limited rights taken for Research Enterprises, Limited for site line at Willowdale, Ont.

4. Abandoned land taken for staff house, Wartime Housing, Ltd. St. John, N.B. expropriated under Inst. No. 173, file 18. Abandoned July 5, 1946.

5. Abandoned part of lot 24, Con. 2, Township of Kingston, expropriated under Inst. No. 295 for Wartime Housing, Limited.

Settlements for Land

1. Consolidated Mining and Smelting Company, Trail, B.C. Part River Lot 22, North of Franklin Avenue, McMurray Settlement, Alta. Expropriated for Northern Transportation Co., Ltd.

2. F. L. O'Coffey Estate, Lot 4 and part of lots 5 and 6, Block 4, Plan 6344 A.Y. and lots 16, 17 and 18, Block 2, Plan 7518 A.K., McMurray Settlement, Alta., expropriated for Northern Transportation Co. Ltd.

3. Monastery Fathers, part lot 21, Longue Pointe, P.Q. Inspection Board of Canada project - tank testing runway.

4. L. & C. McCausland, lot 5, B.F. Con. Range 3, Pickering Township, Ontario, A.W.S.C. Proj. No. 54.

5. Victor Houde, lot 2358, sub-division 234, Extension to Quebec Arsenals at St. Malo, P.Q.

6. Dame Marie Dupont, lot 2358, sub-division 327 and 328. Extension to Quebec Arsenals at St. Malo, P.Q.

7. Rolland Belletete, Lot 2358, sub-division 211 and 229. Extension to Quebec Arsenals at St. Malo, P.Q.

8. Clifford and Ethel Holgate, part lot 37, Township of North York, deHavilland Airport.

9. Currie Estate, Leaside, Ontario. Land expropriated for railway spur, Research Enterprises, Limited.

10. Agreement in settlement of lots 680 and 681, Cad. 345, Parish of St. Laurent. Expropriated for D.I.L. Montreal North Ammunition Plant.

11. Agreement in settlement of lots 660, 661, 662, Cad. 345, Parish of St. Laurent. Expropriated for D.I.L. Montreal North Ammunition Plant.

12. Ralph H. Boake, Part Lot 15, Con. 3, Township of North York.

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Land expropriated May 11, 1944, Inst. No. 3159; sewer disposal plant for deHavilland Aircraft, $500.00 including damages.

13. Doris G. Patterson and A. Wilson Smith, Amherst, N.S. Land taken for test hangar site at Amherst, N.S.

14. Arthur Malone, Solicitor for Oscar Bendl, Nobel, Parry Sound, for buildings removed from his property and from adjoining property of D.I.L. on which he had encroached. Submission made to Council to authorize settlement at $1500.00.

15. Alexander H. Low, Lots 2, 12, 19, 20, 21 and 31 of Block 2, Plan 7518 A.K. McMurray Settlement, Alta. Expropriated May 20, 1946, Inst. No. 8144, E.T. for Northern Transportation Company, Ltd.

16. Cummins Construction Co., part of lots 2 and 3, Block 4, Plan 6344, McMurray Settlement.

17. Arthur Rafton-Canning, lots 10 and 23, Block 2, Plan 7518, A.K. McMurray Settlement. Expropriated May 20, 1946, Inst. No. 8144 E.T. for Northern Transportation Company, Ltd.

Title Deeds Received.

1. Release and acquittance from Elizabeth Reid for land taken and abandoned at Pickering, Ont. for Research Enterprises, Ltd.

2. Deed from Ayerst, McKenna & Harrison for land on which Penicillin Plant at St. Laurent was constructed.

3. Deed from Butler Estate, Part Lot 3401, Verdun, P.Q. acquired for D.I.L. Small Arms Ammunition Plant.

4. The following 14 deeds for land acquired from extension to Quebec Arsenal, St. Malo, P.Q.

Former Owner	Lot
Arthur Paradis	94, 95
Hector Paradis	96
Ernest Boucher	66
Adelard Martel	63
J. Letourneau	33
Richard Joncas	26, 27
Albert Guerard	180
R. Belletete	211, 229
Victor Houde	234
Al Rochette	339, 340
Estate of Mr. St. G. Morency	277
J. Plafter	397
Arthur Gagnon	427
W. H. Allum	173

5. Deeds from the Province of Alberta covering lots 22, 33 and 34, Block 4, Plan 6344 A.Y. Riverview, McMurray Settlement and lots 1, 2, 4, 5, 6, 7, 8, 9, 24, 25, 26, 27, 28, 29, 30, and 32 of Block 2, Plan 6344 A.Y. Riverview, and a portion of the River lot 21 of McMurray Settlement north of Franklin Avenue as shown on railway right of way plan 5072, E.T. for Northern Transportation Company, Ltd.

6. Deed for land purchased from the Municipality of Hull, P.Q. on Sept. 11, 1946, for Wartime Housing, Limited.

Leases

Nil.

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Miscellaneous Negotiations

1. Obtained a survey of land and buildings on which the marine railway at Lunenburg, N.S. is situated and took up with Department of Transport and War Assets Corporation and the Legal branch, the present position as to title.

2. Investigated the case of Oscar Bendl whose buildings were destroyed when setting up the D.I.L. project at Nobel, Ontario.

3. Adjusted claim for interest made by Clement Picard at St. Paul L'Ermite, in regard to the settlements already made for his land.

4. Negotiations were continued with Procter and Gamble Company of Canada, Limited for the settlement of its large claim for the warehouse buildings and land expropriated from that Company in 1942 for the Government Gas and Coke Plant at Hamilton which is still being operated by Hamilton By-Product Coke Ovens, Limited. The situation changed after June 30, 1946, as it was necessary for this department to continue to hold the property for the production of coke under the Coal Controller, and the proposed expropriation settlement cannot be completed until the department is ready to return the property to Procter and Gamble.

5. Prepared statements for the Deputy Minister in connection with the early land and building transactions entered into with Sorel Industries, Limited for Wartime Housing, Limited projects and assisted War Assets Corporation and Wartime Housing, Limited in the sale of these assets to E. Simard.

6. The Department of National Defence for Air was authorized to take over the deHavilland Airport and accordingly a plan and statement was prepared showing in detail the different interests in land expropriated by the former Department of Munitions and Supply, including land taken outright, land taken for limited uses, and land not expropriated but leased, easements for sewers and rights of way. The plan and statement also showed the interests for which no settlements had been reached with the owners. At a meeting of officers of War Assets Corporation, Crown Assets Allocation Committee and Department of National Defence for Air, and the Surplus Property Officer and officers of the Real Estate division of this department, the deHavilland Airport project was handed over with the above mentioned documentation to the R.C.A.F. by means of allocation of surplus assets.

7. Negotiations were re-opened with Adrien Jasmin re land expropriated from him for the Cartierville Airport, he having always refused to settle at a price deemed reasonable by this department. An interview was had with Lionel Bertrand, M.P. who is acting for Jasmin and negotiations are continuing.

8. Investigated request by Municipality of St. Roch, P.Q. to use gravel road through St. Maurice Proof Range as a public highway. Approval of this request by this department is not recommended, as cost of decontamination will be considerable without any guarantee that danger to the public will have been removed.

9. A careful inspection of the Chromeraine project at Black Lake was made and a report was rendered to G.W. Hunter, Asst. Comptroller, setting out the amount of concrete in the foundations and machine pedestals that had been left on the ground.

10. Procter and Gamble have been using temporary warehouse space since the government expropriated its land at Hamilton for the gas and coke plant. Part of this temporary storage space was lost recently when War Assets Corporation sold a building in which Procter

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and Gamble had been renting space. Arrangements were made by this Branch with Procter and Gamble and War Assets Corporation for the use by Procter and Gamble of the government-owned building on the lands of Otis-Fensom Elevator Company, Ltd. at Hamilton, Ont. known as Building No. 31. This will reduce the total compensation to be paid to Procter and Gamble under the expropriation by the amount of the rent saved.

11. Investigation of a request from the Municipality of St. Laurent regarding use of the government-owned water and sewer service by the public school on Bois Franc Road, Cartierville, was made to ascertain what agreement, if any, was made during the war with the municipality, before submitting the matter for departmental decision.

T O R O N T O O F F I C E

The Toronto office now consists of the following divisions:

ADMINISTRATION BRANCH
CENTRAL INVENTORY RECORDS DIVISION
CONTRACT SETTLEMENT BOARD
COAL CONTROL
COMMUNICATIONS BRANCH
FINANCIAL ADVISOR'S OFFICE
PRIORITIES
PURCHASING BRANCH
RESEARCH & DEVELOPMENT BRANCH

As of September 30, 1946, the staff of the Toronto office numbered 52.

During September, the Purchasing division issued 379 Acceptances of Tender for a value of $172,142.00 and the Communications branch handled a daily average of 371 messages.

The office continues to function smoothly.

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TREASURY - COST INSPECTION & AUDIT DIVISION

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS REQUIRING SPECIFIC OR CONTINUOUS AUDIT: OPENING UNCOMPLETED AUDITS	NUMBER REC'D DURING MONTH	COMPLETED: THIS MONTH: NUMBER	COMPLETED: THIS MONTH: VALUE IN 000's $	COMPLETED: TO DATE: NUMBER	COMPLETED: TO DATE: VALUE IN 000's $	CLOSING UNCOMPLETED AUDITS
A. REQUIRING SPECIFIC AUDIT 1. PRIME CONTRACTORS:							
(a) Ceiling	91 -30	1	1	6,736	2,767	795,115	61
(b) Cost Plus	130 - 4	23	65	103,309	999	1,001,830	84
(c) Target, Remdr. or Trial Run	3	2	4	38,283	161	141,377	1
(d) Capital Expenditure	10 - 2	11	9	4,735	642	54,198	10
(e) Escalator Clauses					1,852	9,742	
(f) Emergency Repair Agreements	544	42	219	6,739	9,729	49,025	367
(By Division	22 - 3	11	16	46,349	202	629,917	14
(g) Overall: (By Co. Auditors	1				4	9,321	1
(By Division	11 - 3	4	8	12,606	840	239,414	4
2. SUB-CONTRACTORS: (By Co. Auditors	2				65	5,921	2
3. SPECIAL INVESTIGATIONS	37 - 3	50	49		990	10,480	35
TOTAL	806	144	371	218,757	18251	2,946,340	579
B. CONTINUOUS AUDITS: (not inc. in Sec. A.)							
1. Cost Plus-Construction	84	15	14	11,412	414	247,244	85
2. Pre-financed Government Cost	56		14	225,962	94	523,460	42
3. Government-Owned Companies	2				21	6,034	2
4. Automotive (with R.C.A.					4		
5. Rubber Control	12						12
6. Other Annual and Periodic Audits	15	3	9	1,709	108	28,251	9
TOTAL	169	18	37	239,083	641	804,989	150

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TREASURY-COST INSPECTION & AUDIT DIVISION (Cont'd)

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS REQUIRING SPECIFIC OR CONTINUOUS AUDIT						
	OPENING UNCOMPLETED AUDITS	NUMBER REC'D. DURING MONTH	COMPLETED THIS MONTH		COMPLETED TO DATE		CLOSING UNCOMPLETED AUDITS
			NUMBER	VALUE IN 000's $	NUMBER	VALUE IN 000's $	
C. INTERIM REPORTS COVERING SECTIONS A. & B.		2	2	463	50	73,562	
Rubber Control					36		
Progress Claims	24	293	315	6,449	8805	960,191	2
Pre-Financed Field Forms	4	55	54	5,378	4437	3,157,749	5
TOTAL	28	350	371	12,290	13328	4,191,502	7
D. TERMINATIONS							
1. Specific Audits	34	35	36	22,946	342	55,185	33
2. Surveys	93 -1	49	51	8,663	181	17,199	90
3. Questionnaires	19	47	50	1,826	804	38,605	16
4. Review-Final Settlement	62	187	196	9,094	1,071	34,955	53
TOTAL	207	318	333	42,529	2,398	145,944	192

STAFF

	Number at Beginning of Month	Taken on Strength During Month	Struck off Strength During Month	Number at Close of Month
Director	1			1
Asst. Direc.	1			1
Section Heads	4	1	1	4
Ottawa Staff	39	4	6	37
Supervisors	19			19
Resident Cost Accountants	85		7	78
Field Cost Accountants	86		7	79
Field Clerks and Stenographers	16	1	6	11
TOTAL	251	6	27	230

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TREASURY-COST INSPECTION & AUDIT DIVISION (Cont'd)

NATURE OF AUDIT, CONTRACT OR REQUEST	CONTRACTS OR REQUESTS REQUIRING SPECIFIC OR CONTINUOUS AUDIT: OPENING UNCOMPLETED AUDITS	NUMBER REC'D. DURING MONTH	COMPLETED THIS MONTH: NUMBER	COMPLETED THIS MONTH: VALUE IN 000's $	COMPLETED TO DATE: NUMBER	COMPLETED TO DATE: VALUE IN 000's $	CLOSING UNCOMPLETED AUDITS
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W A S H I N G T O N O F F I C E

The year of reconversion since V-J Day has been vastly different from what was expected by the Administration. The pessimistic approach which foresaw intense deflation with 8 to 10 million unemployed and greatly reduced consumer income has never been borne out. Instead of post-war depression one finds expanding production, substantially full employment, high national income, high hourly rates, a tremendous demand for goods, large accumulations of savings, and a gradual reopening of foreign markets.

There is an important reverse to this favourable side which shows high costs of production, high prices, a labour shortage, shortages in materials and finished products, continuing threats of interruption of production by labour disputes, resistance from Russia to American plans for an expanding world economy, and most important of all, confusion in Washington in handling inflationary pressures.

Poor industrial earnings during the first half of the year accompanied by the market slump have highlighted the grave dangers inherent in the continual work stoppages.

Wage demands, to compensate for the further increases in living costs which have followed labour's earlier victories and the casing of price controls, are generally being soft-pedalled by the labour leaders. Both industrial and labour leaders are emphasizing the necessity for increased worker productivity as the surest way to keep prices from rising and thus keep real wages from falling.

At the moment the Administration seems to be in a complete dilemma about stabilization. Under the circumstances a continuing inflation spiral seems to be certain at least until after things settle down following the national elections.

Against this background August industrial production climbed sharply to a new post-war peak. An estimated 5 point advance in the Federal Reserve Boards seasonally adjusted index carried it to 177. The Civilian Production Administrator declares that with almost full employment any substantial increase in overall production will require the return to a longer working week.

STABILIZATION ~~***~~

After a year of searching for a stabilization formula, the situation is less promising than it ever has been.

The race between wages and prices gathered momentum during the third quarter. The primary spurt was in prices following the demise of OPA on June 30 and resurrection in a greatly altered form on July 25. An increasing number of products are being exempted from price control. The cost of living has increased 8 percent since mid-June and 12 percent since V-J Day.

This has been followed by a break in the wage formula under the pressure of the September Maritime strike. This was especially serious, as the strike was against a ruling of the Wage Stabilization Board and ended by the Director of War Mobilization and Reconversion ruling against the Board, thus further weakening its authority.

In the midst of this, the stock market took a severe slump.

The Maritime Strike

The September maritime strike was really two strikes - one was by

~~***~~ - See Appendix for OWMR Quarterly Report.

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AFL unions in order to compel the Wage Stabilization Board to grant wage increases above those allowed CIO unions in June. The other was by CIO uions in order to get wage parity with the AFL unions. The strike did not arise out of a quarrel with the employers. They had already agreed to the new demands. It was a strike against a Governmental policy of wage stabilization - and the Government lost.

It is too early yet to know whether this is to be a precedent followed by another round of strikes.

The President has now asked the Advisory Committee of the Office of War Mobilization and Reconversion to re-examine the entire wage-price program.

Price Controls

The OPA continues to lose ground in its fight to restore price controls. The Decontrol Board set up by the removed Price Control Act, has among its responsibilities that of restoring ceilings on products if the prices have risen "unreasonably", if the products are in short supply, and if the ceilings would be in the public interest. In its first major decision, the Board reimposed controls on meat, cotton seed and soybeans. The Board ruled against restoration of ceilings on dairy products and grains.

The OPA waited several weeks and then pointed out that dairy products had gone up 20 percent since June 30. Milk is up 2½ cents a quart, and butter and cheese 20 cents a pound. OPA argued that these prices were higher than the former ceilings plus subsidies and that they would climb still higher during the Winter. However, the Decontrol Board decided that dairy prices had not risen unreasonably.

Meanwhile many restaurants declined to abide by an OPA order to cut prices on meat orders to their June 30 levels.

Stock Market

The 15 to 20 percent decline in the stock market between mid-August and mid-September has been spoken of as deflationary. Yet without knowing the causes it is difficult to remark on it other than to say that it may possibly have counter-inflationary effects. It may have frightened many who had been spending or speculating their money too freely. Thus it may have a long term value to the national economy in offsetting the inflationary cycle. It should not have a long term deflationary effect unless the break continues to slow the flow of needed capital into business. This tendency has appeared.

It must be noted, however, that there are recent evidences of consumer buying-resistance to excessively high prices. It was just one year after the end of the first world war that the market took its first post-war dive.

The Securities and Exchange Commission is attempting to learn the cause of the September 3 break in the market by reconstructing all round-lot transactions for that day.

Search for a Stabilization Formula

After a year of searching for a formula, the Administration is still floundering in the problem of holding wages and prices in balance. Immediately following V-J Day the Government was faced with both deflationary and inflationary pressures. Taking the most pessimistic view of the year to come, the Government decided that deflation was the major economic danger

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and took the course of action which has now greatly accelerated the inflationary pressures.

As late as February, the Administration still believed that it could encourage labour to demand wage rises to match the 33 percent rise in the cost of living and still result in very little rise in prices. 18 to 18½ cents became the standard rise in heavy industry but the formula did result in a corresponding rise in prices. With the suspension of OPA and its revival in greatly altered form, the tendency for prices to rise has been greatly accelerated.

It now remains to see what change in the wage-price program may evolve from the Maritime strikers' victory over the Wage Stabilization Board and from the new order for re-examination of the entire wage-price policy.

The Dilemma

At the moment there are no signs of a possible agreement on any recommendations by this stabilization committee. The group consists of spokesmen from labour, industry, farm organizations and the public.

The labour members have told the committee that "wage stabilization" the unions would insist on obtaining whatever concessions are made by employers in collective bargaining.

This means that the unions will disregard decisions of the Wage Stabilization Board when it refuses to approve, for pricing purposes, the full amount of wage adjustments negotiated across the conference table. It means, in other words, strikes against Board decisions, "if necessary".

Perplexed by the militant stand of labor for immediate wage relief and by the equally firm demand that price control must be strengthened, the public, industry and farm spokesmen do not know which way to turn.

They feel, however, that if some way could be found to work out the problem of production, and if labour would temporarily hold off strikes until high output is attained, an approach might be made to a workable solution of this pressing problem.

In the meantime the Administration, as a result of the concessions in the seamen's strikes, apparently has no alternative but to ease its stabilization rules.

Once the election is over it is believed that the Administration will be in a position to take up, in a calmer atmosphere, consideration of the wage-price stabilization program.

Industrial Earnings

The New York Times finds that the combined net income of 301 companies, after taxes and all deductions, receded 15 percent in the first six months of this year from the amount earned by the same group in the corresponding half of last year. Although these results would appear to be favorable in view of the substantially lower rate of output, in the particular case of railroads, future earning prospects are not promising. With the soaring of wages and material costs, many of the railroads insist that they will go in the red next year unless their 25 percent freight increase demand is granted.

An important factor in this problem of profitable industrial operations is the break-even point. This has risen with material and labor costs. The Ford Motor Company claims that before the war they could break even at 35 percent of capacity. They say they must now operate at 75 percent to break even.

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Signs of industrial retrenchment are becoming evident. It is frequently reported that plans for business expansion are being deferred or abandoned. General Motors, which had planned to spend $600 million in the first post-war period, has cut this amount by two-thirds. In many cases material shortages and lack of Government approval were involved, but rising prices seem to be a determining factor in the case of the automobile industry. It is felt that their post-war market for passenger cars has been reduced due to the 22 percent price increase since 1942. The President of the National Association of Manufacturers, taking the situation in the automobile industry as a good barometer for the whole economy, asserts that the present situation threatens to bring about a decline of employment as business and industry are forced to retrench because of material shortages and rising costs.

Productivity

It is being generally acknowledged that lower prices, profitable operations and high real income are now dependent upon increased efficiency and labor productivity.

This year, the U.S. planned production of 6 million automobiles and the starting of 1,200,000 houses and other goods in similar proportions. It seems that the overall program was so great that neither materials or labor are sufficient. The short materials intensified by strikes have been spread so thin that all production has been held back. With the sporadic flow of materials to the work bench, normal efficiency is impossible.

Combined with this there seems to be a great need for increased productivity of the individual worker. With the problems of new workers, post-war let down, etc., perhaps one of the greatest factors is the missing patriotic motivation of war. It is difficult for industry to find a substitute motive for high productivity because workers and the public do not fully appreciate its function in the present dilemma of low real wages and poor profits.

The separate question of how the present productivity compares with productivity before or during the war is a matter of considerable dispute. It remains generally agreed, however, that an increase in efficiency is essential.

Prices

The BIS index of 28 basic retail commodities was virtually unchanged between mid-August and mid-September. The food stuff index declined slightly as a result of reimposition of meat price ceilings.

The reimposition of ceilings on food stuffs during the week of September 7th reduced food stuffs wholesale index by 13 percent. The overall wholesale index fell about 4 percent by September 7th.

The National Industrial Conference Board in its monthly survey finds that weekly earnings in industry during July averaged $47.58, an increase of 0.8 percent from June and 2.9 percent less than July 1945, but they find that real weekly earnings dropped 4.8 percent during July to make a total drop of 9.3 percent in the last 12 months.

Retail Sales

There has been no evidence of inter-action between retail trade and the sudden break in stock market prices. Department store sales in the first two weeks of September continued to rise above the record levels for August.

Inventory

Total business inventories at the end of July reached a record

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volume of $30.1 billion according to a survey by the Department of Commerce. This figure surpassed the previous high of November 1943 by $1.5 billion. This resulted from an unprecedented rise of $1.3 billion during the month. We noted in the last report that the June rise of $300 million had been entirely in durable-goods manufacturers' stocks. The July rise was as follows - $800 million in manufacturing: $150 million in wholesale and $350 million in retail. Moreover, the rise occurred in all stages of fabrication and throughout all industries. This increase was about five times as large as the average monthly increase since accumulation began in the early part of the year. The Department of Commerce attempts to draw no conclusion regarding the significance of this accumulation. It is believed that the fundamental cause was price uncertainties. However, it is noted that "the rate at which goods were channeled into inventories during July may well raise a note of caution". On the other hand CPA notes that stocks still remained low relative to manufacturers' shipments and retail sales. For the first time, the advance was accompanied by a slight decrease in sales. Preliminary reports for August indicate that this inventory bulge is beginning to flatten. This has been accompanied by an expansion of shipments.

Consumer Income

Following V-J Day the Administration felt that the greatest threat to maintaining a high level of economic activity was the anticipated unemployment and the resultant estimated drop in consumer income by 20 million dollars per annum. But, in the past year the consumer income rate has never dropped more than 7 billion dollars below the peak rate of 164 billion dollars of the first Quarter of 1945. Other factors have been active in offsetting this 7 billion decrease in the annual rate. Possibly the chief of these was the change in the disposition of net income which has rapidly followed the ending of the war. Expenditures advanced from a 102 billion dollar annual rate during the second quarter of 1945 to 122 billion dollars during the second quarter of this year. There was a corresponding decline in income devoted to savings. Another factor was offsetting lower income taxes. As a result the consumer income rate did not stay down and since Spring has gradually risen to the present seasonally adjusted annual rate of 170 billion dollars. A major factor in the recent rise has been the sharp increase in farm prices and incomes following the casing of OPA controls.

LABOR

Employment

The number of persons employed in August stood at 58 million, while unemployment declined by 230 thousand to stand at 2 million, the lowest figure since December 1945. Regarded coincident with the virtual demobilization of the armed forces, it indicates the rapid absorption by industry of the labor force released by the ending of the war.

The Civilian Production Administrator pointed out that the jobless group includes unemployables and that any substantial reinforcement of the countries labor force can only come from women and retired people who had been temporary war workers. He regards this as difficult to accomplish. Mr. Small feels that there must not be greater productivity only, but the return of a longer working week also.

Strikes

Though idleness resulting from labor-management disputes in August was higher than July, it was less than any other month in 1946, according to the Bureau of Labor statistics. New stoppages in August were 500. Though this is the highest since September 1945, the number of workers involved was only 235 thousand. Though greater than June and July, this is much smaller than some of the earlier months of the year.

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There are signs that a growing movement is underway for "gate-to-gate" pay, similar to that won by miners and smelter workers as a result of the Supreme Court ruling that "walking time" is working time and must be compensated for on a "portal-to-portal" basis.

The United Construction Workers, affiliate of the miners' union, has obtained "barn-to-barn" pay for timber workers who are required to report at the barn, harness mules and drive them to the woods.

Phillip Murray, CIO president, will lead a fight for "portal-to-portal" pay when the steel workers' contract expires in February. The CIO United Automobile Workers will demand "gate-to-gate" pay in their new contracts.

Earnings

Hourly earnings in industry during July continued to advance **rising** 0.3 percent over June to an average of $1.193 according to the National Industrial Conference Board. This is 7.9 percent higher than July 1945.

We have noted elsewhere the labour inefficiencies arising in part from the sporadic flow of materials to the workbench. This has resulted in short work weeks and poor earnings in many instances. According to Frank Winn, Editor of United Automobile Worker, employees of the automotive industry throughout Michigan averaged only 28 hours and about $40 a week gross pay before deductions for social security, etc. in June; 35 hours and $50 in July. But there have been many weeks in this industry when the plants have been closed because of strikes or lack of materials taking the average weekly wage to a very low level indeed. Meanwhile, with the high hourly rates which have appeared throughout industry this year the end product of this same labour has risen 22 percent in price. It would seem that nothing could do more for the country than the proposed six month's strike moratorium so that labour's average earnings and the selling price of labour's production could come more nearly into balance.

Outlook

In regard to the future outlook for continuing high employment, we quote the view of the Federal Reserve Board according to their September bulletin. They declare that although "elements of looseness" are beginning to appear as a result of the fact that the most urgent needs for manpower have been satisfied, it may be expected that the labour market will remain relatively tight in the period immediately ahead.

"To the extent that inflationary pressures have speeded the absorption of veterans into civilian employment and the transfer of other workers to peacetime activities, they have served a useful purpose. With conversion largely accomplished, however, widespread price advances would magnify the elements of instability in the labour market and if carried far enough would result in a business reaction and declining employment."

The bulletin warns that although conversion has been achieved more rapidly than might have been expected, the temporary nature of some of the demands for labour should not be ignored. "Some of those now at work are engaged in producing for inventory rather than for current consumption. Whether a high level of employment can be sustained when the expansionary effects of these temporary factors have worn off remains to be tested."

Housing

During the past several months there has been considerable discussion regarding the possible assumption by NHA of many of CPA's functions. The initiative for such changes was arising entirely from Mr. Small, the Civilian Production Administrator. Mr. Wyatt, the Housing Administrator, is not at all anxious to receive building and building material controls

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immediately. It appears that part of Mr. Small's motive was a feeling that Federal controls should be eased as quickly as possible and that his Agency should go out of business. Getting rid of some responsibilities would help in providing reason to close CPA.

The controversy has now been decided by Mr. Steelman, the Director of War Mobilization and Reconversion, who has ordered Mr. Small to keep his organization on the job and to cease trying to slough off his responsibilities. He states that CPA will be continued beyond December 31, 1946 and that it is the only Agency competent to exercise priority and allocation powers.

Program Progress

The third quarter of this year saw the housing program get well underway. During each of the three months, more than 100,000 dwelling units were put under construction making a total of over 300,000 out of the 1946 total to date of 708,100. In the first eight months of the year, 380,000 dwellings were completed of which 62,800 were August completions. During August the number of workers employed in home construction increased 9 percent against an increase on non-residential structures of 2 percent.

The 350,000 units completed is to be compared with a goal of 1,200,000 for 1946. For this the Census Bureau estimates a demand by 4 million veterans for dwelling quarters. Of these, 2,200,000 are said to be willing to buy, rent or build at the present prices.

In general, the National Housing Administration seems to be feeling confident and claims to be only one month behind in schedule. The darkest spot is failure of the prefabricated housing builders to get into real production.

According to Senator Homer Ferguson, the Senate War Investigating Committee now headed by Senator Kilgore has been given the President's permission to investigate "bottle necks" in the housing program.

Temporary Housing Program

Temporary housing to provide 200,000 accommodations for veterans by moving and converting surplus war housing and military structures is reported to be making excellent progress. Dwellings are being completed about three times as fast as a month ago. It is expected the program will see even further acceleration and achieve its goal shortly after the first of the year. About half of the accommodations have been allocated to cities hardest hit by housing shortage and the other half to colleges and universities.

New Construction Activity

Overall new construction activity passed the $1 billion per month mark in August for the first time since November 1942, according to the value put-in-place series of the Department of Commerce. However, the increase over July was less than 6 percent, the smallest month-to-month increase this year.

The sharpest increase occurred in new residential construction, which rose 7 percent further to $380 million and exceeded non-residential building construction for the first time since October 1942. Housing construction has increased 485 percent since August 1945 and 175 percent since January 1946. Non-residential structures (excluding farm and public utility construction) increased only 2 percent to $365 million in August from $357 million in July, showing the increased braking effect of the limitation order VHP-1.

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Critical Building Materials

A review of the progress of building materials production in the year since V-J Day reveals a phenomenal achievement in this critical field of production. Gains far in excess of the most optimistic predict - ions of a year ago have been made.

August production of cast iron soil pipe was 140 percent greater than in August 1945. Cast iron radiation production increased 171 percent, and warm air furnace production by 103 percent during the same period. While the increases in gypsum board and lath and in asphalt roofing production were less impressive percentage-wise, having increased 77 percent and 22 percent respectively, in both cases production was far in excess of all previous historic peaks, and indeed exceeded what was though only a short time ago to be the productive capacity of those industries. Softwood plywood was higher than the V-J Day level by 12 percent.

CPA states that this record of achievement compares most favorably with the rates of increase in military production programs of high urgency achieved during the war period. The achievement also attests to the successful efforts of the Government to increase the output of building materials by extending assistance with respect to raw materials, production equipment, labour recruitment, price adjustments, premium payments incentives, and the like.

In spite of this highly encouraging over-all picture, it will be some time before pipe lines are adequately filled and supplies become readily available in distributors' stocks.

Building Codes

The Building Officials Conference of America has announced the creation of the Building Officials Foundation to sponsor general adoption of a uniform and up-to-date building code. On the ground that some branches of the industry have been labouring under restrictions and standards which are long out-moded and tend to discourage progress in housing, the Conference has had seventy-four experts at work on a uniform code for about two years. It will not be completed for a further year.

The new foundation will also direct tests and research on new products and equipment and will give the results and other information to building officials throughout the country. It is hoped that this will remedy the present situation wherein municipal building departments are frequently ill-equipped to make tests in order to establish the utility of new products. It is believed that such inadequacy has greatly retarded the progress in the art of building and placed a premium on old materials and methods and a penalty on new ones.

SURPLUS

Senior officials of War Assets Administration seem to have spent a great deal of their time in recent weeks testifying before the Congressional Committees on surplus property. These hearings have produced evidence of abuses in the field of agency sales including (1) payment of commissions to agents or dealers on sales which were actually made by War Assets Administration personnel, (2) warehousing of scrap and other unsaleable surplus at Government expense, (3) irregularities in the assignment of surplus to favored agents, (4) lack of uniform pricing of surpluses sold through agents, (5) restrictive practices on the part of industry groups which have gained control over certain types of surpluses.

In the field of electronic disposal one out of four agents had expenses exceeding sales receipts. In cutting tools a case was cited of one agent obtaining from the Government in excess of $40,000 for expenses while he sold $431 worth of tools.

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Disposal Activity

Administrator Littlejohn estimates that disposals during the third quarter of 1946 will approximate $5.9 billion. This figure includes the sale for scrapping purposes of unsaleable aircraft which cost the Government $3.9 billion for $6.5 million. The status of surplus liquidation at the end of the third quarter shows that a total cost value of $21.5 billion has been reported for disposal, total disposals to June 30th, $4.5 billion, estimated sales for the third quarter $5.9 billion which would indicate an overall disposal under War Assets Administration of slightly less than 50 percent of all surplus declared to it.

Surplus Outlook

Recent estimates that the bulk of surplus property would be disposed of by July 1 , 1947 are now being revised. It would appear that even if the present quarterly disposal rate of $2.5 billion is stopped up to $4 billion, there will still remain at the end of the fiscal year an unsold residue of over $6 billion. It is very doubtful that the disposal rate can be stepped up to $4 billion.

War Assets Administration has announced an extensive advertising program to speed up surplus property. For this purpose 16 million dollars has been allocated.

Administrator Littlejohn has appointed a seven man brain trust known as the General Review Board which will make the final review on actions of regional offices on contracts, large sales, etc.

In an effort to more fully advise the public of the availability of surplus war property, War Assets have instituted a policy of releasing an advance index of principal surplus being offered by all 33 regional offices through the U.S. This will give buyers a national list of surplus items telling what items will be sold, when, where and by what sales methods.

The Staff of War Assets Administration is now over 50,000 persons and it is estimated that a top figure of 70,000 employees will be reached.

MARITIME

The House of Representatives Merchant Marine Sub-Committee has recently drawn the spotlight in its investigation into profits realized by shipbuilders during the war. The General Accounting Office has submitted figures which show estimated shipbuilding profits of $356 million on a capital investment by 19 shipbuilders of $23 million. This statement has brough forth strong denials by certain of the large builders who state that the figures of the General Accounting are gross distortions of the facts. Shipbuilders reply that if their wartime profits were figured on the basis of the delivered cost of ships after taxes and renegotiation it would prove, in most cases, to be less than 2 percent.

The publishing of lists of the launching gifts to the sponsors of various vessels has been the occasion for extensive editorials comparing the monetary value of the gifts and questioning the appropriateness of certain sponsors. There was a very wide range in the value, some persons receiving gifts valued at only a few dollars while others received presents costing several thousands.

Ship Disposal

Very little has been published regarding the progress of surplus vessel disposal except that the Maritime Commission has disposed of 2,203 vessels since June, 1944 for a total return to the U.S. of approximately $95 million. All surplus shipyards are being held in reserve until the

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needs of the ship scrapping program have been established. In conjunction with this, it is indicated that some 280 vessels will be broken up to provide approximately 750,000 tons of heavy melting scrap.

Maritime Outlook

The Post War Planning Committee of the U.S. Maritime Commission recently submitted its summary of recommendations on a post war shipping policy for the U.S. It states that the outlook for vessels in the foreign trade is promising and indicates that the foreign going fleet will probably be doubled over the pre-war fleet. It is thought that, excepting passenger ships and a few special types, there will be sufficient long range competitive tonnage to satisfy the requirements of most U.S. operators. The report also points out that the outlook for tramping under the American flag is dubious. It normally costs from 50 percent to 100 percent more to build ships in the U.S. than abroad and it costs 50 percent more to operate them. In view of this there does not seem to be any early prospect of avoiding the use of subsidies which averaged about $25 million a year prior to the war and it is thought that it should not exceed $50 million a year in the post war period.

Regarding the use of existing shipbuilding facilities, it seems unlikely that more than 10 percent or 15 percent will be able to find employment on a permanent basis.

A special committee headed by Commissioner Mellen has formulated a reorganization plan, the core of which is that the office of General Manager should be created within the Commission and vested with executive powers. The General Manager would carry out matters of general policy decided by the Commission itself and take over from the Commission executive the responsibility for the routine administrative matters which now greatly retard the effectiveness of the Commissioners.

PRODUCTION

Industrial production hit a new post-war peak in August. The output of non-durable goods, particularly textiles and foods, made the greatest increase, as this segment of the industrial index rebounded to the second quarter level. The rise in durable goods was not as steep. The production of basic materials continued at near capacity levels.

Steel production, which has been maintained at a high level for three months, pushed through to a new 1946 peak in August. Pig iron shipments were at the highest level since May 1945. Output of domestic refined copper jumped 37 percent in August and brass mill output was at a record peacetime level. Electric power production, a good general indicator of industrial activity, was the highest ever achieved for the month of August. Freight car loadings, limited only by the number of cars available, continued at the 1941 high level of nearly 900,000 cars per week.

Building materials continued production gains of previous months.

Finished Products

Finished products during August showed the first important effects of the improvement in basic materials. Automobile output increased 10 percent further and manufacturers are predicting the production of a million units during the three-month period September through November. Truck production rose 13 percent to an all time peak for peace time vehicles. Tire output increased 18 percent to new post-war high.

Radio shipments were up 31 percent from July to a level 55 percent above the prewar rate. Shipments of electric ranges and electric

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irons rose about 17 percent in August and stood 40 to 60 percent respectively above prewar rates. Vacuum cleaners were up 11 percent to a level 40 percent above prewar, and washing machines rose 13 percent to a monthly rate 23 percent above prewar. August shipments of gas ranges rebounded 33 percent to a record level and were 35 percent above July and 53 percent above average monthly production in 1941. Refrigerators and sewing machines, on the other hand, declined 1 and 17 percent respectively during August and remained at levels well below prewar monthly rates.

Automobiles and Trucks

When the problem of reconversion was first approached in the United States, the Government put its faith in the automobile industry to supply a major source of demand for materials and labor and thus keep the country out of a post-war slump. This hope later included the housing industry. We note elsewhere the degree to which the housing industry is approaching its goal, but the automobile industry, plagued with a multitude of production interruptions, has only produced 35 percent of expectations during this first year since V-J Day. In that period 1,750,000 passenger cars, trucks and busses were produced out of a predicted 5 million, according to the Automobile Manufacturers Association.

In the first quarter of this year, the industry suffered a net loss of $50,153,714 or more than 10 percent of every dollar of sales. This even surpasses the deficits of the depression year of 1932 when the net loss of passenger car manufacturing concerns amounted to 6.7 percent of sales.

While employment has been gradually rising, it is still 23 percent below the total for the months immediately prior to American entry of the war. The average weekly payroll at June 30th of this year for the automobile industry was only 86 percent of the pre-war figure or 50 percent of what it would have been under full production.

When it is considered that more care rolled out of the motor plants in the first year following the first world war than have been produced in the comparable period subsequent to the end of World War 2, despite far greater production facilities and technique, the true effect of the strikes in the industry can be measured.

However, with the August ten percent production increased in passenger cars to 241,000 units, the rate compares favorably with the monthly average of 1930-39 of 211,000. If the manufacturers can meet their forecast of a million cars during September, October and November, it will be 58 percent above the 1930-39 quarterly average.

Truck production, in rising 13 percent to 105,300 units in August, reached an all-time high in production rate of peace -time trucks.

Pig Iron

The production of 4.8 million net tons of pig iron in August was the highest since May 1945, exceeding the excellent July record by nearly 200,000 tons. August shipments of about 450,000 net tons of foundry and malleable grades, on the other hand, were somewhat less than July's 458,000 tons, and were far short of the amount needed to produce the required volume of gray and malleable iron castings.

The National Housing Administrator has put into effect the premium payment plan which we reported last month. It calls for payment by the Government of $8 per gross ton of merchant pig iron for production above base period quotas by operating plants and $12 a ton from plants which will be re-opened. An increase of possibly 75,000 to 100,000 gross tons per month by December is expected out of operating plants and over 35,000 to 80,000 tons is hoped for by the re-opening of closed plants.

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The full effects of the latter may not be felt until January. The net result, by December, should be a total monthly production of merchant pig iron of 460,000 to 500,000 gross tons as compared with approximately 360,000 tons without the plan.

By the first quarter of next year, production should be at least one-third more than what could be expected without the premiums. Several of the plants to be re-opened are Government owned. Most of those to be re-opened were operated under subsidies during the war.

Iron Castings

July shipments of both gray and malleable iron castings recovered substantially from the low June levels. July shipments of gray iron castings rose 10 percent to 810,000 net tons from 735,000 tons in June, and malleable castings increased 5 percent to 65,000 tons from 62,000 tons in the previous month.

Steel

August production of 6.9 million tons of steel ingots set a new peak for 1946, exceeding July by .3 million tons or 4.5 percent. August production at 88.3 percent of rated ingot capacity exceeded average monthly production in 1945 by a considerable margin. At the present time, supplies of raw materials --coke, pig iron, and scrap -- are the major threats to sustaining ingot production or expanding it to new peaks.

The tightness in steel is more acute in certain products than the overall picture indicates. Sheet and strip, tin mill products, small bars, small structural shapes, nails and bale ties are the tightest items. Detailed estimates of demand for sheet and strip have been calculated for the fourth quarter. These estimates point to a shortage in total sheet and strip supplies of some 13 percent including a 15 percent shortage in hot rolled, a 9 percent deficit in cold rolled, and a 20 - 25 percent shortage in galvanized sheet and strip.

Preliminary estimates for 1947 indicate a continuation of the shortage in overall steel supply, again with particular emphasis on sheet and strip products.

Wire Nails

Shipments of wire nails rose 18 percent in August to a new 1946 high of 61,000 tons from 51,800 tons in July. This production record is the industry's response to the incentive plan designed by CPA, NHA and OPA to help narrow the gap between supply and urgent demands. The August record is only 5,500 tons below the high production goal of 66,500 tons set for September, and indicates that this goal should be met and may possibly be exceeded.

The increase in nail shipments points to considerable easing within the next several months in the current tight supply-requirements picture. However, even if the goal is achieved and maintained, shipments will fall short of estimated demands for the remainder of 1946 and for 1947 by an average of about 5,000 tons per month. In addition, a substantial backlog of demand has not been met. Therefore, further attempts are being made to push nail shipments above the level set in the incentive plan.

Lead

Because of a prolonged strike in the smelting industry, domestic primary lead production amounted to only 60,400 tons in the second quarter, almost 10,000 tons less than had been expected. During the third quarter,

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production will probably not exceed 90,000 tons.

For the fourth quarter, primary lead production is estimated at about 95,000 tons. Now that the price issue has been clarified, this amount should be attainable.

During the fourth quarter it is planned to authorize consumption of all 212,500 tons of new supply. Because stocks are now at or below a working minimum, no relief can be expected from that source. As a consequence, restrictions more severe than ever before must be imposed on consumers, notably by reducing allotments for sheet and pipe for chemical plants, for civilian ammunition, and for replacement batteries.

Copper

Domestic output of refined copper continued to rise during August for the second consecutive month following settlement of strikes in the industry. Production in August was approximately 59,600 tons, or 37 percent greater than July production of 43,600 tons but still 15 percent below the postwar peak of 70,400 tons last October.

Rubber

During the past quarter the Rubber Division of CPA has revised its order R-1. The last revision again eased the restrictions on the use of natural rubber which was occasioned not only by the increased supply of natural rubber but by the tightness in supply of synthetic.

A recent conference was held between representatives of the U.K. and the United States during which extensive discussions were held regarding the future method of sale of natural rubber. It was pointed out that very large stocks had accumulated in the Far East. Press reports from Singapore state that the rubber warehouses there are bulging with stocks and the sellers are unable to find buyers at the established price of 23½ cents a pound. These reports also state that the banks are refusing to loan additional money on rubber at this time. It is estimated that Malaya alone may have available about 325,000 tons of rubber by the year end. As a result of the discussions, it was decided that the U.S. would purchase 200,000 tons of natural rubber at a price of 20¼ cents per pound to alleviate the situation in the Far East. It was further agreed that while natural rubber would remain on allocation for the balance of 1946, after January 1st, 1947 it would be dealt with as a unallocated commodity and would be purchased through the regular commercial channels.

In view of this it is anticipated that the Combined Rubber Committee will dissolve itself as of December 31, 1946 although it is quite possible that some means of allocation will have to be provided to take care of equitable distribution of the still scarce types of rubber such as latex and pale crepe.

Even though international allocations are suspended it is the present intention of CPA that the Rubber Division continue to function until Congress has had an opportunity to consider the advisability of establishing an authority to carry out the proposals of the recent Inter-Agency Rubber Committee. This Committee proposes that, on an overall basis, one-third of all rubber consumed in the U.S. be synthetic.

In the synthetic rubber situation, butyl still remains in exceedingly short supply. Both cotton and high tenacity rayon tire cords are very scarce.

WASHINGTON OFFICE

During the third quarter, the purchasing procedure for U.S. war materials was finally resolved with the U.S. Foreign Liquidation Commission

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and the other groups involved. On September 20 the contract covering our first requisition was signed. This covers a quantity of tanks which will be shipped to Canada starting the week ending October 5th. The purchase price to Canada effects a 3.4 percent rate of the procurement cost to the U.S. Government.

At the present time, a contract is required for each purchase under this arrangement. The legal Division of the Foreign Liquidation Commission is at present preparing a suggested master agreement which would cover the sale of all surplus U.S. military equipment to Canada. It is hoped that it can be arranged to incorporate the Acceptance of Tender into the master agreement. This will greatly simplify procedural detail on subsequent purchases.

Commitments to date covering material required by the Canadian Army already amount to more than three-quarters of the money deposited on the Army's behalf. It is, therefore, apparent that only a small portion of their requirements can be filled unless additional funds are supplied. The present indications are that further funds will be provided.

APPENDIX

Since this report was written the OWMR has made a quarterly report warning of "an early and severe" economic crash if prices continue to rise. In releasing the report, President Truman has called upon the country to do its utmost to preserve industrial peace and keep production high.

Mr. Steelman, OWMR Director, emphasizes that the economy is now in a position of "great promise and great danger. Prices have already risen further in three months since the original price control act expired than they did in the previous 38 months. A further rapid price rise might choke off demand, upset business stability, and precipitate an early and severe price collapse, with serious economic and social consequences".

With the economy at this crossroads, one lane of which leads to collapse and the other to prosperity, the country faces two "great problems", Mr. Steelman stated. The first and longer range problem requires the maintenance of full production and full employment, he said, while the second and most immediate is the prevention of "run-way prices". He predicted that rising prices would create a wage-price spiral and that business and agriculture would "find they have priced themselves out of the market and into a depression".

Mr. Steelman calls upon business to cut prices wherever possible without reducing wages. "There can be no doubt", he says, "that in some industries the profit position is such that prices could be reduced and profit still maintained at a satisfactory level."

The Report also expresses concern over the decrease in real wages. "Basically the only cure lies in the output of more finished goods and services."

The President states that he sees no need for further laws to strengthen the price control program. He amended his statement, however, with the comment that any legislation he would be likely to get would not help the situation much.

The Report states that:

Profits after taxes are at a record high.
The food situation will become worse this winter with

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the shortage of meat especially acute.
Shortages of many industrial materials will continue well into 1947 and some for even longer. "We need more iron and steel, sheet aluminum, tin, lead, lumber, rubber, plastics, resins, and certain shapes of copper".

Finally Mr. Steelman warns that purchases of non-durable goods have remained steady since the first quarter of the year and in the past three months may, in fact, have declined slightly. He notes that this is a circumstance giving "some indication that the bloom is off the market".

C O A L C O N T R O L

1. Production

While the overall production of coal is nearly 700,000 tons greater for the period April to September, 1946, compared with 1945, a falling off in output is noticed both in New Brunswick and British Columbia. Estimated total production for the year (April - March) is 17,500,000 tons but it is a little early to say whether the objective will be reached. Now that the miners' holiday season is nearly over the next few months will show whether or not an improvement in output, so urgently needed, will actually materialize.

2. Imports

(a) Bituminous

A serious set back has been suffered in the imports of United States bituminous coal particularly during the first quarter April - June of this year. The July - September period is a little brighter with the gap shortage of the first period, amounting to some 3,000,000 tons, being reduced to about 2,000,000 tons by the end of September. While estimated required imports for the year amounted to 22,500,000 tons, it is possible that reduced Canadian industrial activity due to strikes will somewhat reduce consumption but even so any available excess of bituminous coal will go toward improving Canada's stock position. Continued car shortages in the United States are, naturally having their effect this side of the border.

(b) Anthracite

Production of United States anthracite has increased by about 13% over that of the April - September figure of last year; Canadian imports over the same period have increased by 17.3%. This is encouraging and will ease the domestic situation if future monthly import shipments continue without hindrance. The total tonnage imported for the April - September period this year is 2.4 million which means a gain of some 680,000 tons over last year.

British anthracite imports show an improvement over last year and by diverting the larger sizes for consumption in the Maritime Provinces, considerable easement might be expected in the cities of Halifax, Nova Scotia, and St. John, New Brunswick. The blower sized coal is moving chiefly to Montreal. For the April - September period last year 6,178 tons were brought in while this year for the same period the tonnage is 41,398 tons.

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3. United States Coal Situation

Transportation is the chief difficulty at the moment in the matter of getting coal in from the United States. Car supply is at a premium and lake carriers available are not sufficient to move the coal accumulating at the Lake Ports. Production is satisfactory both in the anthracite and bituminous fields, although unrest has occurred in one or two of the bituminous mines due to meat rationing. The request of the United Mine Workers of America to have meat rationing rescinded has not met with any success.

4. Available Canadian Supply

Stocks of bituminous coal and coke are considerably lower than at this time last year. There is, however, some betterment in the anthracite stock position. The strike in the steel plants and certain other industries will have the tendency to improve Canada's stock position slightly. There is little hope at this time for any improvement in the coke situation.

5. Labour

An agreement has been reached in District 18, United Mine Workers of America, with the operators. An increase of 17½ cents per hour with a 3 cents per ton welfare fund are the main features, minor adjustments with regard to holidays and overtime are other matters which have been clarified. This increase in wages is already having its effect in other coal mining areas and the Saskatchewan miners have now asked the operators to reopen their agreement with a view to increased pay. It may be assumed that the Nova Scotia and New Brunswick labour union of District 26 will take cognizance of this situation and request similar consideration. The number of miners are still far short of requirements and plans to attract men to the industry have not contributed a great deal. Even in closing out (voluntarily) of uneconomic operations there is no assurance that the men let out would drift to the better class of mines. The inclination for some time has been to follow any employment other than coal mining.

6. Domestic Situation

(a) Eastern Canada

It is still a matter of hand to mouth supply in the Maritimes. Coke which should have been available for distribution and storage has not been produced. The slow down prior to the strike at the Sydney plant and the actual stoppage has left the market wide open to an acute shortage. Some British anthracite is coming in to Halifax and St. John and will continue to do so right up to next spring. Some of this British anthracite will be diverted to inland Maritime points and about 1,000 tons are urgently needed for Prince Edward Island.

(b) Central Canada

A slight improvement can be noticed in the supply position of Ontario and Quebec but the situation still remains precarious.

American anthracite shipments have been above the average but with a greater demand during the heating season in the United States continued favoured treatment cannot be expected. It is possible that Canada may be faced with reduced monthly shipments

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as the winter season advances. Premium low volatile bituminous coals are just not available and coke imports will fall far short of requirements. Only about half of the quantity imported at this time last year has been received to date.

The steel strike has further aggravated the situation. It had been hoped that not less than 400,000 tons would have been directed and diverted into the domestic market by the first of October, actually the tonnage moved has only been slightly in excess of 200,000 tons. Movements of Alberta coal to the Ontario market have been fairly satisfactory having reached 300,000 tons, of this tonnage, however, some was for railway and industrial use. At least an equal or greater amount will have to be moved during the winter months. Some difficulties have been experienced in the movement of Brazeau briquettes. They have proved too friable and degradation in transit and delivery necessitated curtailment of shipments until the mechanical defects at the plant had been overcome. Dealers also have been reluctant to order any greater tonnage of Alberta coal due to consumer resistance and the optimistic attitude on their part in believing anthracite and coke would be available to them later on in the year. A study is now being made with respect to the order restricting consumer deliveries to 60% of Class A fuels up to November 1, 1946. Equitable distribution will have to be maintained and it is unlikely, at this time, that any relaxation of the order will be made after November 1.

(c) Western Areas

Production in the Alberta mines shows an overall increase and continues to be satisfactory. Some slight falling off in the Saskatchewan field has occurred chiefly to seasonal operations. This can be offset from now on with a greater demand for this type of coal. British Columbia, however, continues to decline with little chance of immediate betterment. Whether or not the increased pay recently granted to the miners will provide an incentive to further efforts remains to be seen. A market is available for everything they can produce. Our allocation office in Calgary is in full operation and should provide sufficient insurance against any locality being in short supply.

7. Prices, Subsidies and Subventions

One of the weak spots in this Control is the Pricing Section. What with staff turnover, holidays and sickness, it has proven extremely difficult to keep abreast of the multitudinous problems occurring daily. Equalizing prices on geographical areas in Alberta and the renegotiation of trade discounts put a burden on this Division which was entirely unexpected. Additional staff will be necessary if further calls are made to readjust prices on coal due to recent wage increases. Current price fixations and ceilings provide all the work that this staff can handle under existing conditions.

8. Orders and Circulars

It has not been necessary to issue any orders since the last Coal Control report or have further directives been required. Circular 394, issued on September 13, was merely information for the trade.

9. General

A meeting of the Emergency Grain Transportation Committee

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was held in Montreal on September 23 at which Coal Control was represented. The present transportation situation was thoroughly discussed in relation to wheat exports and essential coal requirements. The consequences in failing to meet the United Kingdom programme on wheat and failure to supply our coal needs were admitted critical and the Transport Controller stated that it would be necessary to secure further data on other major conditions.

COAL AND COKE IMPORTS AND CANADIAN PRODUCTION
PERIOD APRIL 1 TO AUGUST 31

IMPORTS	1944	1945	1946
Anthracite			
United States	1,722,494	1,407,339	1,886,193
Great Britain	100,014	3,372	36,752
Total	1,822,508	1,410,711	1,922,945
Bituminous			
United States	13,783,211	11,937,927	9,344,877
Other	-	-	-
Total	13,783,211	11,937,927	9,344,877
PRODUCTION			
Nova Scotia	2,260,859	1,988,247	2,106,927
New Brunswick	136,370	151,517	137,743
Saskatchewan	289,562	313,490	302,127
Alberta	2,710,261	2,927,225	3,305,500
British Columbia	911,033	710,976	663,580
Total	6,308,085	6,091,455	6,515,877
EXPORTS			
Bituminous	448,023	330,123	372,315
COKE			
Imports - Petroleum	55,667	87,558	107,240
Coal	334,853	652,962	332,086
Production - Petroleum	41,664	32,886	30,402
Coal	1,658,156	1,641,246	1,211,564
Exports - Petroleum	9,375	10,497	5,672
Coal	19,647	15,808	17,606

S U M M A R Y

Anthracite Imports	1,822,508	1,410,711	1,922,945
Bituminous Imports	13,783,211	11,937,927	9,344,877
Canadian Coal Production	6,308,085	6,091,455	6,515,877
Canadian Coal Exports	448,023	330,123	372,315
Coke Imports	390,520	740,520	439,326
Coke Production	1,699,820	1,674,132	1,241,966
Coke Exports	29,022	26,305	23,278

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STOCKS OF COAL AND COKE IN CANADA AS AT AUGUST 31

		Industrial Consumers	Fuel Dealers	Dock Operators	Coke & Gas Plants	Total	Railways	Bunkers	On Bank At Mines
	Anthracite								
1945	British	6,772	2,265	227	-	9,264			
	United States	67,532	240,268	70,690	-	378,490			
	Total	74,304	242,533	70,917	-	387,754			
1946	British	4,577	6,091	-	-	10,668			
	United States	75,543	250,043	95,938	-	421,524			
	Total	80,120	256,134	95,938	-	432,192			
	Bituminous								
1945	British	-	-	-	-	-	-	-	-
	Canadian	582,438	246,292	19,006	36,157	883,893	1,117,639	290	111,799
	United States	2,312,146	499,284	1,527,339	1,258,750	5,597,519	3,436,184	72,276	-
	Total	2,894,584	745,576	1,546,345	1,294,907	6,481,412	4,553,823	72,566	111,799
1946	British	-	-	-	-	-	-	-	-
	Canadian	551,312	246,292	30,993	55,996	884,593	1,116,057	3,316	87,976
	United States	2,108,865	416,353	1,198,399	826,708	4,550,325	2,623,056	28,822	-
	Total	2,660,177	662,645	1,229,392	882,704	5,434,918	3,739,113	32,138	87,976
	Coke								
1945	Canadian	104,532	79,603	39,479	273,775	497,389			
	United States	66,334	98,660	41,850	-	206,844			
	Petroleum	54,925	3,267	2,251	7,040	67,483			
	Total	225,791	181,530	83,580	280,815	771,716			
1946	Canadian	72,006	78,004	16,940	252,147	419,097			
	United States	88,204	87,354	16,941	-	192,499			
	Petroleum	79,754	276	-	9,422	89,452			
	Total	239,964	165,634	33,881	261,569	701,048			

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R U B B E R C O N T R O L

INVENTORIES AND CONSUMPTION

L O N G T O N S

	Crude Rubber	Buna-S	Butyl	Neoprene	All Other Synthetics	Reclaim
Inventories in hands of the Government and Industry, July 1, 1946.	1775	2824	963	167	24	2409
Production	-	9656	2925	-	-	966
Imports	3240	83	5	257	7	1762
Consumption (Sept. Estimated)	631	1140	93	203	9	1708
Exports *	-	3987	2467	-	-	-
Inventories in hands of Gov't & Industry Sept. 30, 1946	4384	7436	1333	221	22	3429

* Exports by Countries

B U N A - S

	Pounds
Argentina	167,989
Chile	55,991
Denmark	711,502
France	1,346,998
Italy	671,915
Mexico	239,982
Peru	12,180
Sweden	2,166,848
Switzerland	89,366
	5,462,771

B U T Y L

	Pounds
Cuba	111,990
Denmark	620
Italy	11,175
Switzerland	10,981
Reconstruction Finance Corp.,	2,310,000
	2,444,766

Supply Position

Based on Sept. 30 inventory and May Consumption:

Natural Rubber	5 months' supply
Buna-S	3 " "
Butyl	3 " "
Neoprene	7 weeks' supply
All other Synthetics	6 " "
Reclaim	2 months' supply

Crude Rubber

Strikes in the rubber industry since June 24, 1946, have greatly reduced the use of crude rubber. Storage has become a difficult problem for new rubber receipts. It is estimated that at December 31, 1946, the total inventory in the hands of the government and industry will be about a 5 months' supply.

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GR-S

Inventory in the hands of the government and industry is planned at a 2 months' supply. Balance of production will be exported. This balance at present is very large due to non-usage through strikes. It is expected that this can be exported.

GR-I

No difficulty at present in exporting balance of production not required in Canada.

Neoprene

All imported from U.S.A., - no shortage.

Reclaim

The expected shortage has not developed, although, sometime within the next year, there will be a definite shortage of reclaim made from good natural rubber articles.

General

Shortage of rayon for truck tires is very acute. Rayon was taken off allocation in the U.S. in October, 1945. Since then, the wide use of rayon and the increased production of tires in the United States has caused a severe shortage of tire rayon. Canada depended on the United States for approximately 2/3 of its tire rayon. It is difficult now to secure any from the U.S. rayon manufacturers. They are oversold in their own "continuing" market. The shortage of caustic soda due to strikes has greatly curtailed Courtaulds' production and may eliminate it entirely in the 4th Quarter. This is the only Canadian source of H.T. rayon. This shortage of rayon will be a very serious handicap to truck tire production, when the Canadian tire factories reopen after the strikes are settled.

Labor

Strikes in six out of seven tire factories, three out of eight rubber footwear factories, and three out of five mechanical goods factories have lasted now for fourteen weeks. This will affect the supply of these articles very seriously this winter. Particularly is this true of waterproof footwear. Production cannot recover fast enough to supply the necessary footwear for the coming bad weather period. These companies have not been allowed to ship out their finished goods not receive incoming raw materials into their factories. Quite sizable stocks of tires have been impounded by the strikers. These would have helped considerably to alleviate the shortage of tires in Canada and on export.

Just how much longer these strikes will last cannot be predicted at the moment. But when the factories reopen it is estimated production for the first month will not exceed 60% of capacity, moving up gradually to 100% in perhaps three months' time.

S T E E L C O N T R O L

The prolonged steel strike has had a disastrous effect on the inventory position of all forms of pig iron and steel.

Practically all foundries have exhausted their stocks of raw materials and are now dependent on one blast furnace, Canadian Furnace Limited at Port Colborne, with a capacity of 10,000 tons per month. The output of this furnace is being directed to foundries engaged in the production of soil pipe and cast iron water pipe, and to the producers of heating equipment for Government-approved low-cost housing projects. Shipments of pig iron to the automobile

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manufacturers, the car wheel manufacturers and other manufacturers engaged in the production of materials for the low-cost housing projects have been curtailed by this office.

Importations of steel in various rolling mill forms from the United States for the month of September totalled 58,430 net tons, which is close to estimate, and unless Canada is privileged to participate to a greater extent in American production through priorities, it is hardly likely that a larger tonnage than that received in September can be anticipated.

Contemplated export programs for ships, locomotives, freight cars and other forms of equipment have been held up pending the settlement of the steel strike and the preparation of a statement showing the steel supply position as it will exist when operations are resumed.

The scrap situation remains tight and would be worse except that Dominion Steel & Coal Corporation, Algoma Steel Corporation and the Steel Company of Canada are practically out of the market, and it will require best efforts to procure the scrap necessary to support steel production until the end of the coal year, particularly if the domestic fuel requirements necessitate a large diversion of coke from the steel producers with the resultant reduction in the production of pig iron.

T I M B E R C O N T R O L

LABOR

Labor reports received from Timber Control Regional Offices would indicate that the supply of labor is improving gradually throughout the country and, since the ending of the strike in British Columbia, labor would appear to be fairly satisfied with the rates of pay now received. The above is not true, however, of the pulpwood situation, and it is to be particularly noted that the withdrawal of prisoners-of-war from the Province of Ontario has caused a considerable drop in production for that province, and unless labor is found in sufficient numbers to offset the year round work of the prisoners-of-war, the province will suffer heavily from pulpwood production viewpoint with its inevitable effect on production of end products. Further concern is felt in this regard with the possibility of a strike of bush workers threatened by the union at the Head of the Lakes. Other than Ontario, the labor situation in the pulp industry appears to be fairly satisfactory. Production has shown considerable increase in Quebec. The increased wages being paid in most areas to pulp workers and lumber workers have had an adverse effect in that it has drawn labor from woodlots who would normally be producing fuelwood and who are now working at higher rates than the pulp producers and the lumber manufacturers. Many workers are still harvesting and it is expected that these men will return to the production of forest products in the very near future.

LUMBER

With the building program still demanding an abnormal amount of lumber, there is still evidence of shortages and this is particularly true in farming communities where they do not have the advantages of priorities which are assigned to large building programs in the cities and urban districts. The areas complaining of shortages are those which normally draw from producing areas in their immediate vicinities. However, great amounts of this material are being shipped to the priority projects leaving very little for the building of barns and farm houses. Correspondence has been received regarding the shortage of timbers for wharf, bridge and dock construction in the last week. Correspondence has been received from the Premier of Nova Scotia and several Members of

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Parliament requesting assistance in obtaining B.C. fir timbers for urgent work in that province. These requests are being screened and where it is found that native timbers are not suitable, the Timber Control Vancouver Office is being requested to allocate to the mills these requirements on an equitable basis.

PRODUCTION BY AREAS

B.C. Coast and Interior

Production in this area for the third quarter has been considerably higher than for the previous quarters of this year, and it is anticipated that this improved condition will continue for the balance of the year. The interior of B.C. continues to show improvement and the fire hazard this year has been considerably lower than in previous years and, as a result, production has been maintained at a high rate. However, last month a serious fire destroyed the mill of Joseph Chew who is a large producer of shingles. This is particularly regrettable at the present time in view of the acute shortage of this item. Fortunately, this fire was confined to the one mill.

Prairie Provinces

Production in the Prairie provinces continues at a fair rate and should continue satisfactorily for the balance of the year.

Ontario and Quebec

Reports on production in these two provinces continue at a satisfactory rate. Hardwood production has been stepped up somewhat which will improve the supply of mill feed to the hardwood flooring manufacturers and also for the manufacture of furniture. Production of hardwood is being watched carefully as hardwood flooring is one of the items that is holding up completion of homes.

Maritimes

It is expected that production will continue at a fairly high rate in the Maritimes now that the producers have been assured that the export policy of the Timber Control will be practically the same in 1947 as in 1946.

EXPORTS AND IMPORTS

To offset, as much as possible, the disruption of domestic shipments caused by the strike in British Columbia in May and June, exporters in the provinces of B.C., Alta., Sask., and Manitoba were advised that a portion of their earned export credits would be suspended during the months of July, August and September. It was felt this would make more lumber available to Canadian users during the summer months, and the exporters would be able to resume their exports during October, November and December when the domestic demand would be less.

In accordance with recommendations received from the trade in Eastern Canada, and which were approved by the Eastern Export Advisory Committee, it was announced that the export policy for Eastern Canada for 1947 would be substantially the same as that in effect in 1946.

During the month of September, pickets of wood were made subject to export permit in order to stop the export of laths which were being shipped as pickets.

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Statistics

U.S.A. - Export permits approved for period July 1 till September 30 for shipments to U.S.A. were:-

	Softwood	Hardwood	Total
B.C. Coast (Lbr. 46,290) (Logs 20,718)	67,008 M'	2,350 M'	69,358 M'
Bal. Canada	255,423 M'	73,251 M'	328,674 M'
Total	322,431 M'	75,601 M'	398,032 M'
As compared with 1945	283,795 M'	48,805 M'	332,600 M'

Shipments of Logs, Lbr. and Ties to U.S.A.
July, August - 1946 183,753 M'
As compared " " " - 1945 179,604 M'

Shipments of Logs, Lbr. & Ties to U.K.
July, August - 1946 105,053 M'
As compared " " " - 1945 191,717 M'

Export Permits approved for All Other Countries
from July 1 till Sept. 30, 1946 135,282 M'
As compared with " " " " 1945 30,922 M'

PULPWOOD

Domestic

Domestic production and purchases for the 1946/47 wood year stand as follows for the various provinces:-

	Rough Cords
Ontario	416,255 or 71% in relation to last year at same date.
Quebec	578,000 or 155% in relation to last year at same date.
New Brunswick	145,600 or 109% in relation to last year at same date.
Nova Scotia	24,000 or 208% in relation to last year at same date.

The over-all figure shows that production stands at 107% in relation to last year.

Considerable concern has been expressed by the domestic industry in connection with the car situation and figures are now in preparation by the industry on car requirements to effect deliveries and maintain operation for presentation to railroads. This Control is obtaining similar information from operators which will be forwarded to the railroads in due course.

Export

Meetings and discussions were held with the officials of C.P.A. and O.P.A. in connection with MPR-530, which governs import prices of pulpwood into the United States from Quebec and the Maritime Provinces. In view of certain mandatory rulings of the American Government covering all O.P.A. Orders, it was decided that it would be preferable that MPR-530 be rescinded and not replaced at the present time. Under the present form of domestic price ceiling orders this places both export wood and domestic wood on the same basis.

We are advised by O.P.A. that subject to some further information which they require they are prepared to rescind MPR-530. It is expected that this matter will be finally cleared early in October.

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Permits approved to September 30 stand at 1,687,863 cords actual shipments against approved permits as at August 31 stand at 1,167,086 cords.

WOOD FUEL

General

Rural labour is slow in getting back to wood fuel production. Prices being paid for saw-log and pulpwood production are such that most rural labour available for woods work is being absorbed in that type of production. Reports from most parts of the country indicate that wood fuel production this fall and winter will be below that of last year.

Prices & Subsidies

Dealers in the larger centres have not reacted favourably to the new policy of assuring them of a price increase next spring to take the place of subsidies. They do not consider the assurance of being able to charge higher prices sufficient assurance that consumers will pay such prices to obligate themselves at this time for large inventories of high cost wood for delivery to them next year. In consequence, they are not prepared to enter into production contracts on the same scale as they did with subsidy guarantees.

1946/47 Burning Season

In rural areas and the smaller centres, supplies appear to be adequate for the coming burning season. The supply situation for the larger centres is not as secure as they are depending on the new cut to a considerable extent to make up deficiencies.

Full advantage is being taken of the increased lumber production to obtain all possible slabwood for the wood fuel market. Slabwood, however, has decreased in quality owing to the larger recovery from logs for lumber.

In view of the coal shortage and the slowing down of wood production, the wood fuel situation is not as easy as it appeared to be last spring.

GENERAL CONCLUSIONS

It has been announced that the Export Policy for Eastern Canada -- that is the area from the Manitoba-Ontario border East to the Atlantic-- will follow the same general pattern as the Policy of 1946. This was discussed and approved at a meeting with the Maritime and Eastern Canada producers.

Effective September 30, Administrator's Directive D-478 was sent to the manufacturers of hardwood flooring, directing that they must not sell hardwood flooring in quantities over 2,000 feet board, and/or surface measure at a price exceeding the lawful maximum wholesale price. The purpose of this directive was to eliminate abuses that have crept into the merchandising of hardwood flooring. It was found that manufacturers were abusing their retail privileges by selling carload lots at retail prices. As a result of this practice, the normal retail outlets were unable to service Approved Priority Housing permits issued to individual veterans due to the fact that the manufacturer would not ship at wholesale to the retail outlet. This practice also made it difficult for Wartime Housing Limited to purchase flooring due to the fact that they are not permitted to pay over wholesale prices for hardwood flooring.

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DEPUTY CO-ORDINATOR, RESOURCES DEVELOPMENT (MINES) AND CONTROLLER OF RADIO-ACTIVE SUBSTANCES,

1. RESOURCES DEVELOPMENT (MINES):

ADMINISTRATOR OF NON-FERROUS METALS, WARTIME PRICES AND TRADE BOARD:

There was no significant change in the Canadian position of the three major non-ferrous metals (copper, lead and zinc) from that set out in last report.

COPPER:

The strikes at the plants of Anaconda American Brass Limited and Canada Wire and Cable Company Limited are still continuing and, as indicated last month, for each week that these plants do not operate approximately 1050 tons of copper are made available for redistribution to other Canadian consumers and to the export market.

At a meeting held in this office September 17 with K.A. Creery, Liaison Officer, Canadian Copper Producers, arrangements were made for 1660 tons of copper thus released to be redistributed to the various wire and cable manufacturers other than Canada Wire and Cable Company. Also present at this meeting was William Mure ex officio representing the British Ministry of Supply. The question as to how much copper might be made available to the United Kingdom during the first and second quarters of 1947 was discussed and it was finally decided tentatively that if during the first quarter the Canadian Copper Producers reserved for domestic requirements 22,500 tons, any production over and above that amount would be available for export. This amount compares with an average of 21,000 tons per quarter available for domestic consumption during 1946. A survey is being conducted in order to definitely determine the Canadian copper requirements for the first three months of next year.

During the month Anaconda American Brass Limited submitted a brief requesting that when production is resumed at their plant they be allowed to distribute their products to their customers on a quota basis. This request was discussed at some length with Wilbur Uren, Priorities Officer, Arthur May, Co-ordinator of Capital Equipment and Durable Goods and A.F.W. Plumptre, Secretary of the Board, and it was finally decided that Anaconda American Brass Limited would be permitted to institute their quota system on the resumption of production, with the strict understanding that any materials required by the Priorities Officer for housing or other essential programs would be supplied before any distribution was made under the quota system.

LEAD:

As reported last month, Administrator's Order No. A-2104, Secondary Lead, was issued to become effective September 10. This order limits inventory of secondary lead which any person may hold to: (a) 2000 pounds; or (b) one-third of the total number of pounds sold and/or consumed by him during the first six months of 1946; which ever is the greater; unless otherwise authorized by the Administrator. This order has been received by the trade with mixed reactions and, while the majority of dealers have expressed a willingness to co-operate, we understand that a few of the more radical members of the Canadian Secondary Materials Association are preparing to contest the order.

The problem of obtaining small quantities of battery oxide from the United States has still not been solved as a definite decision from the Civilian Production Administration has yet to be obtained.

The investigation conducted as to the quantities of virgin lead required by Canadian consumers has now been completed and submitted to the producers who have agreed to supply 29,460 tons of lead to the domestic market

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during the second half of 1946. While this amount is somewhat short of the estimated requirements as submitted to this office it has been agreed to on the understanding that any essential requirements over and above this amount will be supplied.

ZINC:

As in the case of lead, a survey of the Canadian zinc requirements has now been completed and these have been submitted to the producer who has agreed to supply to the domestic market 49,420 tons during 1946.

MISCELLANEOUS

ANTIMONY:

The 200 tons of Chinese antimony which arrived in Canada in August have now been distributed to the consumers and the second lot purchased by the Commodity Prices Stabilization Corporation was shipped from Hong Kong on September 25.

This office has recently been offered a further lot of 200 tons from the same source at a price of 44¾¢ per pound f.o.b. Shanghai or Hong Kong, and a still further lot of 400 tons at an unspecified price which might run as high as 50 to 55¢ per pound f.o.b. port of export. Because of this excessively high price it could not be recommended that any of this material be purchased by the Corporation.

While in England G.C. Bateman made inquiries as to the possibility of Canada purchasing antimony but he now reports that the United Kingdom has no surplus supplies available for export to Canada.

The latest information regarding production from Consolidated Mining and Smelting Company is they will commence production of 25% antimonial lead on November 1 and will continue at the rate of approximately 75 tons of contained antimony per month for about four months following that date.

TIN:

The office has been advised that 500 tons of the 1070 tons Straits Tin purchased by the Commodity Prices Stabilization Corporation are now afloat and should arrive in Canada shortly.

To date no indication has been received from the Combined Tin Committee as to what Canada's allocation for the second half of 1946 will be.

DEPUTY CO-ORDINATOR, RESOURCES DEVELOPMENT (MINES):

GOVERNMENT STOCKS:

All the Government stocks of ferro alloys have now been sold with the exception of 125,000 pounds of contained molybdenum in ferro molybdenum which is still stored at the warehouse of Atlas Steels Ltd., Welland, Ont.

EMERALD TUNGSTEN:

Several offers for this Project which have been received are being considered.

INTERDEPARTMENTAL COMMITTEE ON RADIO COMMUNICATIONS, NORTH WEST TERRITORIES:

A meeting of this committee was held in the office of Commander C.P. Edwards on September 25 and the final recommendations to the Cabinet Committee on Reconstruction is in process of being prepared for submission in October.

2. CONTROLLER OF RADIO-ACTIVE SUBSTANCES:

At a meeting held in this office early in September with W.J. Bennett, Vice-President of Eldorado Mining & Refining (1944) Limited, and Lesslie R. Thomson, Special Liaison Officer, it was decided that because of the shortage of radio-active salts no exports of these products would be allowed for the time being.

It came to the attention of this office that Defence Industries

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Limited were purchasing certain radio-active salts through indopendent agents and they were advised that in future it would be more satisfactory if they would purchase the salts direct from Eldorado Mining & Refining (1944) Limited.

The following radio-active substances were released for commercial use during September:

(1) Radium Luminous Compound -

25.0 grams - Kirk Dial Ltd., Toronto, Ont.
10.0 grams - X-Ray & Radium Industries Ltd., Toronto, Ont.

(2) Uranium Salts -

6 lbs. - Defence Industries Ltd., Montreal, Que.

C A N A D I A N A R S E N A L S L I M I T E D

1. GENERAL

Administration and Organization:

I. C. Hardy has returned from England and the European Continent after having made arrangements for the transfer from England of a pilot plant for the manufacture of Solventless Cordite. He reports against the transferring of plants from Germany for manufacturing Hydrazine Hydrate and Hydrogen Peroxide, as the plants in Germany are now out-dated and it is not considered worthwhile to move them to Canada.

Preliminary work has started in the preparing of a prospectus for Canadian Arsenals Limited which, on completion, will be issued to government departments and agencies and other interested organizations.

Col. E. C. Mayhew, Assistant Chief Engineer, is presently attending a 10-month course in Washington on industrial mobilization. During his absence, G. J. Manson has taken over this position in an acting capacity.

2. DOMINION ARSENAL, QUEBEC

Administration and Organization:

During the quarter, several administrative problems have arisen as an outcome of the reduction in the staff due to the abolition of positions and the subsequent applications for superannuation of prevailing rate employees who were designated permanent in August, 1944, for the purpose of the Superannuation Act. No decisions have been reached as yet in regard to clearing up these problems.

Plant Maintenance and Conversion:

The conversion program is 70% completed at the Palace Hill Plant, while at the Val Rose Plant, the small arms cartridge case, brass foundry and rolling mill group, is 50% completed and the filling group, 75% completed.

3. GUN AMMUNITION DIVISION:

Production:

The manufacture of component parts for the 17 Pdr. Sabot Shot has been somewhat handicapped due to changes in specifications and difficulties in procuring the necessary materials.

Considerable difficulty has arisen in the forming of the aluminum cab for the snowmobiles which will result in the postponement

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of the original specified delivery date. Every effort is being made to clear up this problem.

4. SMALL ARMS DIVISION:

Production:

Production on the Rifles C No. 7 .22" Mk. 1 has been maintained at the scheduled rate of 44 per day. At the end of the quarter, approximately 2700 rifles remained to be manufactured on contracts totalling 11,800.

The repair program of Rifles No. 4, is progressing at the scheduled rate of 55 per day and it is estimated that the current contract will take approximately nine months from the present time to complete.

The production of sniper's rifles, resulting from contracts taken over by this division from Small Arms Limited, is being completed as materials become available.

5. GUN DIVISION

Administration and Organization:

Due to a considerable increase in the amount of work being done in this division during the past quarter, it has been necessary to increase the staff and at present, there is employed in this division, 326 personnel, 17 female and 309 male employees.

In order to accommodate additional production on gun equipments and the snowmobile program , six bays in the No. 2 Shop have been taken over for production purposes.

Production:

At the end of the period, five 40 M/M Equipments have been completed, four of which have been delivered to the Longue Pointe Ordnance Depot while seven more are in process.

On the 17 Pdr. Anti-Tank overhaul and modification program , twenty equipments are in process, eleven of which are over 70% completed. The non-receipt of Warner Brake Kits is still holding up the completion of this program .

It is not expected that any 5.5" Gun Howitzers will be completed in the program of overhaul and modification before November, although there are eighteen equipments in progress.

The snowmobile program is proceeding with modifications being carried out on hulls, engines, differential housings, battery heaters, engine parts, etc., with considerable progress being made during the month of September.

Special and Extraordinary Matters:

During the month of September construction was started for five prefabricated Faircraft houses by Wartime Housing Limited for members of the staff. It is anticipated that the houses will be ready for occupancy by December 1, 1946.

6. FILLING DIVISION:

Administration and Organization:

The Inspection Board of Canada has taken over the operation

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of the Proof Yard on the property of this division.

Engineering Development

A comprehensive report is in preparation describing the operation of the heavy calibre shell boiling-out equipment which has been developed in this division. Development work is also proceeding on equipment for the boiling-out of small calibre shell on a production line basis.

Development work is also progressing on the mechanizing of certain operations to speed up the breakdown of fuzes while at the same time reducing the hazards involved.

Production

The boiling-out of the 7.2" shell is proceeding on schedule; with the approach of the winter, the steaming-out cycle may increase to the point where the production rate will drop off. Preliminary plans are under way for the covering-in of the area used in this program and with the heating of certain portions of this area so that production may continue during the colder weather.

The production on the 4.2" Trench Mortar Bombs Inert and the 9.2 Cartridge has been suspended for the balance of the year to permit the transfer of labour to more urgent breakdown work. Production will be resumed on the above program so as to permit completion by March 31, 1947.

The breakdown of fuzes is continuing.

On September 23, a breakdown program was commenced on 25 Pdr. Cartridges, and is proceeding at a rate of 5000 per day.

Preparations were made for the production of incendiary composition for C.A.R.D.E. but the magnesium aluminum alloy required for manufacture does not meet specifications and an additional supply cannot be located. This problem is being referred to C.A.R.D.E. to determine whether the material available will be suitable for their requirements.

Maintenance and Conversion :

The reconversion of the buildings in Groups 2 and 3, which up to mid-September was progressing very slowly due to lack of building materials and supplies, is now progressing more favourably due to having obtained from War Assets Corporation certain vital materials. It is expected that the larger part of the reconversion will be completed by March 31, 1947.

Special and Extraordinary Matters:

An agreement has been signed by Wartime Housing Limited, Canadian Arsenals Limited and the School Commission of St. Paul L'Ermite, covering the provision of schooling facilities for children of Wartime Housing tenants and C.A.L. employees during the 1946-47 school term. A male teacher has been hired to conduct the English-speaking classes.

W.P. Campbell, Chief Inspector of Explosives, Department of Mines and Resources, visited the plant during September, inspected all operating areas and buildings now being converted in Group 3. Mr. Campbell expressed his satisfaction with the manner in which operations were being carried out.

Arrangements have been made to lease to Messrs. Turner and Newall (Canada), a total of 55,192 square feet of storage space for a period of 12 months.

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Production

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The production on the 4.2" Trench Mortar Bombs Inert and the 9.2 Cartridge has been suspended for the balance of the year to permit the transfer of labour to more urgent breakdown work. Production will be resumed on the above program so as to permit completion by March 31, 1947.

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Preparations were made for the production of incendiary composition for C.A.R.D.E. but the magnesium aluminum alloy required for manufacture does not meet specifications and an additional supply cannot be located. This problem is being referred to C.A.R.D.E. to determine whether the material available will be suitable for their requirements.

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7. EXPLOSIVES DIVISION:

Production:

The destruction by burning of 112,490 lbs. of SU/DK Rocket Cordite for War Assets Corporation is now 33% completed.

Maintenance and Conversion:

The reconversion of the smokeless powder laboratory for a suitable laboratory for the Inspection Board of Canada is approximately 95% completed and it is expected that the Board will take over in the early part of October.

Plant Clearance:

During the period, sufficient surplus stores were transferred to War Assets Corporation to warrant that company setting up a local depot on the property so that declared supplies could be physically transferred from the plant proper.

Equipment is continuing to arrive from the Stormont Chemical Plant at Cornwall and is being stored in suitable buildings.

Special and Extraordinary Matters:

H. P. Kimbell of the Dept. of Mines and Resources, visited the plant during the month of September and inspected magazines and storage areas in the plant and at the St. Isidore Magazine. All were found to be in order with the exception of one location chosen to store anti-tank Mines. Corrective measures are being taken in this matter.

8. INSTRUMENT AND RADAR DIVISION:

Administration and Organization:

As of September 16, 1946, this division took over from Research Enterprises Limited all buildings and property which are to be occupied by Canadian Arsenals Limited. As from this date, Canadian Arsenals Limited will be responsible for the maintenance and services throughout the area, including the operation of the steam plant and guard system.

Preliminary steps have been taken to form a Radar Engineering Development group. Steps are also being taken to establish a Works Council in this division along the lines of those already established in the gun and filling divisions.

Production:

Production is proceeding on the contract for four anti-vibration mountings for 12 ft. rangefinders, two mountings having been completed and shipped during the period.

Work has also commenced on the manufacture of a Rayleigh Refractometer.

The assembly of installation kits for RXF/Radar sets is continuing.

The anticipated contract for the repair of 5000 No. 19 wireless sets for the Department of National Defence has been subject to further review by the Army and it has been decided that this program will not be put into effect.

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Maintenance and Conversion

The completion of the re-arranging of the machine tools in this division has been held up due to the continued occupancy of part of the required area by Research Enterprises Limited. Sufficient progress has been made, however, to provide adequate manufacturing facilities.

The re-arrangement of services, such as water, air, steam and electrical power, has been completed while certain minor changes in gas and telephone services have yet to be done.

Plant Clearance:

The greater part of the plant clearance program has been completed and only a relatively small amount of Research Enterprises Limited equipment has yet to be handled.

Special and Extraordinary Matters:

A considerable amount of cathode ray tube equipment is being held now in the storage area, pending transfer to the Radio Valve Company of Canada Limited. A number of items requested by the above company are not available; this matter is under investigation at present and it appears that the majority of such items were disposed of some considerable time ago by Research Enterprises Limited to War Assets Corporation and other agencies.

Firm orders now totalling 98 sets have been received from various steamship companies for the rental of RXF/268 Sets; of this number, 43 installations have been completed and 28 are in process. In addition, there are 116 enquiries which will probably result in orders.

9. WELLAND CHEMICAL WORKS LIMITED (FERTILIZER BRANCH)

Administration and Organization

During the period, representatives of the Standard Chemical Company Limited and the American Cyanamid Company surveyed the Welland Chemical Works with a view to the possible purchase of the project.

Canadian Arsenals Limited has authorized the Welland Chemical Works Limited to apply to the Regional War Labour Board for a wage increase of 10¢ per hour for all hourly paid employees. Personnel in this division, at present totals 615 employees.

A meeting was held during the month of September to clarify the situation in regard to the distribution of fertilizer. Instructions were being received from various sources and as a result of there being a shortage, it was not possible to meet all demands. It was decided at this meeting that instructions would, in future, come to us from Mr. Frost, of Wartime Prices and Trade Board.

Production

The bottleneck in the production during this period continued to be the supply of ammonia, the main cause of the shortage was the poor quality of the coke which had to be used for this operation. Only small quantities of by-product coke were made available to the plant and it was necessary to operate on imported Beehive coke. Due to the sulphur and high volatile content of Beehive coke, large portions of the processing equipment had to be closed down for maintenance during the month of September. The average production of ammonia for the first half of September was only 65 tons as compared with 118 tons for the period of July 1 to July 15. It has been possible to supplement the pro-

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duction of ammonia to some extent by importing a supply from the U.S.A.; however, the laid down cost of imported ammonia is considerably in excess of the production cost in the Welland Chemical Works.

During the period up to September 15, 20,175 tons of nitraprills and 2,313 tons of dicyandiamide were produced. During the same period, 20,933 tons of nitraprills and 1559 tons of dicyandiamide were shipped.

During the quarter, the allocation of the production of Nitraprills has changed several times; however, the latest split increases the quantity for the Canadian market at the expense of the export quota. The current breakdown is as follows: - Canada - 30% approx.; U.S.A. - 42% approx.; France - 8% approx.; Holland - 15% approx.; others - 5% approx.

Maintenance and Conversion:

The construction of a new prilling tower at an estimated cost of $60,000.00 has been authorized. It is anticipated that there will be a sulphuric acid requirement for Canadian Industries Limited and in order to prepare the sulphuric acid plant for this production, a trial run was made during the period to ensure that the equipment was in a state of readiness.

Plant Clearance:

It has been decided to declare to War Assets Corporation 18 acid tank cars. After this declaration the company will still have 24 acid tank cars, which number, it is anticipated, will take care of all normal requirements.

Special and Extraordinary Matters:

Dr. R. L. Thakur, Technical Assistant to the Master General of the Ordnance of India, visited the plant and was shown the production facilities.

At the request of the Dept. of Reconstruction and Supply, it has been agreed to lease 10 acid tank cars to the Shell Oil Company te be used to import propane into Southern Ontario; five are to be supplied rent free and five for a monthly rental of $160.00 per car. In the former case, mileage earnings will be retained and in the latter, the earnings will be credited against the rental.

An agreement has been made with Consolidated Mining and Smelting Company to lease up to five of their ammonia cars, as they are required, during the period in which ours are leased to the Shell Oil Company.

Fifteen sulphuric acid cars have been rented to Canadian Industries Limited on a short term basis for a charge of 50¢ per ton of acid moved.

C E N T R A L M O R T G A G E A N D H O U S I N G C O R P O R A T I O N

NATIONAL HOUSING ACT

Amendments: Outstanding during the quarter from the standpoint of administering the National Housing Act was approval in August by

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the House of Commons and the Senate of Bill 306. An Act to amend the National Housing Act, 1944, Bill 306 received Royal Assent on August 31.

Principal features of the amendments are as follows:

1. The Corporation is authorized to make loans on houses where the owner has a leasehold interest in the land.

2. Extension of the period of amortization on loans to home-owners up to 25 years.

3. The Corporation is authorized to continue the Integrated Housing Plan after the Order-in-Council, under which it now operates, is repealed.

4. Authority to make loans to mining, lumbering, logging and fishing companies in outlying areas to provide houses for their employees.

5. The Home Conversion Plan is put into statutory form.

6. Life insurance companies operating under Section 11 are enabled to acquire or option land suitable for low or moderate rental housing.

7. A section, not yet proclaimed, providing for financing new farm housing.

Arising from these amendments, a meeting was held in September with representatives of the lending institutions during which mutual problems were discussed.

Joint Loans: Figures are not yet available on the number of joint loans approved during the quarter under Parts I and II of the National Housing Act.

Part I statistics for July and August, the latter preliminary, by provinces, with comparative figures for the preceding two months and the corresponding period last year, follow:

PART I

	July - August 1946		July - August 1945		May - June 1946	
Province	Loans	$	Loans	$	Loans	$
P.E.I.	3	15,220	...	...	...	...
N. S.	22	105,000	20	93,340	48	235,700
N. B.	20	87,920	12	54,100	24	113,940
Que.	182	897,040	97	471,240	180	844,860
Ont.	689	3,148,860	422	1,840,080	920	4,170,560
Man.	297	1,532,180	155	678,420	432	2,133,820
Sask.	72	316,840	33	140,420	105	477,140
Alta.	129	597,670	164	709,740	200	900,720
B. C.	141	624,000	127	522,500	232	961,800
Total	1,555	$7,324,730	1,030	$4,509,840	2,141	$9,838,540

Total units involved in loans approved under Part II in July and August, with comparative figures for the preceding two months and the corresponding period of last year, follow:

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P A R T II

Province	July - August 1946 Units	$	July - August 1945 Units	$	May - June 1946 Units	$
P. E. I.	...	...	...	...	...	...
N. S.	...	...	...	...	14	56,000
N. B.	13	48,000	...	...	...	...
Que.	52	207,300	63	212,700	138	481,200
Ont.	24	74,900	14	36,200	184	1,176,000
Man.	6	23,000	...	...	15	51,200
Sask.	...	...	...	...	...	...
Alta.	...	...	16	45,000	22	85,000
B. C.	...	...	27	97,400	60	214,800
	95	$353,200	120	$391,300	433	$2,064,200

Loans to Limited-Dividend Housing Companies: Also under Part II (Section 9) of the Act, loans may be made directly by the Corporation to a limited-dividend housing company for the purpose of assisting in the construction of a low-rental housing project.

Status of active projects at the end of the quarter under review is as follows:

L/D 7 - Burlington Housing Corporation, Burlington, Ont. Proposal: an 8-unit apartment house. Start of construction was delayed until mid-September. Foundations have been poured and brick work started.

L/D 10 - LongLac Pulp and Paper Co., Terrace, Ont. Proposal: Company town development to comprise 75 units in 1946. Construction progressing favorably.

L/D 11 - Marathon Paper Mills of Canada, Marathon, Ont. Proposal: Company town development of 134 single and multiple units. Construction of housing nearing completion.

L/D 6 - Tip Top Tailors Housing Development, Toronto, Ont. No action on application.

L/D 12 - City Improvement League, Montreal. No action on application.

L/D 3 - Housing Enterprises of Canada, Limited. Of the 35 projects (3,600 units) contemplated under the 1946 program, 28 (2,927 units) have been given final approval by the Corporation. Two (212 units) have just been received for final approval. Two (95 units) have been rejected. Two (276 units) have been cancelled and one (100 units), still in final negotiation stage, has been given approval in principle for land purchase. The following schedule shows the status of the various Housing Enterprises projects at the end of the third quarter:

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Location	No. Units	Type	Remarks
Vancouver A - Terrace	136	Row	Under Construction
Vancouver B - Broadway	213	Multiple	Under construction
Victoria	100	Semi-detached	Final sub. September 30
New Westminster	112	Multiple	Final sub. September 30
Regina	100	Single	Under construction
Saskatoon	50	Single	Under construction
Calgary	92	Single	Under construction
Edmonton	100	Multiple	Cancelled
Stratford	108	Single	Under construction
Chatham	145	Single	Under construction
Windsor	113	Single	Under construction
St. Thomas	65	Single	Under construction
Sarnia	59	Single	Under construction
London A - Oxford	184	Single	Under construction
London B - Central	43	Multiple	Rejected
Hamilton	116	Single	Under construction
St. Catharines	102	Single	Under construction
Kitchener	114	Single	Under construction
Brantford	50	Single	Under construction
Owen Sound	63	Single	Under construction
Guelph	61	Single	Under construction
Waterloo	50	Multiple	Under construction
Toronto A - Danforth	32	Multiple	Under construction
Toronto B - Queen-Doel	72	Multiple	Under construction
New Toronto	176		Presumed cancelled
Peterboro	128	Single	Under construction
Kingston	84	Single	Under construction
Brockville	50	Single	Under construction
Lindsay	50	Row	Under construction
Montreal A - Villeray	150	Multiple	Under construction
Montreal B - Benny Farm	384	Multiple	Site work only
Quebec	102		Final sub. expected daily
Three Rivers	50	Row	Contract awarded
Saint John	106	Single	Under construction
Charlottetown	52	Multiple	No information re new plan

Considerable interest was shown during the latter part of the quarter under review in the new legislation which will assist primary industries in outlying areas to provide housing for their workers. A number of enquiries have already been received and proposals are being submitted for projects. Procedure and policy are being established and it is expected that some loans will be ready for approval under this section during October.

Under Section 11 of the Act, life insurance companies under Dominion jurisdiction are authorized to invest up to 5% of their Canadian assets in a low or moderate rental housing project. During the quarter, two lending institutions showed new interest in Section 11 as evidenced by the following:

L/I 1 - Great West Life Assurance Company, Osborne Street, Winnipeg. This project was considered by the Corporation last February and was rejected because of the high average of rentals. It has now been revived with the intention of obtaining approval of the project in principle to permit the land to be purchased and the project built at a later date.

L/I 4 - Manufacturers Life, Oxton Avenue, Toronto. This project contemplates the construction of a six unit row house project at

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a cost of about $30,000, with rentals for a two-bedroom unit at $45. The project has been approved in principle and the company authorized to purchase the land.

Home Extension Loans: During the three months ended September 30, 15 Home Extension Loans, providing for 32 new dwelling units and involving an amount of $47,415, were approved.

Integrated Housing Plan: Projects approved by cities under the Integrated Housing Plan at October 4 were as follows:

City	Units	City	Units
Aylmer	10	Sarnia	100x
Fort William	85x	Saskatoon	50x
	50x	Stamford Twp.	21x
Galt	20x	Swift Current	23
Grimsby	10	Toronto	61x
Hamilton	274x		50x
	60x		51x
	16x		28x
	20		26x
Hespeler	25x		40x
Kitchener	51x	Val d'Or	14
	16	Vancouver	50x
London	50x		150
	200x		10
Montreal	100x		20
	32x		13
	14x	Weston	58
	15x	Winnipeg	120x
	68		50x
	10		200x
Newmarket	36		24x
Orangeville	10x		35x
Oshawa	20x		13x
	27x		17x
	26x		10x
	14x		12x
	15x		12x
Port Arthur	84x		10
Quebec	13		8
Regina	39x		10
St. Boniface	61x		
	40x	Total	2,807

X - Work started

Emergency Shelter: During the three months ended September 30, total financial assistance provided by the Corporation to municipalities for emergency shelter amounted to $337,075 for the creation of 679 units; to universities to house married veteran students, $423,325 for 594 units.

Personnel: At September 31, the Corporation had a total staff of 289 employees. Head office accounted for 150, regional and branch offices, 139,

General: During the quarter, the Corporation launched a "Canadian Small Homes Competition" which offers substantial prizes to architects in Canada for the best plans of a house built according to National Housing Act standards and specifications and costing $6,000 or less.

Preliminary work has also started in Stratford on a two-reel technicolor film on community planning.

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A one-minute news-clip on conversion of the LaSalle Barracks, Kingston, into accommodation for married veteran students was prepared and will appear in commercial theatres across Canada during the week of October 24.

C R O W N A S S E T S A L L O C A T I O N C O M M I T T E E

1. There were no meetings of the Committee held in the months of July, August or September as no major policy problems requiring study and recommendations by the Committee were apparent.

2. During the quarterly period individual Reports of Surplus received from Federal Government Departments were processed, showing an original cost figure of approximately $206,112,000.00.

In these reports, the types of surplus indicated as involving the greatest dollar value fall into the following three categories, namely:-

Boats and Vessels (including special equipment)	$163,368,500.00
Airfields and Aerodromes	30,414,100.00
Aircraft with or without engines	12,329,000.00

M E L B O U R N E M E R C H A N D I S I N G L I M I T E D

JULY

All sales during the month were for the account of War Assets Corporation covering surplus materials and totalled $303,527.71.

The option outstanding in the Boston market for two million pounds of wool was taken up during the month. All stocks with the exception of under half a million pounds have now been sold for delivery by October 15. The remaining small stocks can be disposed of locally and should not cause any undue delay in final liquidation. Shipments of wool to the U.S. continue regularly.

AUGUST

All sales during the month were for the account of War Assets Corporation and totalled $346,588.50.

A new sale has been negotiated in the United States which completes the disposal of practically all the company's wool, final delivery to be made before early December. This only leaves a few small lots to be sold.

All claims for U. S. duty drawback have now been filed and it is expected that the last of these will be paid in a few weeks' time. The two claims about which there was some doubt have been allowed by the U. S. Customs so it is expected we will wind up with a clean sheet so far as drawback is concerned.

Shipments against orders on the books continue at a satisfactory rate.

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SEPTEMBER

Sales of surplus materials during the month totalled $281,175.96. With the rescinding of the Agency arrangement with War Assets Corporation the loss on the sale of surplus materials will be charged against Reserve Account.

Shipments against orders continue at a satisfactory rate, the last shipments to Canadian mills are going out at the present time and the last shipments to the U.S. should be made within the next two months. Attention is now being given to the procedure for winding up the Company so that there will not be too long a delay between the final disposal of inventories and the actual winding up.

Further payments have been received of U.S. duty drawback and the amount remaining to be recovered is approximately $25,000.00

PARK STEAMSHIP COMPANY LIMITED

S.S. "PRINCE ALBERT PARK"

Arrived Montreal July 11 and sailed again July 31, full cargo for U. K. Arrived back in Canada September 9/46.

S.S. "BANFF PARK"

Delivered to M.O.T. on August 2/46 in accordance with agreement between the Government of Canada and the Government of the U. K.

S.S. "LA SALLE PARK"

Arrived Montreal July 4 and sailed again July 12, full cargo for France. Arrived back in Montreal August 19 and delivered to Triton Steamship Company Limited on September 11/46 under agreement of sale.

S.S. "CRYSTAL PARK"

Arrived Montreal from Australia July 25 and delivered to Elder Dempster Lines (CANADA) Limited on August 30/46 under agreement of sale.

S.S. "PORT ROYAL PARK"

Delivered to M.O.T. on July 18/46 in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "LAURENTIDE PARK"

Sailed France July 19 for Canada where she arrived July 31 and sailed again August 9, full cargo for France, where she arrived August 21. After being handled there proceeded to London where

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she was delivered to the M.O.T. on September 12/46 in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "ELM PARK"

Sailed Montreal July 2, full cargo for France, and arrived back in Canada August 12. Delivered to Triton Steamship Company Limited on August 30/46 under agreement of sale.

S.S. "NEMISKAM PARK"

Delivered to M.O.T. on July 25/46 in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "RIVERVIEW PARK"

Sailed France July 24 for Montreal where she arrived August 9 and sailed again August 16, full cargo for France. Arrived back in Canada on September 28.

S.S. "HIGH PARK"

Arrived in Canada from Mediterranean area July 31 and delivered to M.O.T. on August 13/46 in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "CHIPPEWA PARK"

Arrived back in Canada from France July 31 and delivered to Argonaut Navigation Company Limited on August 23/46 under agreement of sale.

S.S. "TWEEDSMUIR PARK"

After being handled in South America sailed Rio de Janeiro August 16 enroute Montreal where she arrived September 11/46. Delivered to M.O.T. on September 28 in accordance with agreement between the Government of Canada and the Government of the U.K.

S.S. "KILDONAN PARK"

Sailed Montreal July 15, full cargo for France and arrived back in Canada August 17. Delivered to Acadia Overseas Freighters Limited on September 10/46 under agreement of sale.

S.S. "LAFONTAINE PARK"

Arrived back in Canada from India August 8/46 and delivered to M.O.T. on September 9/46 in accordance with the agreement between the Government of Canada and the Government of the U.K.

S.S." RIVERDALE PARK"

Arrived back in Canada from France July 30 and delivered to Triton Steamship Company Limited on August 16/46 under agreement of sale.

S.S. "WITHROW PARK"

After being handled in India sailed Middle East August 18, for Montreal where she arrived September 10. Delivered under Bare-boat Charter to Lunham & Moore (CANADA) Limited on September 24/46.

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S.S. "DENTONIA PARK"

Sailed St. John, N.B. July 8 full cargo for Middle East and arrived back in Canada September 30.

S.S. "OUTREMONT PARK"

Delivered to Furness (CANADA) Limited on July 12/44 under agreement of sale.

S.S. "HAMPSTEAD PARK"

Delivered to Dingwall Shipping Company Limited on July 11/46 under agreement of sale.

S.S. "RICHMOND PARK"

Originally bareboat chartered to Western Canada Steamships Limited, was redelivered to them on September 17/46 under agreement of sale.

S.S. "LANSDOWNE PARK"

4700 Tonner operated by Canadian National Steamships from East Coast to Mexico.

S.S. "VICTORIA PARK"

4700 Tonner operated by Johnson Walton Steamships Limited from West Coast to Mexico.

S.S. "BALDWIN PARK"

4700 Tonner formerly operated by Pickford & Black Limited was delivered to the National Government of China on July 9/46 under agreement of sale.

S.S. "MULGRAVE PARK"

4700 Tonner formerly operated by H. E. Kane & Company Limited was delivered to the National Government of China on July 17/46 under agreement of sale.

S.S. "ROCKLAND PARK"

4700 Tonner formerly operated by H. E. Kane & Company Limited was delivered to the National Government of China on July 12 under agreement of sale.

S.S. "EVANGELINE PARK"

4700 Tonner formerly operated by Inter-Provincial Steamship Company Limited was delivered to Federal Commerce and Navigation Company Limited on August 2/46 under agreement of sale.

S.S. "HAMILTON PARK"

4700 Tonner originally bareboat chartered to Familoil Steamships Limited, was delivered to Canadian Coastwise Carriers Limited on September 30/46 under agreement of sale.

S.S. "ARLINGTON BEACH PARK"

10,000 Ton Tanker formerly operated by Imperial Oil Limited was sold to Norwegian Interests and delivered on August 7/46.

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S.S. "CYPRESS HILLS PARK"

10,000 Ton Tanker formerly operated by Imperial Oil Limited, was delivered to John P., Nicholas P. and George P. Goulandris on September 28 under agreement of sale.

S.S. "POINT PELEE PARK"

10,000 Ton Tanker formerly operated by Imperial Oil Limited was sold to Norwegian Interests and delivered on August 26/46.

S.S. "QUETICO PARK"

10,000 Ton Tanker formerly operated by Imperial Oil Limited was delivered to the Provisional Government of the French Republic on July 23/46 under agreement of sale.

S.S. "WILLOWDALE PARK"

10,000 Ton Tanker formerly operated by Imperial Oil Limited was sold to Norwegian Interests and delivered on July 23/46.

S.S. "MOOSE MOUNTAIN PARK"

10,000 Ton Tanker formerly operated by Shell Canadian Tankers Limited was sold to Norwegian Interests and delivered on September 20/46.

S.S. "MOUNT BRUCE PARK"

10,000 Ton Tanker formerly operated by Shell Canadian Tankers Limited was delivered to the Provisional Government of the French Republic on August 11/46 under agreement of sale.

POLYMER CORPORATION LIMITED

STEAM AND POWER PLANT

No. 5 boiler was put back on line on July 15 after its semi-annual overhauling. Nos. 1, 3 and 4 boilers were taken out of service in succession during the quarter for semi-annual inspection and overhauling. The water flow rate in the fly ash disposal system dropped off in August indicating a build-up of scale in the lines. Upon inspection it was found that the lines from the mixing tank to the Hydro-mix valves and the orifice plate of the water meter were partially plugged with a soft scale. After cleaning, the water flow rates returned to normal, indicating the absence of scale formation in the disposal line. It appears that periodic cleaning of the lines from the mixing tank to the recycle pump will be necessary.

Coal receipts during the quarter were as follows:

July	87,923 tons
August	49,337 tons
September	46,596 tons

and there were 230,266 tons on hand as of September 30.

CRACKING COILS

No. 9 cracking coil and the four Imperial Oil cracking coils operated satisfactorily throughout the quarter. Deliveries of feed stocks were low during the early part of July when only three coils were in opera - tion, but increased considerably in August when all five coils were in opera-

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tion on several occasions. During the shutdown of the Light Ends Recovery Unit in the latter part of September and early part of October, a C4 cut was obtained directly from Imperial Oil Limited in order that production could be maintained at a high level.

FEED PREPARATION UNITS

(a) Light Ends Recovery Unit

This unit operated almost continuously during July and August. The ammonia chillers and the de-ethylenizer were de-iced on August 16 to ensure maximum recovery of ethylene prior to the shutdown of the unit on September 22 for annual overhauling. At the time of the shutdown, the butyl plant refrigeration system and the two storage drums at the Light Ends Unit were filled with ethylene. The equipment was found to be in good condition, although there was considerable corrosion in some vessels. The driers were recharged with fresh florite. Hydrocarbons were charged to the unit on October 4.

In an effort to conserve caustic soda, which is in short supply as a result of the strikes, the partially spent material from the styrene plant, which is normally discharged to the sewers, was tried in the Light Ends treating system in August. The material is diluted in a separate tank and the suspended solids allowed to settle out before use and no operating difficulties have occurred as yet.

Transfers of ethylene to the ethylbenzene section of the styrene plant and to the butyl plant during the quarter were as follows:

	Ethylbenzene Section	Butyl Plant
July	757,100 lbs.	64,300 lbs.
August	809,500 lbs.	48,600 lbs.
September	677,000 lbs.	30,500 lbs.

(b) Isobutylene Extraction Unit

This unit operated at a high feed rate during the month of July and most of August. It was shut down on August 25 for four days for cleaning and inspection. Except for the reconcentrator, all equipment was found to be in good condition. Extensive repairs to the brick work of the reconcentrator are necessary and the installation of the new acid reconcentrator is being rushed to enable the present unit to be taken out of service. During the shutdown of the Light Ends Unit a C4 cut was obtained from Imperial Oil and charged directly to this unit.

(c) Butylene Concentration Unit

This unit operated almost continuously during the quarter. The unit was operated at a low feed rate during July and August due to the low feed inventory in July and to enable an inventory of feed stocks to be built up in August prior to the shutdown of the isobutylene extraction unit.

BUTYL RUBBER PLANT

This unit was shut down during the first eleven days of July to enable the flash tanks, strippers and compressors to be cleaned and inspected. Production was maintained at a high level during August and September. The record daily production of 40.8 short tons for the month of August was bettered in September with an average daily production of 41.6 short tons.

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The unit cost (ex depreciation and obsolescence) of the specification material produced during the months of July and August was 20.3¢ and 13.027¢ per lb. respectively. The high cost for the month of July was due to the lengthy shutdown during that month.

Production of butyl during the quarter was as follows:

July	1,524,490 lbs.
August	2,531,230 lbs.
September	2,496,175 lbs.

STYRENE PLANT

This unit has operated smoothly and no interruptions in production occurred during the months of July and August. The ethylbenzene section was shut down on September 24 due to the lack of ethylene and will not be put back in operation until after the start-up of the Light Ends Unit. Production of styrene has been sufficient to meet the requirements of the co-polymer plant. A new styrene production record was established in July.

The unit cost (ex depreciation and obsolescence) of the styrene produced during the months of July and August was 5.156¢ and 5.310¢ per lb. respectively, the former being the lowest to date.

Production of ethylbenzene and styrene during the quarter was as follows:

	Ethylbenzene	Styrene
July	2,661,360 lbs.	2,506,116 lbs.
August	2,974,137 lbs.	1,812,117 lbs.
September	2,691,749 lbs.	1,609,476 lbs.

BUTADIENE PLANT

Both dehydrogenation sections operated continuously during the months of July and August. Butylene utilization for the month of July was the highest of any month to date. Section A was shut down on September 1st for a turnaround, and to enable the unit to be converted to the new Dow catalyst. Hydrocarbons were charged to this section on September 18th and operations have been satisfactory. Present indications are that the butylene utilization in the unit will be substantially increased as a result of the changeover.

The extraction section was shut down on September 8 for three days as one of the overhead condensors and the rerun tower were badly fouled with popcorn polymer. This shutdown resulted in a shortage of butadiene for the production of GR-S

The unit cost (ex depreciation and obsolescence) of the butadiene produced during the months of July and August was 10.953¢ per lb. and 11.073¢ per lb.

Production of butadiene during the quarter was as follows:

	Fresh	Recycle
July	5,526,100 lbs.	1,360,800 lbs.
August	5,164,700 lbs.	1,288,400 lbs.
September	4,373,400 lbs.	1,110,900 lbs.

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BUNA-S COPOLYMER PLANT

This unit operated continuously during the months of July and August. Production for the month of July was the highest for the past year. Production during September was limited as a result of the shortage of butadiene. One half of the plant had to be shut down on September 9th and production ceased entirely on September 15th for six days. Advantage was taken of the shutdown to make necessary repairs and changes in the unit. No shutdown for semi-annual turnaround will now be necessary.

The unit cost (ex depreciation and obsolescence) of the specification material produced during the months of July and August was 12.671¢ and 12.955¢ per lb. respectively. The July figure was a new cost record.

Production of GR-S during the quarter was as follows:

	GR-S	Latex
July	8,065,854 lbs.	-
August	7,647,666 lbs.	60,009 lbs.
September	5,831,827 lbs.	26,315 lbs.

EXPORTS

As a result of the strike of the rubber workers, domestic sales of GR-S and GR-I have fallen off considerably, and the company has been able to substantially increase its exports. Some difficulty is now being encountered in making shipments as a result of the shipping strike.

Exports of GR-S during the past three months were as follows:

	July	August	September
South America	414,278 lbs.	1,413,082 lbs.	476,142 lbs.
Sweden	132,191 lbs.	1,212,780 lbs.	2,166,848 lbs.
Switzerland	167,928 lbs.	-	89,366 lbs.
Denmark	-	126,844 lbs.	711,503 lbs.
France	-	-	1,346,998 lbs.
Italy	-	-	671,915 lbs.

Exports of butyl during the same period were as follows:

	July	August	September
England	223,920 lbs.	-	-
Switzerland	16,280 lbs.	-	10,981 lbs.
South America	-	582,400 lbs.	111,990 lbs.
Sweden	-	26,794 lbs.	-
South Africa	-	22,400 lbs.	-
Italy	-	-	11,175 lbs.

EMPLOYMENT

The number of employees on the Polymer payroll and those of its two associated operating companies as of September 30, was as follows:

Polymer Corporation Limited	1505
Canadian Synthetic Rubber Ltd.	323
Dow Chemical of Canada Ltd.	93
	1921

All of which is respectfully submitted.

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R E S E A R C H E N T E R P R I S E S L I M I T E D

PERSONNEL

Total personnel at July 1, 1946 was 661 and on September 30, 1946, was 104, distributed as follows:

	Productive	Non-Productive
Male	n	79
Female	i	25
	l	
		104

PAYROLL

Aggregate payrolls for the three months ended September 30, 1946, and total to date are shown below:

Total to June 30, 1946		$46,459,931.77
July, 1946	$99,012.73	
August, 1946	72,158.71	
September, 1946	51,689.16	222,860.60
		$46,682,792.37

ORDERS ON HAND

At September 30, 1946, unfilled orders on hand were valued at NIL. Changes during the month of September are summarized as follows:

Radio Division

Report as of Aug. 31, 1946	$2,768,088.40
Less - Price Adjustments	1,404,064.41
	1,364,023.99
Less - shipments	1,364,023.99
	NIL

BILLINGS

Billings for September, 1946, and cumulative totals to September 30,1946, are as follows:

	September	Total to Date
Radio Division	$1,364,023.99	$181,620,353.70
Instrument Division	n i l	37,854,909.64
	$1,364,023.99	$219,475,262.34

PRODUCTION

Radio Division

Following is a summary of production of radio equipment on major contracts:

	July	August	September
A.A. No. 4 Mk. VI	8	-	18
" " -Spares	2 carloads	1 carload	4 clds.

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WAR ASSETS CORPORATION

1. SUPPLY DEPARTMENT

(1) Organization

During the period under review, the organization previously established began to function at an increasing rate of efficiency.

In the Plant Clearance Division the number of declarations received dropped to 4,042 and during the quarter 10,584 declarations were completed. The current position is that 40% of the declarations received have been completed. It is especially interesting to note that the Corporation had received at the end of November, 1945, 14,433 declarations and by the end of September, 1946 had completed 14,544 declarations. This means approximately that 10 months' declarations are still current but many of these declarations are partially completed and little extra effort is required to complete the paper work and finalize the declarations.

It is felt that the peak of Supply Department operations has been reached and in the Prairie Region particularly, a substantial reduction in staff has already taken place and all Plant Clearance operations are on a current basis.

The emphasis in Supply Department operations has changed to the Warehousing Division. Special attention is being given to all warehouses to ensure that they are operating on a uniform basis and in accordance with our procedures. The warehouses are currently not up to date due to the drive that has been put on by Plant Clearance Division in reporting all surpluses in the warehouses, resulting in an abnormal amount of paper work to bring records up to date. This situation is receiving continued attention with a view to increasing efficiency.

Supervisory reports are being received from senior clearance inspectors covering plant clearance operations and from warehouse inspectors covering warehouse operations. These reports are ensuring a greater measure of control both in the regions and head office.

Scrap is continuing to receive particularly careful attention. Important scrap matters are referred to the Recategorizing Committee, consisting of the president and two vice-presidents and in line with policies laid down by that committee the chief of the scrap disposal section, plant clearance division, is working with particular care through senior clearance inspectors in each region to ensure that no surpluses are mutilated and that any unsaleable surpluses are reviewed and referred to the Recategorizing Committee before being destroyed.

At the end of September, 1946 the special district created at Edmonton to deal with the problems arising from the take-over of surpluses from the U.S. army was discontinued. The operations of this district having now been sufficiently well organized, the district has been absorbed by the Western Region and will become more or less of a standard operation.

A complete re-inspection of all surpluses at Valleyfield Reclamation Depot was necessary. This is particularly due to the discontinuance of purchases by UNRRA and the necessity of preparing surpluses for domestic sale. At the end of September it was decided that a sub-depot would be opened at Scarboro in which new clothing and bedding would be stored. All orders for surplus clothing and bedding will be filled in future by the Reclamation Division to ensure greater satisfaction by purchasers. The domestic demand has proven to be sufficiently substantial to warrant an increase in our activities at the Reclamation Depot. There

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is a very considerable backlog of surplus clothing and bedding still to be absorbed from the services and it is entirely possible that a reasonable increase in staff will become necessary.

(2) Activities

Statistical information in regard to the various divisions of this department are given below:-

Procurement Division:

Surplus reports were received in the following volume from:

Government depts. except Reconstruction and Supply	-	2,121
United States War Department	-	1
United Kingdom	-	40
Reconstruction & Supply, private contractors, Crown and management fee companies	-	1,963
TOTAL:		4,125

Plant Clearance Division (Screening Section):

July 1,1946 to September 30,1946

No. of files received from Procurement Division - 3,735

No. of declarations being handled by Regions from July 1 to Sept. 30, 1946

	Received	Completed	All time in Process
Newfoundland	86	117	788
Halifax	427	1,394	2,099
Montreal	1,260	2,478	6,692
Toronto	1,528	3,583	6,836
Winnipeg	227	1,313	1,214
Edmonton	91	665	819
Vancouver	423	1,034	3,993
Totals:	4,042	10,584	22,441

No. of files in process at Head Office - 234

Warehousing Division:

Region	Operating 30 June 1946	Operating 30 Sept. 1946	Total Available Area 30 Sep/46 (Sq. Ft.)	Total Occupied Area 30 Sep/46 (Sq. Ft.)	Ratio Available Area to Occupied Area	Approx. Tonnage Rec'd 30 Sep. (Tons)	Approx. Tonnage Shipped 30 Sep. (Tons)
Maritimes	5	7	1,078,399	560,767	48%	1,593.34	1,021.25
Quebec	11	11	2,003,061	1,277,953	36.2%	6,649,85	6,161.10
Ontario	9	10	2,236,259	1,565,381	30%	7,665.66	6,534.13
Prairies	6	8	713,178	506,356	29%	3,900.00	3,011.00
Pacific Coast	8	12	940,745	547,514	41.8%	8,359.10	2,720.27
Prince Rupert	2	Nil	-	-	-	-	-
Edmonton Dist.	Nil	2	89,214	65,126	27%	1,466.70	1,351.00
TOTALS:	41	50	7,060,856	4,523,097	35.3%	29,634.65	20,798.75

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Security Division:

Region	Number of Locations	Number of Guards
Maritimes	33	242
Quebec	29	440
Ontario	52	420
Middle West	32	153
British Columbia (including Prince Rupert)	60	332
Newfoundland	35	115
TOTAL:	241	1,702

Reclamation Division:

Operating Report from June 28 to Sept. 26, 1946

Department	On Hand June 27	Production June 28 to Sept. 26	Shipments June 28 to Sept. 26	Balance on Hand Sept. 26/46.
Battle Dress	512,230	78,446	38,874	552,802 Units
Khaki Drill	445,532	145,232	250,889	337,875 Units
Greatcoats	24,622	11,790	26,685	9,727 Units
Footwear	667,755	150,615½	100,590	717,780½ Combined
Misc. Clothing	1,210,345	182,090	501,914	1,745,474 Units
Misc. Scrap	456,184	203,630	328,609	331,205 pounds
TOTAL	3,314,658	771,803½	1,247,561	3,694,863½ (1)

Personnel Employed at June 28 - 556
Personnel Employed at Sept.26 - 444

(1) This balance includes condemned goods August 31 which have not yet been written off.

Surplus Property Division:

At the end of September, 1946, the Ottawa branch of the Lands and Buildings department was absorbed by the Surplus Property Division of the Supply department. This will result in a consolidation of work and will eliminate duplication.

There are currently 7 sites where buildings are being demolished and a considerable increase in the number of such sites is expected during the next quarter. A very substantial quantity of reclaimed building materials has been made available for new construction purposes.

2. MERCHANDISING DEPARTMENT

(1) Sales

Invoiced sales for the quarter, including $19,548,374.34 reported for the month of September, totalled $61,085,446.34.

Aircraft Components and Aircraft Sales divisions reported a total of $1,270,000.00 covering components, accessories, parachutes and 40 complete aircraft.

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Machine Tool Pricing division passed to Regions and Machine Tool Sales availability reports valued at $11,700,000.00. Regional sales totalled $225,000.00 and Direct Sales division reported $1,256,000.00. An important sale was the return of 100 Acme Gridley Automatic Screw Machines to the original manufacturer.

Export Sales division recovered a total of $8,463,000.00 based chiefly on sales through the Canadian Commercial Corporation for U.N.R.R.A. use in various European countries and China and to the Canadian Red Cross. The British Food Mission bought soya bean flour for $73,771.00.

Ship Sales, including disposal by appointed agents, totalled $31,424,000.00. Surplus of Minca barges was reduced to a total of 40 and type "C" Coasters to 6, of which 2 are diesel and 4 steam. Two "Prince" vessels were disposed of on the West Coast and "Bangor" mine sweepers were completely cleared.

Ships Components forwarded to Regions availability reports priced at $1,619,000.00. Recovery by branches for the period totalled $130,000.00 composed chiefly of sales to chandlers and ship building concerns of material required in ship construction.

Automotive division had a total recovery for the quarter of $3,125,000.00 covering 4,797 vehicles and 470 motor cycles in addition to parts, tires, garage and miscellaneous equipment.

Mechanical division passed to Regions availability reports valued at $3,572,300.00 which included $1,721,000.00 electric equipment, $1,020,000.00 prime movers $302,500.00 construction equipment, sales totalled $1,823,000.00.

Consumer Goods division forwarded to Regions 15,375 availability reports priced for a recovery of $8,310,000.00. These included textiles and clothing valued at approximately $4,250,000.00, cafeteria equipment at $1,400,000.00, medical, surgical and pharmaceutical supplies at $975,000.00 and miscellaneous hardware at $900,000.00. Total sales showed a recovery of $3,860,000.00.

Radio and Radar division forwarded to Regions availability reports valued at $391,450.00, total sales reported were $122,185.00.

Metals division showed a total recovery of $1,826,798.00. Included was the sale of steel plate to Marine Industries Limited for $142,000.00, tungsten to Algoma Steel Company Limited for $104,000.00 and sheelite to Molybdenum Corporation of America for $127,000.00,

Scrap division recovery totalled $1,070,000.00. Over 75% of sales were to dealers.

(2) Organization

During the quarter new branches were opened at Whitehorse, Yukon Territory and Charlottetown, P.E.I. Managers appointed were respectively R. H. Cowan and C. W. Higgins.

W.S. Kickley, Chief of Automotive division resigned and W.H. Golding was appointed as Chief of the division. W.C.R. Howard, Chief of Scrap division resigned and D.R.W. Gedge was appointed to succeed him.

G.M. Sauriol formerly Montreal Branch sales manager resigned and J. A. Barsalou, his assistant, was appointed to the position. P. T. Palmer, Moncton sales manager resigned and W. H. Schurman is acting in his stead. G. M. Walker, Toronto Branch sales manager resigned and

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J. C. Gray, London Branch sales manager is temporarily acting branch manager at Toronto with J. S. Auston, assistant London branch manager becoming acting manager at that location.

The Information division was placed under supervision of the Director of Regional Sales as it was felt that the duties of this division should be more directly connected with the Region and Branch offices.

A qualified liaison officer was appointed to work in co-operation between the Quebec Regional Supply office and the Radio and Radar division in order that description of material in correlation of various parts may be suitably shown on availability reports.

Technical liaison officers to work in co-operation with the Ontario and Quebec Regions in order to effect a suitable listing of related mechanical devices were appointed.

Regular weekly meetings of the chiefs of all divisions were continued as they have been found to be an excellent means of discussing points of common interest to all divisions.

3. LANDS AND BUILDINGS DEPARTMENT

(1) Buildings with land

(a)	Total declarations received	32
(b)	Total sales of buildings with land for last quarter	$877,701.47
(c)	Total sales of buildings with land for this quarter	$1,046,814.55
(d)	Declarations involved in (c) above	45

(e) Special Sales:-

(i) Crown-owned land with one building known as #66 H.Q. and administrative building at #7 Equipment Depot, Winnipeg. This was sold to Federal Grain Limited for the sum of $82,000.00.

(ii) Land, oil storage tank and 3 buildings at 9500 St. Lawrence Blvd., formerly known as D.I.L. Montreal Works, were sold to the Federal Electric Manufacturing Company Limited for $350,000.00.

(iii) A parcel of land and 2 buildings (staff house and commissary) known as Wartime Housing Ltd., Project #1, situated at Lauzon, Que., were sold to Department of Veterans' Affairs for $22,485.00.

(2) Building without Land.

(a)	Total declarations received	119
(b)	Number of sales directives referred to branches	240
(c)	Total estimated salvage value of (b) above	$1,417,204.60
(d)	Total sales of buildings without land for last quarter	$ 407,412.45
(e)	Total sales of buildings without land for this quarter	$1,206,083.36
(f)	Declarations involved in (e) above	243

(g) Special Sales:-

(i) 19 buildings at Virden Aerodrome, declared surplus by the Department of Transport, were sold to Housing Enterprises Limited for $25,538.56, for removal and restoration of the site..

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(ii) 101 army buildings declared surplus at Sussex, N.B. As a result of tenders 17 buildings were sold to 15 individual purchasers, for $7,570.00.

(iii) A group of 9 army huts located at Holland Point, Victoria, B.C. sold as a result of tenders to four separate purchasers for the sum of $1,315.00.

(3) Summary

(a) Buildings with land $1,046,814.55
(b) Buildings without land $1,206,083.36

Total Sales Last Quarter:-

Buildings with land	$ 877,701.47
Buildings without land	$ 407,412.45
TOTAL	$1,285,113.92

Total Sales This Quarter:-

Buildings with land	$1,046,814.55
Buildings without land	$1,206,083.36
TOTAL	$2,252,897.91

(4) General Remarks

(a) It is to be particularly noted that the sales reported herein are only those for which this Department is in possession of copies of sales orders. Many other sales are at present in the process stage by branches.

(b) It should also be noted that sales referred to in this report do not include those made by the Ottawa office during the period under review.

4. COMPTROLLER'S DEPARTMENT

The report for this Department covers the second three months of the current fiscal year, with the exception of figures quoted under the heading "Revenue and Expenses" which are for the months of June, July and August for the reason that September figures are not yet available. June figures are included as they were omitted from the first quarterly report for similar reasons.

(1) Regional Accounting:

During the period under review the mechanization of payroll sections in Ontario, Prairie and Western Regions was commenced and is proceeding satisfactorily.

(2) Audit:

During the period under review the general audit staff has been placed on a firm organizational basis with the appointments of its senior members and the definition of their duties and responsibilities. The general audit staff now numbers 70.

During August and September 180 audits were performed - details are as follows: Financial Audits, Regions, Branches, etc. - 11; Warehouse Audits - 12; Plant Clearance Reviews -9;

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Contacts reviewed and analyzed - 130; Special Inquiries, Storage Agreements, etc - 16; Tenders - 2.

(3) Revenue and Expenses:

The following is a summary of the operations of the Corporation for the months of June, July and August, 1946, as shown in the Books of Account:-

	June, 1946	July, 1946	August, 1946	Total
Gross Proceeds of Sales	$26,453,661	$21,100,104	$20,027,835	$67,581,600
Direct charges: freight, handling, packing and reconditioning of clothing; warehousing; dismantling and scrapping; technical services	1,652,263	1,937,197	2,021,748	5,611,208
Net proceeds of sales	$24,801,398	$19,162,907	$18,006,087	$61,970,392
5% Fee	$ 1,240,070	$ 958,145	$ 900,304	$ 3,098,519
Other income	43	2,009	19	2,071
Total revenue	$ 1,240,113	$ 960,154	$ 900,323	$ 3,100,590
Administrative expenses	684,880	760,244	744,353	2,189,477
Excess of revenue over expenses	$ 555,233	$ 199,910	$ 155,970	$ 911,113

(4) Staff:

The staff of the Department as at September 30, 1946, numbered 385, including auditors.

5. PUBLIC RELATIONS DEPARTMENT

(1) Press Releases

During the quarter a total of 100 press releases were issued as compared with 114 for the previous (April-June) quarter and 54 for the January-March quarter.

The total for the 9 months since January 1,1946, stands at 268, or an average of more than one for each working day in the period.

(2) Special Articles

During the quarter special articles were prepared for the Canadian Pharmaceutical Journal, the Journal of the National Maritime Federation, Canadian Machinery and Manufacturing News and The Canadian Press, on various subjects relating to the work of the Corporation.

(3) Enquiries

Numerous enquiries by letter, telegram and telephone were received and information supplied to, among others, The Canadian Press, Winnipeg Tribune, Halifax Herald, Calgary Albertan, Montreal Star, Montreal Gazette, Montreal Herald, Toronto Star, Toronto Globe and Mail, The Financial Post, Montreal Standard, Prince Rupert Empire, Vancouver Sun, Vancouver Province, as well as several trade publications.

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(4) Comment

Published comment on the Corporation's policies and operations has been increasingly favourable during the period under review.

(5) Translations

In addition to the usual translations of press releases and advertisements, the French division has been particularly busy translating the annual report and the revised pamphlet, "How to Buy War Surplus Materials". Translations of letters totalled 463, divided as follows:

July	161
August	202
September	100
Total	463

In addition a number of documents for various departments and divisions of the Corporation were translated. During the previous quarter 600 letters were handled.

(6) Advertising

Advertising placed by head office amounted to approximately 131,300 lines (about 438 newspaper columns) costing about $20,600 as compared with 194,400 lines (640 newspaper columns) costing $27,350 for the previous quarter. Estimates of lineage and cost for the quarter under review were:-

	Lineage	Est. Cost
July	40,300	$6,735
August	42,000	7,390
September	49,000	6,475
Total	131,300	$20,600

Approximate division of expenditure was $11,000 for ships, $5,000 for airplanes, $4,000 for lands and buildings and $600 for miscellaneous lineage.

6. ORGANIZATION AND PERSONNEL DEPARTMENT

The end of the current quarter marks what was anticipated to be the levelling-off point of the Corporation's staff growth. While unexpected work needs may call for further additions to the working force, the month-end figures for September show a decrease over the previous month of approximately 159 exclusive of guards. The quarter has been marked by an intensified effort on the part of all departments to finalize and distribute their remaining policy and procedural directives. In all 201 bulletins were issued during the period for the purpose of clarifying operating and sales policies, most of them for the education and guidance of the field offices. There has been increasing evidence during the past three months that the Corporation as a whole is becoming increasingly proficient in the use of these standard practices as they apply to all departments.

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The Organization and Job Classification division reviewed 3823 staff requisitions approving 3612. By reason of the very heavy staff turnover the majority of these requisitions involved replacement personnel. This high rate of turnover also occasions a heavy volume of salary revisions made necessary by the promotion of employees into vacated posts or by the rearrangement of duties to meet the changing requirements. For the three-month period a total of 1150 such recommendations were received. Of these 79 were refused while a further number of 96 were downward revisions. New position schedules were developed to cover warehouse maintenance employees and following approval by the National War Labour Board were put into use. A decision was reached to adopt a standard 44-hour week for all hourly-rated workers and the necessary review and discussion took place with the National War Labour Board toward this end. Approval was sought and obtained for an increase in hourly rates of pay sufficient to maintain "take-home" pay for this class of employee at its former 48-hour level. It is believed that this action will have a definite stabilizing effect insofar as this group of employee is concerned. The division continued its work of wage surveys throughout the various Head Office units. This activity was also extended into the regional operations at Toronto where an extensive review of the local organization was put under way.

The Recruiting and Assignments division processed a total of 2160 appointments. Separations during the period totalled 1725. Everything possible is being done to lessen this heavy rate of turnover although with little apparent success. The division is continuing to improve selection methods and to provide through the personnel representatives in the field the best possible service in obtaining suitable personnel for all Corporation activities. The percentage of veterans on the staff has continued to increase with the September figure at 70.8% (including guards) as compared with 47.4% a year ago. The total staff figure for September shows a slight decrease from August at 6759.

The Staff Records division completed the second quarterly review of efficiency reports and took the necessary action to distribute all forms required for the October 1 distribution. The division continued to expand its records, now having a total of approximately 11,000 staff dockets "active" and "closed" under its supervision.

The Administrative Services division has supervised the setting-up of secondary stationery stores operations at all Regional points under the jurisdiction of the personnel representatives. This development has been planned for the purpose of providing better service to all field locations and at the same time effecting control of stationery distribution. A complete catalogue of office supplies and stationery and forms as used by the Corporation has been edited for the guidance of chief clerks and storekeepers in replenishing supplies. A complete system of field purchasing has also been worked out making possible further extensive economies. Stocks of paper have been secured through emergency representations which have made possible a continuing supply of the Corporation's key operating forms for some time to come. The paper shortage had developed to such an alarming degree that grave danger existed of slow-downs resulting from lack of working forms. Arrangements were concluded with an outside printing concern for the reproduction of the revised Classification Index in pocket size. Delivery of these new manuals is expected shortly. The printing section maintained its high level of production running approximately 3,000,000 forms in the three-month period. A new power cutter was installed which greatly reduces working time in the handling of cutting requirements. The Form Control section completed its review of all standard forms as used within the Corporation and finalized the revision of all such documents. A catalogue of these forms has been set up for the guidance of the departments concerned and storekeepers. Additional office accommodation was obtained in Regina, Saskatoon, Winnipeg, Hamilton and

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Charlottetown. The move of Montreal Sales Branch to its new location on St. Lawrence Boulevard was also arranged. This has made possible extensive revamping of the present Head Office arrangements for the purpose of increasing efficiency. The movement of mail through Central Registry again showed a slight decrease with 212,651 pieces registered for the quarter.

The Investigation division. As the result of unfavourable reports obtained following fingerprinting 25 employees were dismissed in the quarter. A total of 26 special investigations were initiated by the division.

The Training and Welfare division has lent advice and guidance in the establishment of club activities at all Regional points. Reports from these clubs indicate that a wide range of social and after-hour activities are being established at the various centres. Insurance plans have been put in operation by the personnel representatives, employee rest rooms and canteens have been established; nursing services where required are available and in general the program is moving forward satisfactorily.

Preliminary staff returns for September 30 indicate a quarterly increase as follows:

	June 30	Sept. 30	Increase	% Increase
Head Office	1,243	1,288	45	3.62
Regional	5,079	5,471	392	7.72
Total	6,322	6,759	437	6.91

W A R T I M E H O U S I N G L I M I T E D

Contracts Awarded from July 1, 1946 to September 30, 1946.

	Location	Houses	Special Buildings
X	Brandon #1	100	1
	Brantford #6	20 F.C. with Basements	
XX	Calgary #2A		1
	Cumberland #1	35	
XX	Edmonton #6A		1
	Elmira #2	15	
	Georgetown #1	50	
	Goderich #1	50	
	Ingersoll #1	35	
	Kimberley #1	125	
	Listowel #2	15	
	London #5	50	
	Longeuil #1	5 F.C. with Basements	
XX	Moncton #5	100	1
	Montreal #6D	109	
	Montreal #6E	41	
	Montreal East #1	100	
X	Moose Jaw #4A		1
	Nelson #1	50	
XX	Ottawa #4		1
	Palmerston #2	5	
	Penetanguishene #1	30	

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	Location	Houses	Special Buildings
	Port Alberni #1	50	
	Preston #2	25	
X	Quebec #1A		1
X	Regina #5A		1
	Rossland #1	125	
	St. Boniface #2	25	
	St. James #2	50	
X	Saskatoon #3A		1
	Transcona #3	25	
X	Winnipeg #5A		1
	Winnipeg #6	300	
		1535	10

NOTE: X - Workshop & Storage Bldg.
XX - Administration Building.

PROJECTS AWAITING CONTRACTS FOR WHICH FUNDS HAVE BEEN MADE AVAILABLE.

Location	Houses	Special Buildings
Carleton Place #1	25	--
Cobourg #1	25 out of 50 authorised	
Port Arthur #4	50	--
Toronto #6	48 F.C.	--
	148	

The total estimated value of authorised funds amounts to $121,586,062.58 and covers in addition to work completed, under construction and awaiting contract, such services as sewers, water, roads and walks, with storage sheds for all houses; also Halifax and Moncton water development providing

29,864 Houses
15 Hostels
65 Staff Houses (See list following of Surplus)
17 Bunk Houses
17 Dining Halls
29 Schools plus 1 two room addition at Welland
97 Special Buildings.

THE FOLLOWING HAVE BEEN DECLARED SURPLUS:

Amherst	1 Staff House
Brantford	Winston Hall (Women's Residence) Staff Houses #1 & #2 Proj. #1
Dartmouth #3	Staff Houses 7, 8, 9, 10, 11, and 12, Dining Hall and Storage Shed
Eastern Passage #3	Staff House #13
#4	Staff House #14, land, buildings and equipment.
#5	Staff House and Commissary.
Fort Erie #2	Women's Hostel

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Fort William	Women's Hostel #1 & #6, Staff House #1 and #2.
Eastern Passage	Clarence Park Recreation Centre Project #4
Esquimalt #3 #6	Staff House #1 & #2 and Dining Hall Staff Houses #3 & #4
Halifax #3	Staff House #1 Mulgrave Park & Staff House #3, Staff House #6
Halifax #5	Staff Houses #3 & #5
Hespeler	Women's Hostel
Kingston	1 Staff House
Lauzon #1	Staff House and Commissary
Long Branch #1	Women's Residence
Malton #4	Women's Residence Men's Staff House
New Glasgow #1	Staff Houses 1, 2, 3 and Commissary
North Vancouver #1	Staff Houses 1 & 2 and Commissary
North Vancouver #3	Building used as a fire hall
Peterborough	1 Staff House
Pictou #1 #3	3 Staff Houses & 1 Commissary 2 Staff Houses
Prince Rupert #1 #4A #6	Staff Houses 1 & 2 and Commissary Army type bunk houses Staff Houses 7, 8 and 9
St. Catharines #6	3 Staff Houses and Commissary
St. John #3 #4 #1	2 telephone booths and shelters Commissary and Staff Houses 2 & 3 Staff Houses
St. Paul L'Ermite #2	Staff House (Men's) Winston Hall
Sorel	Boarding Houses #1 and 2
Wallaceburg	Winston Hall
Welland #1 #3	1 Staff House Staff House #4
Arvida #2	17 Houses
La Tuque #1 & #2	12 Houses
Nobel #2	52 Houses
Halifax #3	Staff House #2

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Fort William #2	Store House - West side Staff House #2
Arvida - part Proj. #2	3 Houses
Nobel #2	1 House
Sorel #1	Staff Houses 4, 5 & 6, Bunk Houses 1 to 6. Help's Quarters, Commissary, Sewers, Water Mains and Roadway, Landscaping, Buildings and Services only no land included.

THE FOLLOWING HAVE BEEN DECLARED SURPLUS: September 1946.

Aug. 12	Brantford #1	Acquisition cost of an easement for sewer lands to Women's Hostel.
Aug. 14	Prince Rupert #1	Furnishings and equipment
	Prince Rupert #5 Recreation Bldg.	Building and Services Furnishings and Equipment
	Chinese Bunk House	Building and Services. Furnishings and Equipment
	Prince Rupert #6 Commissary at CNR Dry Dock	Building and Services Furnishings and Equipment
	Halifax #3	Staff House #4, Land, Building and Services.
	Staff House #4 and commissary	Furnishings and Equipment, Commissary, Land, Building and Services, Furnishings and Equipment
Aug. 20.	Welland #5	Staff House and Commissary, Building and Services.
	Staff House leased to Empire Cotton Mills	Furnishings and Equipment
	Sorel, Que.	Furnishings and Equipment. Staff House and Commissary #4, Staff House and Commissary #5 (Winston Hall) Staff House #6, Maintenance Material in #4 Commissary
Aug. 23.	Welland #7	Land, Building and Services, Furnishings and Equipment
	Women's Hostel under lease to Welland Hosp. Board.	
Aug. 31.	Nobel #2	H2 type house sold, 18 Silverbirch Ave.
Sept. 5.	St. Catharines #1	Land, lots 9 & 10, Grantham Township.
Sept. 17.	Welland	Staff Houses 2 & 3 and Dining Hall Furnishings and Equipment.

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W A R T I M E S H I P B U I L D I N G L I M I T E D

PROGRAMMES UNDER CONSTRUCTION

Type of Ship	Shipyard	Quarterly Progress			Totals at September 30, 1946			
		Keels Laid	Launched	Completed	Ordered	Keels Laid	Launched	Completed
Destroyer	Halifax Shipyards Limited	-	-	1	4	4	4	2
Motorship 7500 D.W.T.	Burrard Dry Dock Co. Ltd.	-	-	-	1	1	1	-
	Canadian Vickers Limited	-	-	-	1	1	1	-
	Davie Shipbldg. & Repairing Co.	-	-	-	1	1	1	-
	TOTALS	-	-	-	3	3	3	-
Ocean Going Tug 1000 H.P.	Canadian Shipbldg. & Engrg. Ltd.	-	-	1	7	7	7	6

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WARTIME SHIPBUILDING LIMITED

PROGRAMMES UNDER CONSTRUCTION (continued)

Type of Ship	Shipyard	Quarterly Progress				Totals at September 30, 1946			
		Keels Laid	Launched	Completed		Ordered	Keels Laid	Launched	Completed
"B" Coaster (Steamer) 1200 D.W.T.	Victoria Machinery Depot Co. Ltd.	-	-	1		4	4	4	4
"C" Coaster (Steamer) 300 D.W.T.	Geo. T. Davie & Sons Limited	-	1	2		3	3	3	3
"C" Coaster (Motor) 300 D.W.T.	Port Arthur Shipbuilding Co. Ltd.	-	-	-		1	1	1	-
	Collingwood Shipyards Limited	-	-	-		1	1	1	-
	Geo. T. Davie & Sons Limited	-	1	-		2	2	1	-
	St. Lawrence Metal & Marine Works Inc.	-	3	-		3	3	3	-
	St. John Dry Dock & Shipbldg. Co. Ltd.	-	-	-		3	3	-	-
	TOTALS	-	4	-		10	10	6	-

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WARTIME SHIPBUILDING LIMITED

PROGRAMMES UNDER CONSTRUCTION (continued)

Type of Ship	Shipyard	Quarterly Progress				Totals at September 30, 1946			
		Keels Laid	Launched	Completed		Ordered	Keels Laid	Launched	Completed
"B" Coaster (Steamer) 1200 D.W.T.	Victoria Machinery Depot Co. Ltd.	-	-	1		4	4	4	4
"C" Coaster (Steamer) 300 D.W.T.	Geo. T. Davie & Sons Limited	-	1	2		3	3	3	3
"C" Coaster (Motor) 300 D.W.T.	Port Arthur Shipbuilding Co. Ltd.	-	-	-		1	1	1	-
	Collingwood Shipyards Limited	-	-	-		1	1	1	-
	Geo. T. Davie & Sons Limited	-	1	-		2	2	1	-
	St. Lawrence Metal & Marine Works Inc.	-	3	-		3	3	3	-
	St. John Dry Dock & Shipbldg. Co. Ltd.	-	-	-		3	3	-	-
	TOTALS	-	4	-		10	10	6	-

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W A R T I M E S H I P B U I L D I N G L I M I T E D

SUMMARY OF PROCESSING OF CLAIMS

Detail	DURING THE QUARTER: Requests for Interim Payment	Sub-Contractor's Claims	Final Claims	Total	TOTALS AT SEPTEMBER 30, 1946: Requests for Interim Payment	Sub-Constractor's Claims	Final Claims	Total
Received	6	122	18	146	82	811	324	1,217
Cleared	6	161	39	206	82	780	276	1,138
In Process	-	-	-	-	-	31	48	79

SUMMARY OF DECLARATION OF SURPLUS MATERIAL

No. of Declarations made during the Quarter 218

No. of declarations made to September 30, 1946 1,180

W A R S U P P L I E S L I M I T E D

(000 omitted)

Orders		$1,231,802
Invoices to date	$1,221,900	
Less: Price Adjustment	50,000	
Refund on Contract 72-190	26,974	
Net Billings		1,144,926
Cash Receipts (Gross)	1,244,097	
Less: Refunds - Price Adjustment	50,000	
Advance Payments	22,605	
Less: Refunds - Cash received on Navy Contract 72-190	26,974	
Cash Receipts (Net)		1,144,426

ORDERS:

A further reduction of $4,889,652.10 reduces total orders to $1,231,802,026.75.

One contract for 21,000 tons amonium nitrate was signed with the U.S. Quartermaster Corps for shipment immediately.

ACCOUNTS RECEIVABLE:

The outstanding balance is $521,173.06, of this amount $438,532.48 is over 30 days. There may be a considerable delay before payment is received as the U.S. Navy allowed the appropriation for this contract to lapse on June 30 1946, therefor this company's invoice has been sent to General Accounting and payment cannot be made until a special Act of Congress has been passed.

TERMINATIONS:

There are still 11 Contracts awaiting terminated settlement, two passed by the Board, but cannot be finalized until; in one case, a credit has been received from War Assets Corporation and in the other, the Controller, the Department of Reconstruction and Supply, has assured this office that none of the charges included in the termination were included in the progress payments.

The nine outstanding contracts were terminated on V-J Day and it is realized that the delay is due to auditors' reports but it is considered that the time has come when more active steps must be taken and recommend that the Chairman, the Canadian Termination Board, and the Controller, the Department of Reconstruction and Supply, be instructed to report, each in his own sphere, the costs that are reported to have accrued against each contract. These figures should be used and submitted to the U.S. Army and Navy as our final figures, having in mind that when final termination has been established that any over-charge or under-charge can be taken care of in the overall audit.

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GENERAL:

The general annual meeting of the shareholders of War Supplies Limited, was held in Ottawa on September 30 and at that meeting J. M. Doyle was appointed vice-president and treasurer, of the Company . Miss Lowry, who came up from Washington when the records were moved to Ottawa, is staying on until October 10, so as to be present when the representative of the Auditor General completes his audit of the company books up to September 30, 1946. These changes will leave on the active payroll of War Supplies Limited only two people, with all the records assembled in Ottawa.

On September 23, accompanied by W.D. Low, Managing Director of the Canadian Commercial Corporation,the president arranged a meeting with representatives of the U.S. Army and Navy in Washington and discussed with them the desire of Canada to complete the operations of War Supplies Limited as promptly as possible. It was suggested to the Americans, that if they thought that the services rendered by War Supplies Limited, as the medium of contact with the Canadian Government, was to be continued that the organization to carry on such work would be Canadian Commercial Corporation. It was also mentioned that some of the conditions under which War Supplies operated would have to be changed, such as renumeration for services rendered and it was suggested that the amount would be 5% of any contract signed with any U.S. Government procurement agencies.

The General Counsel of the U.S. Navy in concurrence with representatives of the U.S. Army expressed an opinion that the very excellent system of co-operation should be maintained for the future and recommended that the best way to accomplish that end was for a final letter to be sent to the State Department, in Washington, by the Department of External Affairs, in Ottawa.

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ANONYMOUS JUNE 26, 1940

Dep. Secretary of State
War II – Custodian of Enemy Alien Property

CANADA

DEPARTMENT OF THE SECRETARY OF STATE

C182811

List of Principal Officers recently added to Department.

Voluntary Service Registration Bureau

Dr. H. M. Tory,

Director, Technical Section,

Serving without salary.

Internment Operations

Brigadier-General E. de B. Panet,

Director of Internment Operations

Salary paid by C. P. Rly.

Living Allowance $10 while on duty.

Lieutenant - Colonel H. Stethem,

Assistant Director of Internment Operations and Officer in charge of Prisoners of War Information Bureau

Salary $456.25 per month.

Public Information Office

G. H. Lash, Esq.,
Director of Public Information.

Claude Melancon, Esq.,
Associate Director of Public Information

Salaries paid by C. N. Rly.

Living Allowance $10 per day

Leonard W. Brockington, Esq., K.C.,

Recorder of Canada's War Effort and Counsellor to the War Committee of the Cabinet,

Salary $750 per month

Living Allowance $12 a day while absent from his customary place of residence.

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CANADA

DEPARTMENT OF THE SECRETARY OF STATE

George Hambleton, Esq.,

Writer,

Salary $250 per month.

Guy Jasmin, Esq.,

French News Editor,

Salary $10 per day (actual employment only).

G. E. Leighton, Esq.,

News Editor,

Salary $10 per day (actual employment only).

Bruce West, Esq.,

Photograph Editor,

Salary $10 per day (actual employment only).

Press Censorship Branch

Fulgence Charpentier, Esq.,

Press Censor for Canada,

Salary paid by the House of Commons,

Wilfrid Eggleston, Esq.,

Press Censor for Canada (May 1, 1940)

Salary $15 per day.

Warren Baldwin, Esq.,

Assistant Press Censor, Toronto Office,

Salary $10 per day.

J. Girouard, Esq.,

Censor,

Salary $12 per day.

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CANADA

DEPARTMENT OF THE SECRETARY OF STATE

Lew Gordon, Esq.,

Assistant Censor, Vancouver Office,

Salary $10 per day.

Henry Bruce Jefferson, Esq.,

Assistant Press Censor, Halifax Office,

Salary $10 per day.

J. Leger, Esq.,

Assistant Press Censor,

Salary $10 per day.

Edmond McMahon, Esq.,

Assistant Censor, Montreal Office,

Salary $10 per day.

Bertram B. Perry, Esq.,

Assistant Censor, Toronto Office,

Salary $10 per day.

Ottawa, June 26, 1940.

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CANADA

DEPARTMENT OF THE SECRETARY OF STATE

The officers of the Custodian of Enemy Property are not paid out of monies appropriated by the Parliament of Canada but their salaries are an administration charge on the Enemy Fund. Necessarily, a number of bookkeepers, stenographers and clerks have been engaged from time to time at modest salaries, but the effective control of the office has been with Mr. A. H. Mathieu, who has been in the office for over twenty years, and Mr. G. W. McPherson, who has been in the office for three years.

Since the present war began, the only additional employees or assistants engaged, other than clerical help, have been:

Jan Pawlica,
Translator and Executive Assistant.
$4,000

The Honourable Mr. Justice Martin,
Court of Appeal, Saskatchewan,
who gave three or four months' service in the early autumn and winter, as Adviser in respect to refugee cases, and who was given a living allowance of $15 per day when actually engaged in work away from his home at Regina.

T. W. Laidlaw, K.C.,
Dean, Manitoba Law School,
engaged in special work during the summer vacation, who is being given a living allowance of $10 per day while absent from his home.

V. C. MacDonald, K.C.,
Dean, Dalhousie Law School, Halifax,
who is also to be employed during July and August, giving special assistance in the Legal Department, and who will be paid a living allowance of $10 per day while absent from his home in Halifax.

Ottawa, June 26, 1940.

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CANADA

W. J. TURNBULL TO WLMK Future JULY 22, 1942

C182815

OFFICE OF THE PRIME MINISTER

MEMORANDUM

Laurier, Sir Wilfrid
Borden, Sir Robert
Lapointe, Ernest
National Gallery of Canada
Public Archives
Mme. Ernest Lapointe

File

E-302
1942
M-809
1942
M-807
1942
N-208
1942
H-251
1942

For the Prime Minister:

You wish to be reminded about including in the supplementary estimates, now being prepared, provisions for purchase of the busts by Fosbery of Sir Wilfrid Laurier and Sir Robert Borden, also provision for Madame Lapointe.

There is, as well, the question raised by Mr. McCurry about giving the National Gallery an allotment of, say, $5,000, out of which they might purchase the Williamson pictures.

You mentioned, also, the question of some provision in the Archives vote for the purchase of Hammie Hill's papers on Ottawa, but I think you concluded that we could not cover all of these items at this time.

Mr. McCurry's estimate of the value of the Fosbery busts is $150 for the two - Fosbery has asked $2500 for the Borden one alone (it is in bronze) but the gallery refused to pay from

W. J. T.

July 22, 1942.

never paid more than $250 for superior work. Fosbery at one sitting also asked $375 for the Borden bust (in plaster).

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CANADA

DS7 P.C. 3249 C182816 6-300 1943

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 20 APRIL 1943

PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that, in view of the absence from Ottawa of the Honourable W. P. Mulock, the Honourable L. R. Lafleche, Minister of National War Services, be authorized to act as Secretary of State, in the absence of the Secretary of State, until the return to Ottawa of the Honourable W. P. Mulock.

A. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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CANADA

A9

P.C. 2770

C-300
C182817 1945

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PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Paul Joseph James Martin, K.C., M.A., LL.M., of the City of Windsor, in the Province of Ontario, to be Secretary of State of Canada, vice the Honourable N.A. McLarty, resigned.

The Committee, on the same recommendation, further advise that upon the said the Honourable Paul Joseph James Martin having taken the prescribed oath or oaths he do assume the functions of Secretary of State of Canada.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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CANADA

A

P.C. 2760 C182818

C-300
1945
D-440
(affidavit)

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 18th April, 1945.

PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that the resignation of the Honourable N.A. McLarty as Secretary of State of Canada, be accepted.

H.B.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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B6 P.C. 7188 C182819

file
C-300
1940

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 5 th DECEMBER 1940

PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that when the Honourable J.A. MacKinnon, Minister of Trade and Commerce, is absent from office and circumstances justify an Acting Minister, the Honourable T.A. Crerar, Minister of Mines and Resources, be authorized to act as Minister of Trade and Commerce, vice the Honourable C.D. Howe.

A. P. Heney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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CANADA

S.S./6

P.C. 3304

C182820

File

6-300
1943

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PRIVY COUNCIL

CANADA

The Committee of the Privy Council,

on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that, in view of the absence from Ottawa of the Honourable T.A. Crerar, the Honourable J.E. Michaud, Minister of Transport, be authorized to act as Minister of Trade and Commerce, in the absence of the Minister, until the return to Ottawa of the Honourable T.A. Crerar.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable,
The Prime Minister.

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CA/USSR HHW/SR
4.10.43

MEMORANDUM FOR THE PRIME MINISTER C182821

Wilgress has sent a personal telegram to Robertson from Moscow, saying that his Legation there is at last well established in suitable premises, and that he feels confident it will henceforth be able to function on an efficient basis. (I consider that it functioned from the time of his arrival very efficiently in difficult conditions). He goes on to say that he is anxious to remain in Moscow until the position of the Legation is fully established. He therefore feels that it would not be fair to the Department of Trade and Commerce to keep open his former position of Deputy Minister any longer, and requests that Mr. MacKinnon should be informed. I am so informing him today.

This raises the important question of his successor as Deputy Minister of Trade and Commerce. There is a strong feeling that the Department should be strengthened so as to equip it better to meet the great problems of our export trade which will confront us at the end of the war. I was present, a few weeks ago, at a meeting attended by Mr. Howe, Mr. Ilsley, Mr. Donald Gordon and officials of the Department of Munitions and Supply from Ottawa and Washington, at which the view was strongly expressed that the Department of Trade and Commerce ought to be built up as soon as possible, especially since the decline in certain lines of war production is already giving rise to problems of export trade requiring immediate attention. Robertson has, I think, brought to your notice the general situation.

WLM.

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C182822

~~DF Jan~~

XA/D

NAR/ET
27.12.43

SECRET AND PERSONAL

Dept. of Trade & Commerce
Civil Service - Deputy Ministers

MEMORANDUM FOR THE PRIME MINISTER

Herewith is Mr. MacKinnon's letter of November 18th, suggesting the appointment of Oliver Master as Deputy Minister of Trade and Commerce.

Master is a very decent, hardworking and conscientious public servant. I believe he has proved to be a very good administrator in the year he has been in charge of the Department of Trade and Commerce. In the ordinary course and in one of the routine Departments, his promotion to the deputy ministership would be a very natural one. In fact, for any Department where the primary responsibility of the senior post is administrative, Master would be a first class deputy.

The Department of Trade and Commerce, however, is directly concerned with the formulation of government policies on most economic questions and specifically with wheat and international commercial policies. Its normal activities fell off very largely with the outbreak of the war, and the new war agencies progressively took over functions which might have been handled by an expanding and adaptable Department of Trade and Commerce. In the last few years the other Departments concerned with economic policy questions have all strengthened their personnel very considerably. One result of this is that they consult pretty freely with each other because they appreciate the value of each other's views on questions of joint or common concern, and tend only to consult Trade and Commerce when that Department clearly has a jurisdictional interest in a particular question. This weakness in the senior personnel of Trade and Commerce is a matter of some concern to people in other Departments of the Government who have to concert policy with them. It has also the unhappy result of producing a rather defensive state of mind and something approaching an inferiority complex within the Department.

To meet this situation I think they need a strong new Deputy and a re-definition of the Department's responsibilities. I should like to suggest that Hector McKinnon's name be seriously considered as Deputy. He has the confidence of the Government and of the business community, and already is familiar, through his participation in trade treaty negotiations with one important side of the Department of Trade and Commerce. At this stage of the war, there is a strong case for bringing McKinnon back from the Wartime Prices and Trade Board to tariff and commercial policy work, and I think it might be better to bring him back as Deputy Minister of Trade and

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Commerce rather than as an adjunct of the Department of Finance.

At the same time I think it would be a good move to change the name of the Department from "Trade and Commerce" to "Trade and Industry", giving it something of the responsibilities of the United Kingdom Board of Trade, which include a much wider contact with industry than results from activities connected solely with the promotion of export trade. To such a strengthened Department of "Trade and Industry" it would be logical to add both the Combines Investigation Branch, now attached to Labour, and perhaps also the office of the Commissioner of Tariff, now attached to Finance.

If I could add a personal and not entirely irrelevant note, it would be that cooperation between Trade and Commerce and External Affairs must be very close, and if possible cordial. I can think of no one with whom we could work more happily than with Hector McKinnon. I might also add that if anything comes of the general plans for freer trade after the war, the work of the Tariff Commission, of which McKinnon is now Chairman, will be greatly reduced in importance, while the work of the new "Department of Trade and Industry" would be vastly increased.

N.A. ROBERTSON

(J.A. MACKINNON'S letter to WLMK dated Nov. 18, 1943 is filed separately)
J.C.

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XA/O NAR/ET
30 Jan.1945

MEMORANDUM FOR THE PRIME MINISTER: SECRET & PERSONAL

C182824

I have had a number of conversations recently about the Trade and Commerce situation with Mr.Mackinnon and Oliver Master,who has been Acting Deputy Minister now for nearly two years. The present position is unsatisfactory, both from the standpoint of the Department itself and of the other Departments which have to work with it. As the war approaches an end, plans for the expansion of Canadian export trade loom largely in people's minds. The situation may become a point of weakness for the Government generally.

The job is a big and difficult one,which I am afraid cannot be satisfactorily filled by promotion from within the Government Service. It needs a really first-class man to do it properly. I thought we had such a man in Hartley Zimmerman,and when he proved unavailable, was at a loss to make a second suggestion of the same order of suitability. I think now,however,that I can put forward another name with the same confidence, and that is Max Mackenzie. Mackenzie is a partner in the firm of chartered accountants in Montreal of which George Macdonald and George Curry are the senior members. He came to Ottawa in September,1939,with the Foreign Exchange Control Board,where he did a quite firstclass job,and became Assistant to the Chairman of the Board. When Gordon became Chairman of the Wartime Prices and Trade Board, he brought Mackenzie with him from the F.E.C.B. to become Deputy Chairman in charge of supply,distribution,rationing,etc. Here again he did an extremely good job. He left the Board a year ago to return to his professional practice in Montreal,but was brought back last month to become a member of the Royal Commission now examining the taxation of annuities and family corporations.

Mackenzie/

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C182825

Mackenzie is a graduate of McGill and a chartered accountant. He is married with three children. He has a good presence and pleasant manner. I have checked my judgment of his capacity and suitability for the job with Clark and Towers and Gordon, with all of whom he has worked closely during the last four or five years. They have all thought as I did that he would be a firstclass recruitment for the Public Service if he could be persuaded to take a permanent job. He is already earning a good deal more in his profession than the Government Service could pay him. I think,however,he could be persuaded to take a job that had to be done if he was convinced that it was his duty to do so.

I have mentioned his name to Mr.Mackinnon,who asked me to pass it on to you rightaway,as he is very anxious that a definite decision with regard to the Trade and Commerce deputyship be taken quickly.

Mack

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Canadian Commercial Corp. D-38-10
Dept. of National Defence (Cargo)
Dept. of Trade & Commerce C182826
Dept. of Reconstruction & Supply

CONFIDENTIAL

D-34 (Cargo)

Ottawa, January 17th, 1947.

MEMORANDUM FOR THE PRIME MINISTER:

Re: transfer of duties, Reconstruction and Supply to Trade and Commerce

You will recall that some time ago Mr. Howe put before the Cabinet a proposal to transfer to the Canadian Commercial Corporation (Trade and Commerce) the responsibility vested in Reconstruction and Supply for purchase of supplies for National Defence. At that time it was found that there were legal difficulties in the way of making the transfer to the Crown Company.

The proposal has been gone into by Justice, Reconstruction and Supply and Trade and Commerce and it is now intended to recommend transfer of these statutory duties from one Minister to the other under the Public Service Rearrangement and Transfer of Duties Act. The Act creating the Canadian Commercial Corporation will then be amended and the Corporation will assume the purchasing and supply responsibilities for Navy, Army and Air Force.

Mr. Howe has sent to me, for your signature, the attached submission to Council to accomplish the transfer of Ministerial responsibility. I understand that a bill to amend the Corporation's statute will be coming forward in a few days.

There are, it seems to me, very important policy implications in these proposals. Before the war, National Defence did their own purchasing and

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for this purpose had their own contacts with industry. During the war these duties were taken over by Munitions and Supply, which combined it with the much larger job of industrial mobilization generally. It is no doubt of great importance that a nucleus supply organization should be continued during the peace years and possibly Trade and Commerce is the appropriate civilian department in which to locate it.

I drew your attention, in my memorandum of December 3rd, to various signs of the intention to wind up Reconstruction and Supply. The step here proposed would be an important move in this direction.

I propose to put the item on the agenda for next week's meetings and to circulate a brief explanatory note.

A. D. P. H.

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P. C. 896

C182828

file C-300 1940

PRIVY COUNCIL
CANADA

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Administrator on the 29th February, 1940.

The Committee of the Privy Council advise that as from the 29th day of February, 1940, when the Honourable C.D. Howe, Minister of Transport, is absent from office and circumstances justify an Acting Minister, the Honourable J.L. Ralston, Minister of Finance, be authorized to act as Minister of Transport, vice the Honourable J.A. MacKinnon.

Acting Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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P.C. 3905

C182829

C-300
1940

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PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that in the absence from Ottawa of the Honourable P. J. A. Cardin, Minister of Transport, or in the event of his being unable to perform the functions of his office, the Honourable C. D. Howe, Minister of Munitions and Supply, be authorized to act as Minister of Transport, vice the Honourable J.L. Ilsley.

A.D. Clerk of the Privy Council.

The Right Honourable
The Prime Minister.

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C-800
1942

P.C. 9165

C182830

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PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Joseph Enoil Michaud, K.C., LL.D., M.P., of the City of Ottawa, in the Province of Ontario, to be Minister of Transport, vice the Honourable P.J.A. Cardin, resigned.

The Committee, on the same recommendation, further advise that upon the said the Honourable Joseph Enoil Michaud having taken the prescribed oath or oaths he do assume the functions of Minister of Transport.

A. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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A12 P.C. 2768 C182831 C-300 1945

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PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Lionel Chevrier, K.C., of the City of Cornwall, in the Province of Ontario, to be Minister of Transport, vice the Honourable J.E. Michaud, resigned.

The Committee, on the same recommendation, further advise that upon the said the Honourable Lionel Chevrier having taken the prescribed oath or oaths he do assume the functions of Minister of Transport.

A. D. P. Heeney

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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A12 P.C. 2768 C182831 C-300 1945

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by his Excellency the Governor General on the 18th April, 1945.

PRIVY COUNCIL
CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Lionel Chevrier, K.C., of the City of Cornwall, in the Province of Ontario, to be Minister of Transport, vice the Honourable J.E. Michaud, resigned.

The Committee, on the same recommendation, further advise that upon the said the Honourable Lionel Chevrier having taken the prescribed oath or oaths he do assume the functions of Minister of Transport.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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C+M / Mail ?

NAR/SR
23.2.46

C182832

MEMORANDUM FOR THE PRIME MINISTER

International Meteorological Organization.

The Department of Transport wishes the Government to invite this Organization to hold the next meeting of their Commissions in Canada. These would be preparatory to a conference which is expected to be held in the United States. In addition, it is proposed that the "Empire" meteorologists be invited to hold their next meeting simultaneously in Canada.

These proposals have been endorsed by the Interdepartmental committee on meteorology. The meetings would be in Toronto, and the Department of Transport would be prepared to make the necessary arrangements for organizing the conference.

The meetings would be held either late in 1946 or early in 1947.

As the foreign meteorologists are apparently anxious to come to Canada and, as the Canadian Meteorological service believe it important that they should be invited, it seems desirable that an invitation be extended. If you agree, I would suggest that the Canadian representative at the current conference of the International Meteorological Organization be authorized to extend an invitation. The same would apply to the Commonwealth meteorologists.

Approved WLMK 24-2-46

N. A. ROBERTSON

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A8 P.C. 1285 D-40-D
1948

C182833

PRIVY COUNCIL

CANADA

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 6th May, 1948.

The Committee of the Privy Council, on the recommendation of the Right Honourable W. L. Mackenzie King, the Prime Minister, advise that Charles Peter Edwards, Esquire, be appointed Deputy Minister of Transport for Air Services, with salary of $12,000 per annum, effective the fourth day of May, 1948.

A. D. P. Heeney.

Clerk of the Privy Council.

Miss Gibson.

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A11

P.C. 3361

C182834 10-40-B (stone)

AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 28th day of JULY, 1948.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, on the recommendation of the Minister of Transport and pursuant to the provisions of Section 9 of the Railway Act, Chapter 170, R.S.C. 1927, is pleased to appoint and doth hereby appoint Howard B. Chase, Esquire, of the City of Montreal, in the Province of Quebec, Assistant Grand Chief Engineer of the Brotherhood of Locomotive Engineers, to be a member of the Board of Transport Commissioners for Canada.

A. D. P. Heeney

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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A11

P.C. 3361

PRIVY COUNCIL
CANADA

C182834 10-40-B (stone)

AT THE GOVERNMENT HOUSE AT OTTAWA

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PRESENT:

HIS EXCELLENCY

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His Excellency the Governor General in Council, on the recommendation of the Minister of Transport and pursuant to the provisions of Section 9 of the Railway Act, Chapter 170, R.S.C. 1927, is pleased to appoint and doth hereby appoint Howard B. Chase, Esquire, of the City of Montreal, in the Province of Quebec, Assistant Grand Chief Engineer of the Brotherhood of Locomotive Engineers, to be a member of the Board of Transport Commissioners for Canada.

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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official draft

C182835

MINISTRY OF VETERANS' AFFAIRS

1. There shall be appointed a Minister of Veterans' Affairs.

2. The Minister shall control, supervise, and direct all affairs concerning the welfare of veterans of the Great War, 1914-18, and of the present war with the German Reich.

Re-enactment of substantially all of Part I of Department of Pensions and National Health Act, with such additions or changes as are indicated in the light of current developments and administrative experience.

3. All the activities, duties and responsibilities appertaining to veterans' welfare and care shall be vested in the Department of Veterans' Affairs.

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4. The Department shall, for purposes of administration, direct the activities of the Canadian Pension Commission.

Requires amendment to Pension Act - the interpretation Section defining "Department" and "Minister".

5. The Department shall, for the purposes of administration, direct the activities of the War Veterans' Allowance Board.

Requires amendment to War Veterans' Allowance Act - the interpretation Section defining "Department" and "Minister".

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6. The Department shall be in charge of treatment for ex-service men.

7. The Department shall be in charge of land settlement for veterans.

Requires amendment to The Veterans' Land Act, 1942, as to definition of "Minister".

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8. The Department shall be in charge of all plans and policies for the rehabilitation and re-establishment of ex-service men.

Statutory enactment of substantially all legislation now in operation by virtue of order-in-council relating to rehabilitation and re-establishment of veterans, in particular, P.C. 7633, being The Post-Discharge Re-Establishment Order.

In addition to the foregoing, an amendment may be required to The Veterans' Assistance Commission Act, 1936, re-defining "Department" and "Minister" for the purpose of winding up affairs still being carried on.

9. The Department shall be in charge of all programmes for vocational, educational, and other training for ex-service men.

10. The Department is designed to meet all the problems of the veterans of all wars.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM C182839

Prime Minister:

Bills establishing Departments
of SOCIAL WELFARE
VETERANS' AFFAIRS

Mr Pickersgill asks me to give you the following message and to ask for a decision on procedure:

In view of Mr Mackenzie's desire to have at least the VETERANS' AFFAIRS Bill considered by Council tomorrow (Monday) it will probably be preferable to have the bills in their present form considered by Council and printed. It will be much easier to make any changes that are desired after the printing has been done.

Mr Claxton(s note (attached) regarding uniformity among all three bills relates to the Reconstruction Bill largely drafted by himself. It has since been extensively altered in Council.

For direction, please.

April 16, 1944 J.A.G.

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PRIVY COUNCIL

CANADA

C182840

Ottawa, March 24th, 1944.

Memorandum for the Prime Minister

Re: Bills establishing the Departments of Social Welfare and Veterans' Affairs

The drafts of these bills differ in many respects from the draft of the bill establishing the Department of Reconstruction. There is a lot to be said for having these uniform as far as possible.

Further, the sections setting out the duties, powers, and functions of the Minister might describe more clearly the purposes of the departments. They should, I think, as far as possible use the language of the Speech from the Throne.

If it was your wish, we could redraft the bills to carry out the suggestions made above. If, however, it is preferred that the bills should remain substantially as they are now, then I would have several changes to suggest.

Brooke Claxton

Brooke Claxton

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Veterans Affairs

CANADA

DEPARTMENT OF
PENSIONS AND NATIONAL HEALTH

C182841

OTTAWA, March 14th, 1944.

IN YOUR REPLY REFER TO FILE NO.
Legal 110

Mr. Pickersgill,
Prime Minister's Office,
Ottawa.

Further to the conversations I have had with you respecting the Bills being prepared for the establishment of the two new departments of government, I am enclosing herewith a copy of a letter dated March 9, 1944, from the Deputy Minister of Justice enclosing to me a draft Bill respecting the Department of Veterans Affairs.

Should be served
L.B.

As you will notice, the Deputy Minister has asked whether a Bill in these terms will meet the desired end.

W. G. Gunn

W. G. Gunn,
Departmental Solicitor.

WGG/ML
Encl.

P. & N.H. IS 100M-6-43 REQ. 550

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DEPARTMENT OF JUSTICE, CANADA

C182842

Please Address
The Deputy Minister of Justice
Ottawa.

Ottawa March 9, 1944.

To: W. G. Gunn, Esq., Departmental Solicitor,
Department of Pensions and National Health, Ottawa.

J.R. 8904-44
Re: Proposed Veterans Affairs Bill.

I enclose herewith a draft bill respecting the Department of Veterans Affairs.

I shall be glad if you will consider whether a bill in these terms will meet the desired end.

Reason these should be retained only if it is found necessary in a single Act.

You will note that in section 9, I have deleted reference to the Returned Soldiers Insurance Act and the Reinstatement in Civil Employment Act. The reason for this is that these acts contain the necessary provisions whereby their administration can be transferred to the new Department. The insurance Act defines "minister" to mean the Minister of Finance or such other minister as the Governor in Council may, from time to time, determine. The Reinstatement in Civil Employment Act provides that the Governor in Council may designate such minister of the Crown to administer the Act as he may deem advisable.

With reference to your draft clause respecting the organization of the Department and the transfer of employees, I may say that I am of opinion the clause is unnecessary and should therefore be excluded.

I would draw your attention to the fact that the Salaries Act, R.S.C. 1927, chapter 182, should be amended so as to provide a salary for the new minister.

(signed) F. P. Varcoe

Deputy Minister.

Encl.

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A BILL RESPECTING THE DEPARTMENT OF VETERANS AFFAIRS

His Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada, enacts as follows:

1. This Act may be cited as the Department of Veterans Affairs Act.

2. In this Act, unless the context otherwise requires -

(a) "Department" means the Department of Veterans Affairs;

(b) "Minister" means the Minister of Veterans Affairs;

(c) "Deputy Minister" means the Deputy Minister of Veterans Affairs.

3. There shall be a department of the Government of Canada which shall be called the Department of Veterans Affairs over which the Minister of Veterans Affairs for the time being appointed by commission under the Great Seal of Canada shall preside.

(2) The Minister shall have the management and direction of the Department and shall hold office during pleasure.

4. The Governor in Council may appoint an officer who shall be called the Deputy Minister of Veterans Affairs who shall be the deputy head of the Department and who shall hold office during pleasure.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department shall be appointed or employed in the manner authorized by law.

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5. The duties, powers and functions of the Minister shall extend and apply to the administration of statutes enacted by the Parliament of Canada, and of orders of the Governor in Council, as are not by law assigned to any other Department of the Government of Canada or any Minister thereof, relating to the care, treatment, training, or re-establishment in civil life, of any person, and shall extend and apply as well to all such other matters and such boards and other public bodies, subjects, services and properties of the Crown as may be designated, or assigned to the Minister by the Governor in Council.

6. Subject to the approval of the Governor in Council the Minister may enter into contracts or arrangements in order to provide care, treatment or training in any hospital, workshop, home, school or other institution for persons to be given care, treatment or training under any statute or order of the Governor in Council administered by the Minister.

7. Subject to the approval of the Governor in Council, the Minister may make such regulations, from time to time, as he may deem necessary and advisable,-

(a) for the control and management of any hospital, workshop, home, school or other institution, owned, acquired or used by His Majesty for the care, treatment or training of persons who served with the naval, military or air forces of His Majesty or any of His Majesty's allies and of the persons undergoing care, treatment or training therein, or who receive any benefit administered by the Minister;

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(b) respecting the care, treatment or training to be furnished in any such hospital, workshop, home, school or other institution and providing for the care, treatment or training therein of such other persons as may be deemed advisable;

(c) for the selection and employment of such part time professional officers, or part or full time employees whose compensation is determined by the rates payable for similar work in the locality in which such persons are employed, as may be required from time to time for the carrying on of the work with which the Minister is charged under this Act and notwithstanding anything contained in the Civil Service Act the creation for this purpose of appropriate positions, and the said staff and positions are hereby wholly excluded from the operation of the said Act;

(d) for the marking or stamping of artificial limbs or appliances issued from the Department, and to prevent the removal or defacement of such stamps or marks or the use of any counterfeit thereof, and to prevent the purchase, sale, receiving or other disposal of such artificial limbs or appliances without the authority of the Minister; to forbid any false statement, suggestion or representation with respect to any artificial limbs, appliances or other goods manufactured in or for or issued from the Department;

(e) for the receipt and retention of any properties or moneys held or payable by the Crown or any other authority, person or persons on behalf of any persons or their dependents whenever such persons are being or have been cared for under the provisions of this

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Act, either by medical treatment, training or otherwise, and for giving therefor a valid receipt; and in the case of insane persons who are being or have been so cared for under this Act, the assumption or authorization of guardianship in whole or in part in respect of such properties or moneys, and for the disposal of such properties or moneys to such persons or their dependents, or as may be deemed expedient or the disposal thereof to the estates of such persons if deceased;

(f) for prescribing the payments, grants or allowances, if any, to be made to persons or their dependents whenever such persons are being cared for under the provisions of this Act, either by medical treatment, training or otherwise;

(g) for the payment of pensions out of moneys provided by Parliament for the purpose to persons who, while rendering service to Canada in the prosecution of any war, suffer any injury or disease or aggravation thereof resulting in disability or death not otherwise pensionable or to the dependents of such persons;

(h) with respect to reciprocal or other arrangements with the Government of any country for the treatment, care and training and the issue of payments, grants or allowances to persons who have served in the naval, military or air forces of any such Government when cared for under the provisions of this Act, either by medical treatment, training or otherwise, or to their dependents; and the assumption or authorization of guardianship in respect of property or moneys of such persons or of any persons who may be the beneficiaries of any of the said Governments and the dependents of such persons, and for the disposal of

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such properties or moneys to such persons or their dependents or the disposal thereof to the estates of such persons if deceased;

(i) for the sheltered employment of former members of the naval, military or air forces of His Majesty or any of His Majesty's allies, including after-care of the tuberculous, for the granting of free transportation in Canada to any former member of such forces who has been pensioned for total blindness or for a disability which necessitates an escort when travelling; for providing burial expenses for former members of such forces who die in destitute circumstances; for the treatment of former members of such forces classified as wholly incurable or chronically recurrent cases needing institutional care; for the provision of measures of unemployment relief to former members of such forces and their dependents; and for the payment of compensation in respect of industrial accidents; the whole subject to such appropriations as Parliament may provide;

(j) for the administration and disposal of canteen funds;

(k) for imposing penalties for violation of any such regulation by way of fine not exceeding two hundred dollars or imprisonment for a term not exceeding three months enforceable upon summary conviction;

(l) for the purpose of carrying out the provisions of this Act with respect to any matter placed under the control and management of the Minister.

(2) All regulations made hereunder approved by the Governor in Council shall be laid before Parliament within fifteen days after they are made if Parliament is then

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sitting, and if not, then within fifteen days after the commencement of the next ensuing session thereof.

8. The Minister shall have power to appoint a person or persons to hear and receive evidence with respect to any matter pertaining to the Department or the procedure of the Department under this Act, and such person or persons shall have authority to administer oaths and to hear and receive evidence under oath and to take affidavits in any part of Canada.

9. Wherever the Department of Pensions and National Health, the Minister of Pensions and National Health or the Deputy Minister of Pensions and National Health is mentioned or referred to in the Pension Act, chapter one hundred and fifty-seven of the Revised Statutes of Canada, 1927, The War Veterans' Allowance Act, chapter forty-eight of the statutes of 1930 or The Veterans' Assistance Commission Act, 1936, chapter forty-seven of the statutes of 1936, or in any order or regulation made under any of the said Acts, and wherever the Department of Mines and Resources, the Minister of Mines and Resources or the Deputy Minister of Mines and Resources is mentioned or referred to in The Veterans' Land Act, 1942, chapter thirty-three of the statutes of 1942, or in any order or regulation made thereunder, there shall in each and every such case be substituted the Department of Veterans Affairs, the Minister of Vete ans Affairs and the Deputy Minister of Veterans Affairs respectively.

(2) Notwithstanding section nine of The Department of Mines and Resources Act, chapter thirty-three of the statutes of 1936, whenever in the Soldier Settlement Act

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or in any order or regulation made thereunder, the Department of Interior, the Minister of Interior or the Deputy Minister of Interior is mentioned or referred to there shall in each and every such case be substituted the Department of Veterans Affairs, the Minister of Veterans Affairs and the Deputy Minister of Veterans Affairs respectively.

(3) Wherever in any Act of the Parliament of Canada, or in any regulation or order made thereunder, the Department of Soldiers' Civil Re-establishment, the Minister of Soldiers' Civil Re-establishment or the Deputy Minister of Soldiers' Civil Re-establishment is mentioned or referred to, there shall in each and every such case be substituted the Department of Veterans Affairs, the Minister of Veterans Affairs and the Deputy Minister of Veterans Affairs respectively.

10. Part I of The Department of Pensions and National Health Act, chapter thirty-nine of the statutes of 1928 is repealed.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C182850

The Prime Minister:

Mr. C.H. Bland, Chairman of the Civil Service Commission, telephoned re Bill 83 establishing the Veterans' Affairs Dept. - especially as regards Clause 7 C.

Mr. Bland has asked me to point out to you that provision is made in that clause "whereby staff of the Department may be appointed by the Minister instead of the Commission". Mr. Bland merely wished to invite your attention to this matter at this time, as he feared that on the Second Reading of the Bill, various sections of the House may make it a point to comment on this particular clause.

I was asked to make clear that this message was sent by way of being helpful - That it is a suggestion only, and certainly not in any way critical.

E.H.

April 22, 1944

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P.C.7999 C182851

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 13th October, 1944.

PRIVY COUNCIL
CANADA

7999

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a Commission under the Great Seal of Canada do issue appointing the Honourable Ian Alistair Mackenzie to be Minister of Veterans Affairs.

The Committee, on the same recommendation, further advise that upon the said the Honourable Ian Alistair Mackenzie having taken the prescribed oath or oaths he do assume the functions of Minister of Veterans Affairs.

A.D.P. Heeney.
Clerk of the Privy Council.

The Right Honourable
The Prime Minister

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P.C. 7998

D-840
1944
Appt Corpl

C182852

Certified to be a true copy of a Minute of a Meeting of the Committee D-800 Appt Corpl of the Privy Council, approved by His Excellency the Governor P-65-2-2 1944 General on the 13th October, 1944.

PRIVY COUNCIL

CANADA

The Committee of the Privy Council, on the recommendation of the Right Honourable W.L. Mackenzie King, the Prime Minister, advise that a proclamation do issue bringing into force, forthwith, the following Acts, passed at the 5th Session of the 19th Parliament of Canada, 1944:

noted L.B

Chapter 19 - An Act to establish a Department of Veterans Affairs

Chapter 22 - An Act to establish a Department of National Health and Welfare

A. D. P. Heeney.

Clerk of the Privy Council.

The Right Honourable
the Prime Minister.

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DEPARTMENT OF VETERANS' AFFAIRS

Oct 15
~~August~~, 1944.

C182853

MINISTER OF VETERANS' AFFAIRS

MINISTER'S OFFICE
ESTABLISHMENT AS AT PRESENT

VETERANS' LAND ACT ADMINISTRATION
DIRECTOR OF VETERANS' LAND ACT
$8000

CANADIAN PENSION COMMISSION
CHAIRMAN ($7000 - STATUTORY)
CHIEF PENSION MEDICAL ADVISER

DEPUTY MINISTER OF VETERANS' AFFAIRS
2 ASSISTANT DEPUTY MINISTERS OF VETERANS' AFFAIRS
$5400-$6000
ADMINISTRATIVE DUTIES TO BE ASSIGNED LATER.

WAR VETERANS' ALLOWANCE BOARD
CHAIRMAN
($7000 - STATUTORY)

AIR RAID PRECAUTIONS DIRECTOR OF CIVIL AIR RAID PRECAUTIONS
($8000 - ORDER IN COUNCIL)

VETERANS' BUREAU
CHIEF PENSION ADVOCATE
$4500-$4980

CHIEF ADMINISTRATIVE ASSISTANT
$4200-$4800
FINANCIAL ADVISER TO DEPUTY MINISTER
$5400-$6000

DEPARTMENTAL COUNSEL
$4800-$5400
MEDICAL ASSISTANT TO DEPUTY MINISTER
$5400-$6000

SECRETARY
NEW LEGISLATION; REGULATIONS; CORRESPONDENCE; PARLIAMENTARY RETURNS; REPORTS ENQUIRIES; ORDERS-IN-COUNCIL; CONTRACTS; AGREEMENTS.
$4200-$4800

PUBLIC RELATIONS
DIRECTOR OF PUBLIC RELATIONS
$4800-$5400

SUPERINTENDENT OF VETERANS' INSURANCE
$4500-$5100

ENGINEERING SERVICES
CHIEF ARCHITECT
$4140-$4500

DIRECTOR OF OPERATIONS AND ORGANIZATION
FIELD INSPECTION; PERSONNEL EQUIPMENT ORGANIZATION AND ESTABLISHMENT; PERSONNEL TRAINING.
$5400-$6000

PURCHASING DIVISION
DEPARTMENTAL PURCHASING AGENT, GRADE 6
$4320-$4920

PERSONNEL ESTABLISHMENTS ADMINISTRATIVE ASSISTANT
CIVIL SERVICE COMMISSION LIAISON; OFFICE SYSTEMS; PERSONNEL PLANNING AND FORECASTING; PERSONNEL TRAINING.
$4800-$5400

OFFICE SERVICES
ADMINISTRATIVE ASSISTANT
$3600-$3900
CENTRAL REGISTRY
STENOGRAPHER'S POOL
STAFF RECORDS

RESEARCH ADVISER
STATISTICAL ANALYSES; FORECASTING; LIBRARY SERVICE.
$3900-$4200

TREATMENT BRANCH
DIRECTOR OF MEDICAL SERVICES
$6900-$7500

REHABILITATION BRANCH
DIRECTOR GENERAL OF REHABILITATION SERVICES
$6900-$7500

12 ADMINISTRATIVE DISTRICTS
HALIFAX, N.S. - ST. JOHN, N.B. -
QUEBEC, P.Q. - MONTREAL, QUE. -
OTTAWA, ONT. - TORONTO, ONT. -
LONDON, ONT, - WINNIPEG, MAN. -
REGINA, SASK. - CALGARY, ALTA. -
VANCOUVER, B.C. - LONDON, ENG.

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Press Releases

C182854

Statement by the Prime Minister re Pensions and Student Veterans' Training Allowances, House of Commons, Monday, February 16, 1948.

On the 19th December, 1947, I made a statement in this House respecting Veterans' Pensions in the course of which I said that "in the case of disabled veterans and pensioned widows, the Government will introduce legislation during the present Session of Parliament to amend the Pension Act, in order to provide for an increase in rates of compensation", and that such "increases will be made effective as of October 1st, 1947."

During the recess of Parliament, the government continued to give careful consideration to the adequacy of the pensions in respect of disability and death, and particularly to the provision for dependents. Representations were received from the national organizations of ex-service men and women, and the entire situation was reviewed by the Department and by the Government.

I am pleased to announce that a Bill to amend the Pension Act is now virtually ready for introduction. I am prepared at once to give in outline what the government intends to propose:

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a/ The basic scale of pensions for total disability and death will be increased and, for all ranks up to and including that of Captain, the compensation will be at a rate in excess of that at present being paid on behalf of Captains.

b/ The additional pension which is being paid on behalf of the wives and children of disability pensioners, and the children of pensioned widows, will be substantially increased, as will the awards to orphan children.

c/ The maximum award to the eligible parent or parents of a member of the Forces who has died will be correspondingly increased.

With the consent of the House I shall now table a schedule reflecting the upward adjustments I have outlined. It is estimated that these adjustments over present rates will involve a total increase in cost of approximately $12,000,000.

These increased rates will, to a greater or lesser degree, affect over 400,000 persons and, in accordance with my original announcement, will be effective from the 1st October, 1947. The Government is anxious to have these retroactive payments made as early as possible. Although everything possible will be done to enable this to be accomplished, it will necessarily be a matter of some weeks, after authority is received, before the adjustment cheques can be ready.

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The Government has also been giving close and sympathetic consideration to the position of veterans in training, both vocational and university. It has been decided to change the schedule of training rates to provide increases to married veterans, and to those with dependents, in conformity with the rates in this schedule which I now table.

The effect of these increases will be as follows: A married veteran while taking training will receive $30 per month instead of $80. In addition, there will be payable on behalf of the first child $18 instead of $12, and for the second child $14, with proportionate increases for succeeding children, so that a married veteran with three children will receive $134 per month instead of $114. In addition to these rates, tuition fees will continue to be paid.

The increased rates are effective as from January 1st, 1948. It is hoped that the increases will overcome many of the difficulties being experienced by married veteran students.

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SCHEDULE OF MONTHLY TRAINING ALLOWANCES

UNIVERSITY AND VOCATIONAL TRAINING

(Sections 7, 8 and 9 of Veterans Rehabilitation Act)

	From Present Rate	To New Rate	% Increase
Veteran Student	60.00	60.00	Nil
Wife	20.00	30.00	50%
One child	12.00	18.00	50%
Second child	12.00	14.00	16.67%
Third child	10.00	12.00	20%
Fourth and subsequent child	8.00	10.00	25%

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SCHEDULE OF MONTHLY PENSION RATES

(For Class I or 100% Pensioner)

PENSIONER	DISABILITY PENSIONERS From Present Rate	To New Rate	% Increase	WIDOW PENSIONER From Present Rate	To New Rate	% Increase
				WIDOW		
Below Captain	75.00	87.00	16%	60.00	70.00	16.67%
Captain	83.30	87.00	4.4%	66.67	70.00	5%
Major	105.00			84.00		
Lt. Col.	130.00			104.00		
Colonel	157.50	No Change		126.00	No Change	
Brigadier	225.00			180.00		
ALL RANKS						
Wife's Pension	25.00	30.00	20%		N.A.	
First child	15.00	18.00	20%	15.00	18.00	20%
Second child	12.00	14.00	16.67%	12.00	14.00	16.67%
Additional children	10.00	12.00	20%	10.00	12.00	20%
ORPHANED CHILD OR ORPHAN BROTHER OR SISTER						
ALL RANKS						
First child	30.00	36.00	20%			
Second child	24.00	28.00	16.67%			
Each subsequent child	20.00	24.00	20%			

(Classes below Class I (100%) are increased proportionately)

Disabilities below 5% All Ranks final payment not exceeding formerly $100.00 now $115.00

The maximum rate for a dependent parent is increased as for widows.

EXAMPLES OF PROPOSED PENSION INCREASES

		Present Scale	New Scale
100%	Pensioner (Lieut. or below)	$75.00	$87.00
	Wife	25.00	30.00
	First Child	15.00	18.00
	Second "	12.00	14.00
	Third "	10.00	12.00
		$137.00	$161.00
	Widow (Lieut. or below)	60.00	70.00
	First Child	15.00	18.00
	Second "	12.00	14.00
	Third "	10.00	12.00
		$97.00	$114.00
50%	Pensioner (Lieut. or below) with wife and 3 children		$ 80.50
10%	Pensioner (Lieut. or below) with wife and 3 children		$ 16.10

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C-504-2
1940

C182859

Ottawa, February 15th, 1940.

MEMORANDUM FOR THE PRIME MINISTER:

Re: Deputy Ministers' salaries

The Prime Minister enquired as to whether there was any ruling of Treasury Board establishing salaries for Deputy Ministers.

I find upon enquiry of Mr. Ronson that there is no ruling or binding regulation, but a convention by which Deputy Ministers and those having that rank, with administrative functions, are paid salaries of $8,000, $9,000, $10,000, and (in two cases) $12,000 a year, according to what is regarded as the importance of their Departmental functions. The salary for the Deputy Minister of Fisheries, is among those fixed at $9,000.

~~Mr. Ronson's explanation is hardly borne out by the considerable difference between the salaries actually paid, according to the attached list, which he has given me.~~

A. D. P. H.

A. D. P. H.

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6-504-2
avril 1940

C182860

OFFICIALS HAVING THE RANK AND TITLE OF "DEPUTY MINISTER"

Name	Department	Salary Amount	How Authorized
Clark, W. C.	Finance and Secretary	$12,000	On appointment
Edwards, C. P.	Transport	10,000	"
Edwards, W. S.	Justice	10,000	"
DesRosiers, Henri	Nat. Defence (Army)	7,290 /	
MacLachlan, K.S.	" " (Navy)	7,578 /	
deCarteret, S. L.	" " (Air)	No salary	
Hunter, J. B.	Public Works	10,000	Estimates 1929-30
Wilgress, L. D.	Trade & Commerce	8,000	On appointment
Barton, F. S. H.	Agriculture	10,000	Estimates 1935-36
Stewart, B. M.	Labour	10,000	On appointment
MacNamara, Arthur (Associate D.M.)	"	9,000	"
Camsell, Chas.	Mines & Resources	10,000	Estimates 1931-32
Wodehouse, R. E.	Pensions & Nat. Health	9,000	On appointment
Finn, D. B.	Fisheries	8,000	"
Sheils, C. K.	Munitions & Supply	10,000	"
Davis, Hon. T.C.	Nat. War Services	Paid as Judge	
Laflèche, L. R.	" " "	9,000	On appointment

/ Pay and allowances of rank

March 7th, 1941.

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ADMINISTRATIVE DEPUTY HEADS OF GOVERNMENT DEPARTMENTS OR OFFICES, WITH THE RANK BUT NOT THE TITLE OF "DEPUTY MINISTER"

Name	Position	Salary Amount	How Authorized
Sellar, Watson	Auditor General	$15,000	By Statute
Sullivan, J. A.	Deputy Postmaster General	9,000	On appointment
-	Under-Secretary of State for Ext. Affairs	12,000	Estimates 1937-38
Finlayson, G. D.	Superintendent of Insurance	10,000	Estimates 1924-25
Scully, H. D.	Commissioner of Customs	9,000	On appointment
Elliott, C. Fraser	Commissioner of Income Tax	9,000	Estimates 1933-34
Sim, D.	Commissioner of Excise	9,000	Estimates 1935-36
Lanctot, Gustave	Dominion Archivist	8,000	On appointment
Cloutier, Edmond	King's Printer	8,000	"
Heeney, A. D. P.	Clerk of the Privy Council & Secretary to the Cabinet.	9,000	"
Coleman, E. H.	Under-Secretary of State	8,000	On appointment

March 7th, 1941

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OFFICIALS HAVING THE RANK BUT NOT THE TITLE OF "DEPUTY MINISTER"

Name	Position	Salary Amount	How Authorized
Moyer, L. Clare	Clerk of the Senate	$ 7,500	On appointment
Beauchesne, Arthur	Clerk of the House of Commons	7,500	Estimates 1930-31
Desrochers, F.	General Librarian	6,000	On appointment
-	Parliamentary Librarian	6,000	-
Leduc, Paul	Registrar, Supreme Court	7,500	On appointment
Castonguay, Jules	Chief Electoral Officer	8,000	Elections Act, 1938
Board of Transport Commissioners for Canada			
Cross, J. A.	Chief Commissioner	12,500	Railway Act, Section 26, as amended.
Wardrope, W. H.	Asst.Chief Commissioner	9,000	
Garceau, F. N.	Dpty. " "	8,000	
Stone, G. A.	Commissioner	8,000	
Stoneman, J. A.	"	8,000	
MacPherson, F. P.	"	8,000	
Civil Service Commission			
Bland, C. H.	Chairman	7,000	Civil Service Act, Sec. 3, Sub-sec. 6.
Stitt, J. H.	Commissioner	6,000	
Potvin, A.	Commissioner	6,000	

March 7th, 1941.

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OFFICIALS HAVING THE RANK AND TITLE OF "DEPUTY MINISTER"

Name	Department	Amount	Salary How Authorized
Clark, W. C.	Finance and Secretary,	$12,000.	On Appointment,
Edwards, C. P.	Transport,	10,000.	" "
Edwards, W. S.	Justice,	10,000.	" "
DesRosiers, Henri,	Nat. Defence, (Army)	7,290. ≠	
MacLachlan, K.S.	" " (Navy)	7,578. ≠	
deCarteret, S.L.	" " (Air)	No salary.	
Hunter, J. B.	Public Works,	10,000.	Estimates 1929-30
Wilgress, L. D.	Trade and Commerce,	8,000.	On appointment.
Barton, F. S. H.	Agriculture,	10,000.	Estimates 1935-36
Stewart, B. M.	Labour,	10,000.	On appointment.
MacNamara, Arthur, (Associate D.M.)	"	9,000.	" "
Camsell, Chas.	Mines and Resources,	10,000.	Estimates 1931-32
Wodehouse, R. E.	Pensions and Nat. Health,	9,000.	On appointment.
Woods, W. S.	Associate Deputy Minister, Pensions and Nat. Health,	8,000.	" "
Finn, D. B.	Fisheries,	8,000.	" "
Sheils, G. K.	Munitions and Supply,	10,000.	" "
Davis, Hon. T.C.	National War Services,	Paid as Judge.	
Lafleche, L. R.	" " "	9,000.	On appointment.

≠ Pay and allowances of rank.

Ottawa, 24th June, 1941.

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Name	Position	Amount	Salary How Authorized
Sellar, Watson,	Auditor General,	$15,000.	By Statute.
Sullivan, J. A.	Deputy Postmaster General,	9,000.	On appointment.
-	Under-Secretary of State for Ext. Affairs,	12,000.	Estimates 1937-38
Finlayson, G. D.	Superintendent of Insurance,	10,000.	Estimates 1924-25
Scully, H. D.	Commissioner of Customs,	9,000.	On appointment.
Elliott, C. Fraser,	Commissioner of Income Tax,	9,000.	Estimates 1933-34
Sim, D.	Commissioner of Excise,	9,000.	Estimates 1935-36
Lanctot, Gustave,	Dominion Archivist,	8,000.	On appointment.
Cloutier, Edmond,	King's Printer,	8,000.	" "
Heeney, A. D. P.	Clerk of the Privy Council and Secretary to the Cabinet,	9,000.	" "
Coleman, E. H.	Under-Secretary of State,	8,000.	" "

Ottawa, 24th June, 1941.

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OFFICIALS HAVING THE RANK BUT NOT THE TITLE OF "DEPUTY MINISTER"

Name	Position	Amount	Salary How Authorized
Moyer, L. Clare,	Clerk of the Senate,	$7,500.	On appointment.
Beauchesne, Arthur,	Clerk of the House of Commons,	7,500.	Estimates 1930-31
Desrochers, F.	General Librarian,	6,000.	~~On appointment.~~
-	Parliamentary Librarian,	6,000.	-
Leduc, Paul,	Registrar, Supreme C.	7,500.	On appointment.
Castonguay, Jules,	Chief Electoral Officer,	8,000.	Elections Act. 1938.
Board of Transport Commissioners for Canada.			
Cross, J.A.	Chief Commissioner,	12,500.	Railway Act, Section 26, as amended.
Wardrope, W.H.	Asst. Chief Commisser,	9,000.	
Garceau, F. N.	Dpty. " "	8,000.	
Stone, G. A.	Commissioner,	8,000.	
Stoneman, J.A.	"	8,000.	
MacPherson, F.P.	"	8,000.	
Civil Service Commission			
Bland, C.H.	Chairman,	7,000.	Civil Service Act.Sec.3 Sub-Sec.6.
Stitt, J.H.	Commissioner,	6,000.	
Potvin, A.	Commissioner,	6,000.	

Ottawa, 24th June,1941.

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Name	Department	Salary Amount	How Authorized
Clark, W. C.	Finance and Secretary of Treasury Board	$12,000	On appointment
C. P. Edwards ~~Smart, W. I.~~	Transport	10,000	On appointment
Edwards, W. S.	Justice	10,000	On appointment
Lt. Col Macdonald ~~LaFleche, L. R.~~	~~National Defence~~	7.578 ~~9,000~~	~~On appointment~~
Col Deskoseer		7.290	
Hunter, J. B.	Public Works	10,000	Estimates 1929-30
J. D. Wilgress ~~Parmelee, J. G.~~	Trade and Commerce	8,000 ~~9,000~~	appt - ~~Estimates 1933-34~~
Barton, G. S. H.	Agriculture	10,000	Estimates 1935-36
B. M. Stewart ~~Dickson, W. M.~~	Labour	10,000 ~~8,000~~	On appointment
Gen - MacNamara	Arthur	9,000	"
Camsell, Chas.	Mines and Resources	10,000	Estimates 1931-32
Wodehouse, R. E.	Pensions and National Health	9,000	On appointment
W. S. Woods	(Associate) "	8,000	"
D. B. Finn	Fisheries	8,000 ~~9,000~~	"
S. K. Sheils	Mun + Supply	10,000	"

x Pay and allowances of rank.

Hon. T. C. Davis — N. W. S. — Judge's salary —
Maj. Gen. L. R. Laflèche — " — 9,000 — Appt

~~May 9th, 1939.~~ 2. March 41

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Name	Position	Salary Amount	Salary How Authorized
~~Gauthier, Georges~~ Watson Sellar	Auditor General	$15,000	~~On Appointment~~ Statutory
Sullivan, J. A.	Deputy Postmaster General	9,000	On Appointment
~~Skelton, O.D.~~ H. O. Robertson	~~Under-Secretary of State for External Affairs~~ Actg	12,000	Estimates 1937-38
Finlayson, G.D.	Superintendent of Insurance	10,000	Estimates 1924-25
Scully, H.D.	Commissioner of Customs	9,000	On Appointment
Elliott, C. Fraser	Commissioner of Income Tax	9,000	Estimates 1933-34
Sim, D.	Commissioner of Excise	9,000	Estimates 1935-36
Lanctot, Gustave	Dominion Archivist	8,000	On Appointment
~~Patenaude, J. O.~~ Edmond Cloutier	King's Printer	8,000	On Appointment
~~Lemaire, E. J.~~ A. D. P. Heeney	Clerk of the Privy Council	9,000	~~Estimates 1929-30~~ On Appt
Coleman, E. H.	Under-Secretary of State	8,000	On Appointment

May 9th, 1939.

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OFFICIALS HAVING THE RANK BUT NOT THE TITLE OF "DEPUTY MINISTER"

Name	Position	Salary Amount	Salary How Authorized
Moyer, L. Clare	Clerk of the Senate	$7,500	On appointment
Beauchesne, A.	Clerk of the House of Commons	7,500	Estimates 1930-31
Desrochers, F.	Joint Librarian of Parliament	6,000	On appointment
-	Parliamentary Librarian	6,000	-
Paul Lederc ~~Smellie, J. F.~~	Registrar, Supreme Court 7,500	~~6,000~~	On appointment
Castonguay, J.	Chief Electoral Officer	8,000	Elections Act, 1938.
Board of Transport Commissioners for Canada			Railway Act, Section 26, as amended.
Col. J. A. Gross X ~~Guthrie, Hon. Hugh~~	Chief Commissioner	12,500	
Wardrope, W.H.	Assistant Chief Commissioner	9,000	
Garceau, F. N.	Deputy Chief Commissioner	8,000	
Stone, G.A.	Commissioner	8,000	
Stopeman, J. A.	Commissioner	8,000	
A. T. - MacPherson	Commissioner	8,000	
Civil Service Commissioners			Civil Service Act Sec. 3, Sub-sec.6
Bland, C. H.	Chairman	7,000	
Stitt, J. H.	Commissioner	6,000	
Potvin, A.	Commissioner	6,000	

May 9th, 1939.

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C-5-04-2
1944

C182869

SALARIES OF DEPUTY MINISTERS AND EQUIVALENT HEADS OF DEPARTMENTS

Read for file
Nov 6/44

Finance	$12,000
External Affairs	10,000
National Revenue (Customs)	10,000
National Revenue (Tax)	10,000
Agriculture	10,000
Justice	10,000
Labour	10,000
Mines & Resources	10,000
Munitions & Supply	10,000
Naval Services	10,000
Defence	10,000
Public Works	10,000
Transport	10,000
Privy Council	9,000
Veterans' Affairs	9,000
Postmaster General	9,000
Fisheries	8,000
Secretary of State	8,000
National War Services	8,000
Air	8,000
Trade & Commerce	--

.....

see also
P-500

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PRIVY COUNCIL

CANADA

C182870

Ottawa, October 28th, 1943.

Memorandum for Mr. Heeney

Attached are three lists enumerating firstly Deputy Ministers, Associate Deputy Ministers and Assistant Deputy Ministers; secondly the officers and Deputy Heads of Departments with the rank or powers of a "Deputy Minister" and their assistants; thirdly, officials with the rank or powers of a Deputy Head of a Department and their assistants.

Appointments of Deputy Heads of Departments are made by Minute of Council upon the recommendation of the Prime Minister and it is expressly stated in Minute of Council P.C. 3374, dated October 25, 1935, that recommendations for the appointment of Deputy Heads of Departments shall be one of the special prerogatives of the Prime Minister.

Associate Deputy Ministers have also been appointed by Minute of Council upon the recommendation of the Prime Minister whose prerogative of recommending appointments of Deputy Heads of Departments may, by inference, be deemed applicable to recommendations for the appointment of Associate Deputy Ministers. Apart from the National War Services Act, 1940, which authorizes two positions of Associate Deputy Minister in that Department, no statutory basis exists for the position of Associate Deputy Minister. It has therefore been necessary, in making appointments to this post, to invoke the War Measures Act in the Minute of Council which creates the position and appoints an individual thereto.

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Assistant Deputy Ministers are not appointed by Minute of Council. Departments possessing an Assistant Deputy Minister do so by virtue of the Departmental establishment laid down by the Organization Branch of the Civil Service Commission which consequently makes appointments to the positions.

J.F. Frederickson.

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DEPARTMENTAL OFFICIALS WITH THE TITLES OF "DEPUTY MINISTER", "ASSOCIATE DEPUTY MINISTER" OR "ASSISTANT DEPUTY MINISTER".-

Department	Deputy Minister	Associate Deputy Minister	Assistant Deputy Minister
Agriculture	Barton, G.S.H.	None	Bouchard, J.G.
Finance	Clark, W.C.	None	Ronson, W.C.
Fisheries	Finn, D.B.	None	Sutherland, D.H.
Justice	Varcoe, F.P.	None	Miall, E.
Labour	MacNamara, A.J.	None	MacDonald, V.C.
Mines and Resources	Camsell, C.	None	None
Munitions and Supply	Sheils, G.K.	None	Pettigrew, J.P.
National Defence	DesRosiers, Lt,-Col, H.	None	None
	Currie, G.S.		
National Defence for Naval Services	Mills, W.G.	None	None
National Defence for Air	DeCarteret, S.L.	None	Gordon, H.F.
National Revenue	For Customs & Excise Sim, D.		
	For Taxation Elliott, C.F.	None	None
National War Services		Payne, C.H.	None
		Other Position Vacant	
Pensions and National Health	Wodehouse, R.E.	Woods, W.S.	McKee, J.W.
Public Works	Murphy, E.P.	None	Harrell, W.P.
Trade and Commerce	Wilgress, L.D.	None	Master, O
Transport	Edwards, C.P.	None	MacLennan, F.

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DEPUTY HEADS OF DEPARTMENTS OR OFFICERS WITH RANK (OR POWERS) OF "DEPUTY MINISTER" AND THEIR ASSISTANTS

Department	Deputy Head or Chief Officer	Assistant
Archives - Dominion Archivist	Lanctot, G.	
Auditor General	Sellar, Watson	Assistant Auditor General - Glass, R.S.
External Affairs - Under Sec'y of State for	Robertson, N.A.	Assistant Under-Secretaries of State for External Affairs, Beaudry, L., Wrong, H.H., Keenleyside, H.L.
Insurance - Supt. of	Finlayson, G.D.	
Post Office - Deputy Post-master General	Sullivan, J.A.	Assistant Deputy Postmaster; Coolican, P.T.
Privy Council - Clerk of - and Sec. to the Cabinet	Heeney, A.D.P.	Associate Clerk of the Privy Council - H.W. Lothrop, Assistant Clerk of the Privy Council - A.M. Hill.
Public Printing & Stationery - King's Printer	Cloutier, E.	Assistant King's Printer Bronskill, F.G.
Secretary of State - Under Secretary of State and Dep. Registrar General	Coleman, E.H.	Assistant Under Secretary of State, O'Meara, W.P.J.

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OFFICIALS WITH RANK OR POWERS OF A DEPUTY HEAD OF A DEPARTMENT AND THEIR ASSISTANTS

Office	Name	Assistant
Board of Transport Commissioners for Canada		
Chief Comm'r	Cross, J.A.	
Asst. Chief Comm'r	Wardrope, W.H.M.	
Deputy Chief Comm'r	Garceau, F.N.	
Comm'r	Stoneman, T.A.	
Comm'r	Stone, G.A.	
Comm'r	MacPherson, F.P.	
Civil Service Commission		
Chairman	Bland, C.H.	
Commissioner	Stitt, J.H.	
Commissioner	Thivierge, A.	
Governor General's Office		
Secretary to Gov. Gen. & Private Sec.	Redfern, Sir Shuldham	Assistant Secretary to the Governor General - Pereira, F.L.C.
Library of Parliament		
Gen. librarian	Desrochers, F.	Assistant General Librarian - Bilodeau, E.
Parlt. Librarian		Assistant Parliamentary Librarian - Hardy, F.A.
Justice - R.C.M.P.		
Commissioner	Wood, S.T.	Deputy Commissioner, Cadiz, R.L.
Parliament of Canada		
Clerk of the Senate Clerk of the Parlts. and Master in Chancery of Dom. of Can.	Moyer, L.C.	Assistant Clerk of the Senate - Gauthier, L.P
Clerk of the House of Commons	Beauchesne, A.	
Pensions and National Health		
Director of Civil Air Raid Prec.	Ross, A., Brig.Gen.	
Canadian Pension Comm. Chairman	Melville, Brig. J.L.	
Secretary of State		
Chief Electoral Officer	Castonguay, J.	Assistant Chief Electoral Officer, Stewart, D.
Supreme Court of Canada		
Registrar	Leduc, P.	

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OFFICE OF THE CLERK OF THE PRIVY COUNCIL

MEMORANDUM

C182875

For the Prime Minister:

Re: Deputy Ministers; Associate Deputy Ministers; Assistant Deputy Ministers

Attached is a memorandum prepared for me in reply to the questions you asked regarding Deputy Ministers, Associates and Assistants. Attached also is a complete and up-to-date list of officials having these ranks.

You will observe that Deputies and Associate Deputies are appointed on the recommendation of the Prime Minister, by a logical extension of the Order in Council (P.C.3374 of October 25th, 1935) setting out the Prime Minister's prerogatives. On the other hand, Assistant Deputy Ministers are appointed by the Civil Service Commission in the same way as other appointments on departmental establishments, on recommendation from their respective Ministers.

Mr. Power's memorandum regarding the appointment of an Associate Deputy Minister of National Defence for Air is returned herewith.

A.D.P.H.

October 29th, 1943.

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K-ton re appts.

Insteeney
Plse. let Mr. Power know I have received attached memo.
Plse. speak to me of this
W.L.M.K
August 6/43

CANADA

MINISTER OF NATIONAL DEFENCE FOR AIR

C182876

OTTAWA,

August 5th, 1943.

Memorandum to the Prime Minister

Mr. S. L. de Carteret, Vice-President and General Manager of the Canadian International Paper Company, was appointed Deputy Minister of National Defence for Air, February 1st, 1941. While having under his direction responsibility for a great deal of administrative work Mr. de Carteret exercises close personal direction and control over the extensive construction projects which are being carried out by the Department attributable to the expansion of the Royal Canadian Air Force. As a consequence it is necessary for him to be absent from Ottawa on extended control and supervision trips throughout Canada and quite frequently to Alaska, Labrador and Newfoundland.

It is, therefore, deemed essential, not only to cope with greatly increased work of the Department but also with the situations which will develop with regard to repatriation and the disposal of the assets of the Department at the conclusion of hostilities, that an Associate Deputy Minister be appointed who is familiar with the operations of the Department and the policies governing such operations.

Herbert F. Gordon has had more than 23 years experience in executive and administrative work with the Government, having been Superintendent of The Soldier Settlement Board, Director of the Farmers Creditors Arrangement Act, Administrator of the Municipal Improvements Assistance Act, and since the beginning of the war closely associated with the Department of National Defence for Air as Administrative Assistant until his appointment as Assistant Deputy Minister, effective May 28th, 1942. Mr. Gordon served in France during the last war and has demonstrated his ability to carry out the duties and responsibilities of the position which he occupies, with tact and firmness.

The appointment of Mr. Gordon as Associate Deputy Minister of National Defence for Air is recommended.

Charles G. Power

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PRESS CLIPPINGS

Office of
The Prime Minister

Name of Publication Ottawa M. Citizen

C182877

Date October 23, 1943

Subject Appointments (Deputy Ministers)

F. M. Maclennan Named Assistant Deputy Minister

The Civil Service Commission, with the concurrence of Transport Minister Michaud, announced last night appointment of Finlay Malcolm Maclennan, 56, of Ottawa, as assistant deputy minister and comptroller of expenditures of the Transport Department.

Mr. Maclennan will combine his present duties of comptroller of expenditures with those of assistant deputy minister, which post was vacated by the recent retirement on superannuation of George W. Yates.

Born at Port Finlay, Ont., Mr. Maclennan joined the Department of Railways and Canals in 1910, and in 1912 was transferred to Port Nelson, Man., when that port was chosen as the ocean terminus of the Hudson Bay Railway. He was transferred to Ottawa as assistant auditor in 1914, and was promoted to comptroller in 1930.

When the former departments of marine and railways and canals were merged with the civil aviation branch of the Defence Department as the Department of Transport, Mr. Maclennan was appointed its chief treasury officer. Earlier this year he returned to it as officer in charge of railway and financial services.

In the 29 years that Mr. and Mrs. Maclennan have resided in Ottawa they have made many friends. Their son and daughter, PO. Finlay Maclennan, now attached to an R.A.F. Squadron in England, and Miss Donalda Maclennan, who graduated from Toronto Uuniversity last year, are likewise well known and popular in the city. Mr. Maclennan's main hobbies are fishing and golfing.

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C182878

for the Prime Minister.

Owing to the pressure on you, there has been no opportunity to speak to you about the attached letter from Sullivan, the Deputy Postmaster General.

Sullivan is 65 today, and, unless exempt from the usual retiring order, will have to leave the service as of today.

While the Postmaster General has no particular desire to retain Sullivan's services, he has prepared a recommendation to Council giving him an indefinite extension, in case this is your wish. Sullivan himself, and his friends, naturally hope that he can get in another year's service so that he may be eligible for a pension, which would come to him only after the completion of ten years' service.

Giving Sullivan a definite extension of one year, however, would make it impossible to appoint a successor for one full year, which would be after the next Federal election. Giving him an extension of a few months would not help greatly as regards the pension, but would tide over the immediate question of appointing a successor.

Sullivan could, however, now or later, be appointed in some other capacity, say

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OFFICE OF THE PRIME MINISTER

MEMORANDUM C182879

as an Associate Deputy at a lower salary.

The immediate point is, however, the decision on Sullivan's retention in any capacity. If he is to carry on, is it not proper that you, yourself, should sign any recommendation? It might be well, also, to get an opinion from Treasury Board as to whether the Government would still have the power to replace him at any time they might see fit.

W. J. T.

Aug. 15, 1944.

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S E C R E T

Dept. Transport
Dept. Reconstruction file

MEMORANDUM for the Prime Minister: C182880

D-40-D
1148

Re: Deputy Ministers

18-34-10
1948

If a new Deputy Minister of Transport is to be appointed, I am informed the present Deputy could not be paid the usual six months retirement allowance since he would technically be occupying the position. Two alternatives seem to be open:

1. To pay him a gratuity in lieu of retirement allowance. This procedure would, I understand, reduce the amount of his superannuation allowance by reducing his length of service.

2. To appoint him Deputy Minister of Reconstruction and permit him to continue in that position until the department can be finally wound up and then give him the usual six months retirement allowance. With the transfer of most of its functions to Trade and Commerce the duties of the Department of Reconstruction would not be heavy.

If the responsibility for Air Services is to revert to the Minister of Transport, Mr. Chevrier would not wish to have the present deputy in charge; but if the Air Services are to remain the responsibility of Mr. Howe, Mr. Chevrier thinks they should be formally transferred from the Department of Transport to the Department of Reconstruction.

J.W.P.

January 22, 1948.

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Can. Representative at Brussels
Dept. of External Affairs
Tues. Hong - Requests for Interviews

ODS/AH

November 14th, 1940.

B-300
v. 1
R-100 "D"
1940

MEMORANDUM FOR THE PRIME MINISTER.

(2) C182881

Return of Jean Désy.

Désy arrived at Quebec last weekend and is ready to come to Ottawa at any time to report. I told him you would be too busy to see him this week but perhaps on Monday or Tuesday you might be able to give him a little time.

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D/S SA

ODS/HMP.
November 14th, 1940.

C182882

MEMORANDUM FOR THE

PRIME MINISTER -

The attached report appeared in this morning's Citizen. Mr. Esmond Ovey had not informed us he was going to make the statement or that it would be given publicity.

Possibly a question will be asked in the House today. I shall prepare a short note in case you think it desirable to say something.

One point to be considered is whether we should make an announcement at the same time regarding Brazil. It would be desirable not to make any reference to Brazil until we had informed Rio de Janeiro we proposed to do so. I enclose a ~~draft~~ telegram to the British Ambassador at Rio.

P.S. Your office tells me Howard Green intends to ask on the Orders of the Day if this report is true and if any other South American exchange is contemplated. J.

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DS/SA/B

NAR/SR
18.7.41

MEMORANDUM FOR THE PRIME MINISTER

C182883

As you know, the Brazilian Government have now given their agrement to Desy's appointment, and it is now in order to make it public. He has been in touch with Premier Godbout and the Quebec educational authorities, who have been most helpful and cooperative in plans for arranging an exchange of students with Brazil. The Quebec Government, I believe, is going to put up two bursaries for this purpose, which Desy will be able to announce when he reaches Rio de Janeiro.

Before leaving for South America, which he should be able to do by the middle of August, he plans to spend two or three days in Toronto, partly to establish his contacts with the Brazilian Traction Company, which is the largest Canadian economic interest in Brazil, partly to see if the Ontario educational authorities would be willing to match Premier Godbout's offer. I am giving him letters of introduction to President Cody and Mr. Duncan McArthur, but I think it would be very helpful if the announcement of his appointment as Minister Designate could be made before he goes to Toronto.

I am attaching, for your approval, draft press statement.

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The ~~Department of External Affairs this~~ afternoon announced the appointment of Me Jean Désy, K.C., as the first Canadian Minister to Brazil.

Me Désy, accompanied by Madame Désy and their two children, will leave shortly for Rio de Janeiro to take up his new post.

Prior to his new appointment, Me Désy served as Canadian Minister to Belgium and the Netherlands. He has had long experience in diplomacy, having entered the Department of External Affairs in 1925 from the University of Montreal where he was professor of International and Constitutional law. For ten years he served as Counsellor or Chargé d'Affaires at the Canadian Legation in Paris and, during that period, represented the Canadian Government at many international conferences in Geneva, Rome, Madrid and other European capitals. He was raised to the rank of Minister in 1939.

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PRESS CLIPPINGS CM/Bz Office of The Prime Minister

Name of Publication Financial Post

Date Sept. 20/41

C182885

Subject

Goes to Brazil

Jean Desy has been appointed first Canadian Minister to Brazil. There are many in this Dominion who feel that his appointment is one of the most fortunate which the war's turnabouts have made possible. For Jean Desy brings to his position in Rio, not only youth, intelligence and a vast experience of foreign affairs, but also a natural keenness for the cultures of many countries, a keenness which he has been able to satisfy in study, travel and in official and unofficial posts.

Jean Desy was born in Montreal in 1893. He early established his claim to the adjective "brilliant." At Laval University he won a scholarship which took him to the Ecole Libres des Sciences Politiques in Paris. From 1919 to 1925 he was professor of International Law, Political History and Constitutional Law at the University of Montreal. There, as the centre of a group of young intellectuals, began his interest in the arts and cultures of all countries. Besides the mental gymnastics their work afforded them, these young men became authorities on art and painting, music and crafts of a dozen cultures and countries. This has been a most valuable asset to Desy's diplomatic career.

In return Desy imparted his knowledge of this country to the Old World, when he held the chair, for a year, of Canadian History at the Sorbonne in Paris.

Desy's political career began in 1925 when he came out at the top of a class which took the examination set by the department of External Affairs. He was appointed Counsellor and was sent to Paris in 1928. The most of the years since then he spent abroad. He was Minister Plenipotentiary to Belgium and The Netherlands when the Germans arrived last year.

The list of major conferences Jean Desy has attended is long, varied and important. He has been a delegate to the Congress of Comparative Law in Paris in 1920, to the League of Nations Assembly in 1925 to 1927 and to the Council from 1927 to 1929 he acted as advisor to the Canadian Delegation. He represented this Dominion at the Conference on Oil Pollution of Navigable Waters at Washington and he advised the Canadian Delegation to the Imperial Conference of 1926. There have been innumerable conferences in London, Washington, Paris and The Hague, concerning international law, air navigation, modern languages, geography and international telegraphy, in which he has played no small part.

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C182886

April 24th, 1942.

MEMORANDUM FOR THE

PRIME MINISTER -

I am attaching herewith a copy × of a most excellent short address which Jean Désy delivered before the Regional and District Members of the British Community in Rio on March 30th, which will be of interest to you.

WLK

× held out by PM

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Cn/Brazil

C182887

SPEECH DELIVERED BY MINISTER - JEAN DESY -

BEFORE REGIONAL AND DISTRICT MEMBERS OF BRITISH COMMUNITY

ON 30th MARCH, 1942.

Six months ago, shortly after my arrival in Brazil, I had the pleasure of addressing you. I have had since then the privilege of meeting personally many of your members and of becoming well acquainted with the magnificent work you are doing. I am well aware of the difficulties of your task and of the numerous problems that are still facing you. You have achieved real results and you recognize the duties that are yet to be fulfilled.

His Excellency Sir Noel Charles has impressed upon you the urgent need of team work and cooperation between ourselves and our Allies and I know that you will take to heart this message which defines our duty at this hour of destiny.

It is our business to think, talk and act only as soldiers because all of us are members of our countries' total fighting forces. Whether we wear a uniform or not, we belong to the great allied army engaged against an enemy who is within our gates.

We owe to our leaders complete loyalty of act and utterance, we owe to our Allies and friends every help and encouragement, we owe to our common cause every sacrifice.

Since I last stood before you, the war has truly become universal. There is not one single country that the conflict has not affected in some way or other and, knowing the ruthless methods of our foes, there can be no nation now so naive as to trust the faith or methods of the Axis Powers.

The inevitable furies of battle, the awful accompaniment of that once delightful month of April, attend the approach of Spring.

I agree that the immediate past and that the present are dark but we lose our perspective when we look too closely at the events of the day. Rather we should look beyond them for the greatness to come. We are unafraid, unconquered and unconquerable.

When I hear or read of our reverses and losses, I find a simple cure in thinking back to the grim days of May 1940. I was, at that time, His Majesty's Canadian Minister to Belgium and the Low Countries. Our nerves were on edge from the numerous alertes and the strain of waiting through that cheerless winter for the blow that we knew was inevitable.

One morning, at dawn, came the lightning stroke which felled those brave little countries. Could any prospect have been blacker than those brief and crowded days when it seemed as if nothing could stop the Panzerdivisions in their headlong advance, with the civilian population in terror, made in flight, with the roads encumbered with livid and hungry refugees, machine-gunned by German bombers, with the dead abandoned along the ditches or hurriedly buried in the fields, with the Allied armies crumbling in all directions.

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I saw Belgium fall and I saw France fall and I was in London through the Blitz. Could any thing have seemed more desperate when the remnants of the British Army struggled back, bit by bit, to a defenceless England, unprepared and without arms, without any other recourse than a stern resolve never to give in.

Every one else who shared with me those experiences can say in truth that no prospect can appear truly black after that year 1940. Then England stood alone, except for the support of the countries of the British Commonwealth.

In the middle of September 1940, I went to the little village of Perranporth, in the heart of Cornwall for a few days rest. From the top of the promontory where I was staying, I could see the Ocean, the jagged and precipitous cliffs, the golden sand beach. There were scarcely any trees, in this grey country where the lavender and heather grow, a land full of light yet lacking in colour. The sky, like the sea seemed always moving, animated by clouds that copied the waves themselves.

In this ancient land, the cradle of Celtic legends, the epics of King Arthur lived again in the villages with names like Tintagel, Redruth and Cuthbert.

Everything seemed calm and peaceful in spite of the menace never absent from the sky, in spite of the incendiary bombs falling on the thatch roofs.

I looked at the sea and said to myself: this is the same tide which sheltered the love of Tristan and Iseult, the same tide on which Drake and Hawkins launched their ships against the invader.

It was the year 1588. Elizabeth ruled England. There was little money in the treasury and a very small navy. Philip II of Spain had a great army and a great fleet. The odds against England seemed hopeless. Yet the Armada was defeated and scattered by the British genius which reveals itself indomitable in adversity.

It is good to remind ourselves through the pages of history that the laws of logic do not count against the imponderable and irresistible force of the soul.

And from the cliffs of Perranporth, when the sea was raging, I recalled that, one century after the defeat of the Armada, William of Orange set sail ~~for~~ from Holland. This great King, like many of his predecessors on the Throne of England was a French speaking monarch who wrote all his speeches to Parliament in French. In fact, to quote Macaulay"one misfortune, which was imputed to him as a crime, was his bad English". I hope you will not consider me too much of a criminal in that respect.

William of Orange, apart from his delightful mismanipulation of the England language had a message for his time which is no less a message for to-day. He said: "Hope is not needed to act, nor ~~xxxx~~ success to persevere." (Il n'est pas nçcessaire d'espérer pour entreprendre ni de réussir pour persévérer)

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

If we should hesitate to act, if we should doubt of the outcome, let us remember those words, remember that the sight of victory is not necessary to persevere, that the determination alone of preserving what the centuries have given us of liberty, in the fact of the most adverse and tense conditions yet faced by a modern civilized state is all we need, to cite Mr. Churchill whose ancestor Marlborough started his career during the reigh of William of Orange.

The frigate which brought William to England flew his flag with his ancestral motto, embroidered in immense letters: "Je maintiendrai" which means "I shall uphold".

Let this motto be ours and let the same spirit animate us in our daily endeavours and efforts to preserve our great human and Christian heritage.

We shall uphold and we shall vanquish, in the end.

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CANADA

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CANADA

CM/Bz

NAR/SR
27.8.42

MEMORANDUM FOR THE PRIME MINISTER

C182890

Attached is a letter from Sir Patrick Duff, enclosing a copy of a despatch from the British Ambassador in Rio de Janeiro, in which he says some very complimentary things about the work that Jean Desy has been doing as Canadian Minister in Brazil. This despatch confirms what I have heard from a number of other quarters, that Desy is doing a first-rate job in his new post.

W.L.M. King Papers, Memoranda and Notes, 1940-1950;
MG 26 J 4, Volume 266, pages C182500-C183135

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COPY

OFFICE OF THE HIGH COMMISSIONER
FOR THE UNITED KINGDOM
EARNSCLIFFE
OTTAWA

C182891

541F/S

25th August, 1942.

PERSONAL

Dear Mr. Robertson,

Our Ambassador at Rio has sent us a copy of a letter which he wrote to Mr. Anthony Eden, and I am sending you a copy as I think it will please you to see the tribute paid in it to Mr. Desy's work and personality.

Yours sincerely,

(Signed) Patrick Duff

N.A. Robertson, Esq.,
Under-Secretary of State
for External Affairs,
Ottawa.

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
MG 26 J 4, Volume 266, pages C182500-C183135

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CANADA

COPY

C182892

BRITISH EMBASSY
RIO DE JANEIRO
1st August, 1942.

No.133.

Sir,

On the 1st July Canada Day was celebrated in Brazil for the first time since the establishment of the Canadian Legation at Rio de Janeiro last year.

2. The Minister of Finance broadcast a speech of greeting to the Canadian people and the occasion was taken by the press to publish a quite remarkable series of tributes to the warmth and extent of Brazil's relations with her northermost sister in the hemisphere. While the increasing importance of Brazil/Canada trade and the creation of reciprocal diplomatic representation in the two countries played their part in evoking the impressive manifestations of Brazilian friendship for the Dominion, it was undoubtedly to the personality and energy of the Canadian Minister, Monsieur Jean Desy, that the very successful nature of the celebration must be ascribed.

3. During the ten months of his residence here, Monsieur Desy has succeeded in establishing excellent relations with a wide circle of political and other personalities and from the start has made it his care to cultivate especially close relations with the newspapers, the Brazilian Press Association and the Department of Press and Propaganda. This cultivation of the press has earned good dividends in the shape, for instance, last January of support for Canada's claim to participate in the Rio de Janeiro Conference of Foreign Ministers. More recently, in connection with Canada Day, the press reproduced a long statement in which Monsieur Desy, after summarizing his country's constitutional development, emphasized the importance of its contribution to the war effort and the increasingly close and cordial nature of its relations with Brazil. He also cultivates close relations with the Roman Catholic hierarchy which, as a devout Catholic, it is easy for him to do. But his motives are largely patriotic for he realises only too well the important part which the Church plays in Brazil in swaying public opinion.

4. Personally, I find Monsieur Desy a very friendly and helpful colleague who is ever prepared to place his valuable advice at the service of this Embassy in unstinted fashion and to co-operate with me in every way possible.

5. I am sending copies of this despatch to His Majesty's Charge d'Affaires at Washington and to the United Kingdom High Commissioner at Ottawa.

I have the honour to be,
with the highest respect,
Sir,
Your most obedient humble Servant

Sd. Noel Charles

The Right Honourable
Anthony Eden, M.C., M.P.,
His Majesty's Principal Secretary of State
for Foreign Affairs.

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CANADA

CM / Brazil

NAR/SR
22.11.43

MEMORANDUM FOR THE PRIME MINISTER C182893

I spoke to Turnbull today about the possibility of your seeing Jean Desy tomorrow (Tuesday). He has completed his consultations with the Departments in Ottawa, has had three operations which might have been serious but fortunately proved not to be, while in Montreal for medical treatment has raised $15,000 from private firms and individuals to help finance cultural exchanges between Canada and Latin American countries, and generally has put in a very busy and useful three weeks in Canada. He hopes to leave Ottawa on Tuesday and Canada on Friday. He is particularly anxious to secure approval, while he is here, of a draft exchange of notes with the Brazilian Government which would provide a basis for the assistance they are prepared to extend to plans for making Canadian literature, art and culture generally better known in Brazil. The draft agreement, as revised, seems to me quite inocuous and could, I think, be approved.

Read

P.M. I shall ask Desy to
be at Laurier House
at 9.30 this coming
for memo.
23-11-43

Sum of L. M. 22-11-43
cc
noted

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CANADA

C182894

In connection
CM / Brazil

Memorandum for the Prime Minister:

Mr. Desy's experience in Rio has been that it is impossible to keep children in the city during the four hottest months of the Brazilian summer. I am not yet ready to recommend any general policy concerning the provision of summer residences for our officers abroad who cannot be expected to keep their families in the capital of the country to which they are posted during certain seasons of the year. I do feel, however, that in Mr. Desy's case and also that of Mayrand, the First Secretary in Rio, some assistance should be given to them during the present hot season pending a decision on the general policy to be adopted for the Department. You agreed to this suggestion when I submitted a memorandum to you last November.

If you think the attached submission is reasonable, will you please sign it and return it to the Department.

Ottawa, 12th January, 1944.

Noted

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C182895

DE VALERA:

1st sentence - o.k.

"Mr. Garland has now forwarded to me the expression of your good-will. In so doing Mr. Garland has told me that you made some very cordial references to my term of office as P.M.

I should like you to believe that for these never-failing expressions of friendship and good-will, I am indeed most grateful. Perhaps you will allow me to renew to you personally, and for the government over which you preside, my own best of wishes."

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CANADA

C182896

HHW/SR
12.9.42

MEMORANDUM FOR THE PRIME MINISTER

There are three or four matters concerning the diplomatic corps in Ottawa, about which I should perhaps inform you:

(1) The Netherlands Minister has now returned to duty after his long illness.

(2) The new Chilean Minister, who arrived on September 4th, is presenting his credentials to the Chief Justice on September 15th. He has, surprisingly, already found a house in Rockcliffe for himself.

(3) The new Soviet Minister, Mr. Gusev, has for some time been in the United States. Through indirect and possibly inaccurate channels I hear that he is unwilling to come to Ottawa until suitable premises have been found for his very large establishment. I also hear, unofficially, that some of his staff are already in Ottawa or will arrive shortly. Mr. Russell Smart spoke to me yesterday about the possible purchase, for the Soviet Legation, of an apartment house on Elgin Street of which he is the owner, and suggested that if this deal went through the Government ought to take responsibility for expelling the present tenants from the 14 apartments in the building. I told Mr. Smart that if we did this for one foreign government we would have to do it for all, and that I thought it very unlikely that the Government could assist in this manner. Mr. Gusev and the Soviet Embassy in Washington have been very coy about giving information on dates of arrival, etc., and I suspect this may be connected with the irritation of the Soviet Government over our failure to name our Minister to the U.S.S.R.

(4) I think Robertson has spoken to you of the desire of some of the newly arrived Ministers and Consuls General to be received by you. I have not, however, had any new requests since Mr. Robertson's departure.

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PUBLIC ARCHIVES
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CANADA

61 DS/G

NAR/SR
28.9.42

MEMORANDUM FOR THE PRIME MINISTER C182897

There are three new Ministers who presented their credentials during the last six weeks, and are all very anxious for an opportunity to call on you. They are

(1) Dr. de Mello Franco, the new Brazilian Minister, who took up his duties about a month ago. He came to Ottawa from Quito, where he was the Brazilian Minister to Ecuador. As a career diplomat he has held a good many posts in their Foreign Service. Brazil's declaration of war against the Axis has occurred since his arrival in Ottawa. He is very anxious to assist the closest cooperation between his country and Canada in the common war effort.

(2) Dr. Pavlasek, the Czechoslovak Minister, presented his credentials about the middle of August. As you know, he was for a good many years Czechoslovak Consul General in Montreal, and you met him in Ottawa last year with Jan Masaryk. He has now established his Legation here.

(3) Dr. Grove, the new Chilean Minister, arrived about two weeks ago, and presented his credentials to Sir Lyman Duff while I was on holiday. He has been prominent in public life in Chile and his brother was a leader of the Socialist Party. This is his first diplomatic appointment. I believe he is a very distinguished surgeon, particularly interested in the organization of public medical services.

* Major General Fleischer, who has recently arrived in Ottawa to take up his duties as head of the Norwegian Army, Navy and Air Force in Canada, has also asked for an opportunity of calling on you. He has taken the place of Major General Steffens, who has been appointed the principal Norwegian military representative in Russia. As you know, the Norwegians have a big air training camp at Little Norway, Toronto, and a naval training establishment at Lunenburg, Nova Scotia. I imagine that General Fleischer's principal object in wishing to see you is to convey his Government's thanks for the cooperation they have received from the Canadian Government and from our Defence Services.

* NAR: Please remind PM re: will try to see next week 31/10 [illegible]

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DS/G

C182898

Ottawa, April 6, 1943

Memorandum for Fyle:

Seats in House of Commons gallery for Diplomatic Corps.

The Prime Minister told me on March 27 that he had discussed this question with the Speaker of the House of Commons, also with Dr. Coleman, Mr. Measures, and Dr. Beauchesne; that the first two rows of seats in the gallery facing the Speaker were to be set aside and to be called the "Diplomatic Gallery". The seats in this gallery behind the first two rows were to be called the South Gallery.

The first occasion on which the Diplomatic Gallery was used as such was on the occasion of the Address to both Houses of Parliament by the Rt. Hon. Anthony Eden, on Thursday, April 1st, 1943.

Jag.
J.A.G.

Copy for Mr. Measures.

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CANADA

WHM/MW
11.11.43.

C182899

Memorandum for Mr. Robertson

The original of Beauchesne's letter cannot be found. I have spoken to Gibson and Turnbull. The latter suggests the attached memorandum from you to the Prime Minister.

W.H.M.

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CANADA

C182900

Feb. 11, 1943.

Memorandum for the Prime Minister

Seats in House of Commons Gallery for Diplomatic Corps

Attached is a copy of a letter of November 6, 1942 from Mr. Beauchesne, and a copy of the acknowledgment of November 12.

An enquiry has been received by the Department from the Soviet Minister as to whether his Legation may be accorded one, or if possible two, seats in the gallery. No definite reply has been made to the Soviet Minister's enquiry.

The matter may become urgent in the event of a large number of representatives of other countries desiring to listen to a particular debate e.g. The Budget.

NAR

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CANADA

(Copy) C182901

Ottawa, November 12, 1942.

Dear Dr. Beauchesne,

I am directed by the Prime Minister to acknowledge your letter of the 6th November, concerning the question of seats for members of the Diplomatic Corps in the galleries of the House of Commons.

I may say that this and a number of other matters are to be taken up with the Speaker shortly.

Yours sincerely,

N.A. Robertson

Dr. Arthur Beauchesne, C.M.G., LL.D., K.C.,
Clerk of the House of Commons,
O t t a w a.

Sent to Mr Heeney with request that he return to Privy Council Office.

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FROM THE PRIME MINISTER

TO Mr. Robertson C182902

Please acknowledge at Mr. King's direction; say that this and a number of other matters are to be taken up with the Speaker shortly.

Please pass on to Mr. Heeney for information, and have returned to Mr. Gibson.

7/11/42

W.L.M. King Papers, Memoranda and Notes, 1940-1950,
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CANADA

HOUSE OF COMMONS
Canada

C182903

The Clerk

Arthur Beauchesne, C.M.G., LL.D., K.C.

Ottawa,
November 6, 1942.

The Right Honourable W.L. Mackenzie King,
Prime Minister,
O t t a w a.

Sir,

The Diplomatic List issued by the Department of State for External Affairs shows that twenty nations are now accredited to the Government of Canada. These ministers and high commissioners have to be given suitable places in the galleries of the House of Commons. Seats have so far been reserved for them in the Speaker's Gallery where there are only thirty chairs, some of which are taken by the Governor General, the Prime Minister and the Speaker's guests. Members of the Diplomatic Corps do not always come alone. They are often accompanied by ladies, military attachés, first secretaries or counsellors. We are short of space for them.

The time has arrived when a special gallery should be set aside for the exclusive use of Envoys Extraordinary and Ministers Plenipotentiary. The Speaker's Gallery is one of the traditional institutions of a British Parliament. It is the place of honour in the Chamber. It ought to be returned to its former use and jealously guarded against the intrusion of any person who has not received an invitation from the Speaker. The Diplomatic Corps can be suitably accommodated in the first two rows of the Ladies' Gallery which are now separated from the others by a brass railing. This gallery is situated at the south end of the Chamber, above the bar of the House, and it faces the Speaker. There are 42 seats in these two rows. Acoustic conditions are good in that gallery from which the whole chamber can be seen, whilst spectators looking from side galleries face one half of the Members only and there are Members whom they cannot see at all.

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Unless the matter is settled before the session is resumed, we shall be faced with difficulties. It will be impossible, under conditions as they are now, to accommodate these foreign representatives.

If my suggestion is agreed to, I shall have cards placed on chairs in the two front rows of the Ladies' Gallery in order of seniority. I will transmit the seating plan to the Department of External Affairs with the request that I be advised if it is accepted and then I shall send the envoys their admission cards.

I have the honour to be,

Sir,

Your obedient servant,

(signed) ARTHUR BEAUCHESNE

Clerk of the
House of Commons.

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C182905

OFFICE OF THE PRIME MINISTER

O-300
1943

MEMORANDUM for the Prime Minister.

W-309
1943

R-100-L
1943

Mr. Pinard called at 212 and expressed his displeasure at the action of Mayor Lewis and the City Council in making direct representations to yourself in the matter of taxation on legation property, and the fact that the Ottawa member should be called in to any conference on the subject. D-120 1943 6-301 1943

If any interview is subsequently granted to Mayor Lewis, you may wish to keep this in mind, with a view to having the local members sit in on any discussions.

W.J.T.

28th June, 1943.

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NAR/ET
15 Oct. 1943

C182906 G-300 1943

E-301 1943

P-300 1943

W-309 1943

D-13 1943

G-301 1943

MEMORANDUM FOR MR.PICKERSGILL:

I am returning Mayor Lewis' letter to the Prime Minister of September 20th about the tax status of Legation properties. I understand that since the Mayor wrote this letter to the Prime Minister, he has had two or three talks with E.P.Murphy, Deputy Minister of Public Works, who is chairman of a committee consisting of representatives of Public Works, Justice and our Department, which has been dealing with this question.

Please see [illegible] letter from Mayor Lewis to Prime Minister re tax exemption of Legation properties. He was asked to write Mr Robertson and the Deputy Minister of Public Works so advised. Copy of Mayor's letter sent to Min. of P.W. at his request. J.W.P. 20/21.X.43

I have spoken to the Deputy Minister of Public Works. He tells me the negotiations are still going on but that the Mayor is being very difficult. He may be able to report further progress on Tuesday next (Oct-19th)

J.W.P.

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C182907

OFFICE OF THE PRIME MINISTER

MEMORANDUM

G-300 1943

W-309 1943

H-400 v. 1

Mr. Turnbull:

G-100 1943

done 1. Pls. ask Mr. Heeney to have material re question of financial relationship between government and the city of Ottawa, ready for me to deal with in Council tomorrow TUESDAY.

2. Pls. find out from Mr. Robertson whether anything has appeared in the French papers about the $1,000. gift from Haiti. If so, I would like to have it as I want to write a letter to President Lescot.

3. 6 long limp coverered ring binders for Kingsmere, pls.

W.L.M.K.
per E.H.

November 8, 1943

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JER/MJS/EB
November 9/43

C182908

G300
1943
W-309
1943

NOTE FOR THE PRIME MINISTER

Re: Taxation of Legation Properties.

1. This question was discussed at a conference of the Mayor and Controllers of Ottawa and the Reeve and Solicitor of the Village of Rockcliffe Park, the Deputy Minister of Public Works, the Deputy Minister of Justice, and Legal Adviser, External Affairs.

2. The basis for negotiations which had been approved was as follows:-

(a) That no payment should be made in respect of School taxes, and the School Board should not be expected to educate the children resident in exempt properties without payment of special fees.

(b) There should be paid to the City and Village compensation for municipal services rendered up to the end of 1943. This compensation should be based upon existing assessments and rates and the settlement for this year should extend to cover school rates as well.

(c) Commencing January 1, 1944, the compensation for service should be based upon current tax rates levied upon the last assessment of the property in question at a time when it was in the hands of a private owner. These should be treated as fixed assessments and the rates calculated from year to year by agreement between City or Village authorities and Public Works.

3. The general trend of opinion indicated in the discussion was -

(a) The provision for exclusion of school taxes was generally satisfactory.

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lo

C182909

(b) There was appreciation of the Government's willingness to pay on a fair basis for the current fiscal year. There is a slight difference in arrangements for the fiscal year between Ottawa and Rockcliffe but we pointed out that the Government had in mind the current municipal fiscal year rather than the calendar year as such.

(c) The problem of fixed assessments raised two difficulties. In the first place, the City and Village representatives thought that we should accept assessments as they are in 1943 for all existing property. In the second place, they objected to any scheme involving permanently fixed assessments. They pointed out the difficulty presented where vacant land was purchased and a substantial legation built on it and the comparable difficulty where land with a low-valued house was purchased and a substantial legation erected in place of the older structure.

4. There will be a subsequent meeting at which, doubtless, the City and Village will put up a compromise proposal. It is unlikely that there will be any difficulty in coming to a settlement which the City and Village would regard as fair and satisfactory. It may, however, be necessary to consider variation for the basis for negotiations as now approved.

(a) To treat Russian Legation as if the title had been vested in the Russian Government at the date of acquisition instead of held by the Crown as security for the balance due for a period of one year.

(b) To accept present assessments on existing property.

(c) To make a special provision for an assessment by agreement between the municipal authority and Public Works to cover the case of new construction.

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Memorandum for the Prime Minister:

C182910

re: Official Designations of Diplomatic Establishments in Ottawa
(taken from official letters of missions concerned)

Embassies:

Embassy of the United States of America

Embassy of the Republic of China

Embassy of the United States of Brazil

Embassy of the United States of Mexico

Embassy of the Union of Soviet Socialist Republics

Embassy of France

Embassy of Peru

Embassy of Belgium

Embassy of Chile

Legations:

Royal Norwegian Legation

Legation of the Czechoslovak Republic

Legation of Sweden

Legation of the Republic of Argentine

Turkish Legation

Legation of the Netherlands

Legation of the Republic of Poland

Royal Greek Legation

Royal Yugo Slav Legation

High Commissioners for -

the United Kingdom
the Commonwealth of Australia
the Union of South Africa
New Zealand
Ireland

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(1) Mr. Handy for information

OFFICE OF THE PRIME MINISTER

(2) Miss Z to note in LH directories, please

MEMORANDUM

Prime Minister: C182911

Addresses of EMBASSIES
LEGATIONS in Ottawa.

I have confirmed that the usage of the Department of External Affairs in addressing heads of mission in Ottawa is

His Excellency . . . . . .
Ambassador of . . . (country) . .
Embassy of . . . (country) . .
O t t a w a

or, alternatively, if the head of Mission is a Minister

His Excellency . . . . . .
Minister of (country)
Legation of (country)
O t t a w a .

If the mission is temporarily headed by a Chargé d'Affaires, it would then read

. . . . . ., Esquire,
Chargé d'Affaires ad interim of
(country)
Embassy of . . . (country)
(or)Legation of . . . (country)

J.A.G.

August 21, 1945

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CANADA

C182912

NAR/WHM/SR
13.1.44.

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

Use of Titles in Departmental Correspondence with Ambassadors

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CANADIAN AMBASSADORS ABROAD

Official despatches to the Canadian Ambassador in Washington and (mutatis mutandis) to other representatives who have presented their Letters of Credence as Canadian Ambassadors, should be addressed as follows:

Address:
The Hon. Leighton McCarthy, K.C.,
Canadian Ambassador,
Canadian Embassy,
Washington.

Salutation:
Sir,

FOREIGN AMBASSADORS AT OTTAWA

It seems to be a universal practice to accord the complimentary diplomatic title Excellency to a foreign Ambassador. Communications to Mr. Ray Atherton, now that he has presented his Letter of Credence as Ambassador, should therefore be addressed as follows:

Address:
His Excellency
The Hon. Ray Atherton,
Ambassador of the United States of America,
United States Embassy,
Ottawa.

Salutation:
Excellency, (formal)
My dear Mr. Ambassador: (informal) or:
Dear Mr. Atherton.

Complimentary Close:
Accept, Excellency, the renewed .....(formal)
Yours Sincerely, (informal).

The title Honourable is included in Mr. Atherton's address because it is a title accorded to him in his own country. It should be noted that as other Ministers Plenipotentiary in Ottawa are promoted to the rank of Ambassador they will not be given the title of Honourable in communications from us but would be addressed, e.g.

His Excellency,
Baron Silvercruys,
Belgian Ambassador,
Belgian Embassy,
Ottawa.

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General Vanier has been given the local rank of Ambassador, but this ramk does not affect his style of address in Departmental correspondence. He is addressed:

Major-General George P. Vanier, D.S.O., M.C.,
Canadian Representative to the French
Committee of National Liberation,
Algiers.

General Odlum is addressed:

Leg. / Ambassador
Major-General Victor W. Odlum, C.B., C.M.G., D.S.O.,
Canadian ~~Minister~~ to China,
Canadian ~~Legation~~ Embassy, Chungking, China.

N.B. - General Odlum will, in a few days, present his Letters of Credence as Canadian Ambassador. Thereafter he will be addressed:

Canadian Ambassador to China,
Canadian Embassy,
Chumgking, China.

Annual Report Appendices

The Departmental Annual Report for 1943 is now being printed. It has been arranged to print separately additional copies of the appendices which list the names of Canadian representatives abroad and Commonwealth and foreign representatives in Canada. Members of the Department of External Affairs may find it convenient to have a copy of the appendices at hand for ready reference, and copies will be distributed in the Department as soon as they are received from the printer.

Foreign Ministers Plenipotentiary at Ottawa

A memorandum dated March 25th, 1943, regarding the style was circulated in the Department and is on file. It stated that the Prime Minister had approved the use of the complimentary title of Honourable in correspondence addressed by the department to foreign ministers plenipotentiary and British Commonwealth High Commissioners at Ottawa.

Examples:

Hon. Victor Podoski,
Minister of Poland

Rt.Hon. Malcolm MacDonald, M.P.,
High Commissiomer for the United Kingdom
Mr. MacDonald is emtitled to the prefix Rt. Hon.
as he is a Privy Councillor of Great Britain.

Hon. D. de Waal Meyer,
Accredited Representative of the Union of
South Africa.

Mr. R.M. Firth's designation is Acting High Commissioner and he is not given the title Honourable.

A Charge d'Affaires is not accorded the title Honourable.

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DEPARTMENT OF EXTERNAL AFFAIRS

Use of titles in Departmental Correspondence

Canadian Ambassadors Abroad

With reference to the memorandum of January 13th describing the form of address of the Canadian Ambassador in Washington and (mutatis mutandis) of other Canadian Ambassadors, Mr. Desy presented his Letter of Credence as Canadiam Ambassador at Rio de Janeiro om January 18th. He is addressed as follows:

Jean Desy, Esquire, K.C.,
Canadian Ambassador to Brazil
Canadian Embassy,
Rio de Janeiro, Brazil.

The salutation and complimentary close are unchanged. (i.e. the title Excellency is not used in Departmental correspondence to Canadian Ambassadors).

The title Honourable

The title Honourable for Canadians is at present limited to certain categories, i.e., Lieutenant-Governors, Privy Councillors, Senators, The Speakers, Chief Justice and Judges of Supreme and Superior Courts, Members of Provincial Cabinets and Legislative Councillors.

Titles of Heads of Canadian Offices Abroad

The following list of Canadian representatives abroad shows their titles and, if they have the title Honourable, the reason it is accorded to them:

Rt.Hon. Vincent Massey, P.C.,
Mr. Massey has the title Honourable as a member of the King's Privy Council for Canada. But as he is also a member of the Privy Council of Great Britain, he is entitled to, and uses, the prefix Right Honourable, which is generally abbreviated to Rt. Hon. (The letters P.C. are sometimes written after the name, but cam be omitted, without offence).

Hon. T.C. Davis
Mr. Davis has the title Honourable as a Judge (on leave) of the Court of Appeal of Saskatchewan.

Hon. Leighton McCarthy and
Hon. W.F.A. Turgeom
have the title Honourable as members of the King's Privy Council for Canada.

The following have no title:

Jean Desy, Esquire, K.C.,
L.D. Wilgress, Esquire,
Warwick F. Chipman, Esquire, K.C.,
W.A. Riddell, Esquire,
Dr. Henry Laureys,
John D. Kearney, Esquire, K.C.,
Charles J. Burchell, Esquire, K.C.,
Pierre Dupuy. Esquire, C.M.G.

General Vanier and General Odlum use their military rank:

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Uk/3

NAR/ET
11th July, 1942

C O P Y

C182915

MEMORANDUM FOR THE PRIME MINISTER:

I find we have been sending certified copies of Canadian Statutes to the United Kingdom Government under a procedure prescribed by Section 56 of the B.N.A.Act for the exercise of the power of disallowance of Dominion legislation by the United Kingdom Government.

In view of the present constitutional position, in which the power of disallowance cannot be exercised in respect of Dominion legislation, there does not appear to be any reason why we should egery year solemnly send a certified copy of the Canadian Statutes to the Secretary of State for Dominion Affairs for the purposes of Section 56 of the B.N.A. Act.

To really regularize the position, Section 6 of the Publication of Statutes Act should be repealed. In the meantime I think we should simply file in the Department of External Affairs future certified copies of the Statutes sent to the Department by the Clerk of the Parliaments for transmission to the Secretary of State for Dominion Affairs.

N. A. R.

I. Agree

I agree.
W.L.M.K.

Noted
N.A.R. 28-8-42

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XA/9

JAG/LG
27:ix:46

NOTE FOR MR. HOPKINS, LEGAL DIVISION

C182916

Re: Proposed Amendment of Section 6 of Publication of Statutes Act:

I notice in going through one of our files that the Under-Secretary addressed a memorandum to the Prime Minister on July 11, 1942 regarding :the sending to the United Kingdom Government, under a procedure prescribed by Section 56 of the British North America Act, of certified copies of the Statutes of Canada. This note pointed out that in view of the present Constitutional position, in which the power of disallowance can no longer be exercised in respect of Canadian legislation, there did not seem to be any longer a justification for sending certified copies.

The note further suggests that to regularize the position, Section 6 of the Publication of Statutes Act sgould be repealed, and you may wish to have this point in mind in considering future legislation to be brought up as from the Department.

I should add that in 1942 the Under-Secretary suggested that in future the certified copies of the statutes sent to the Department by the Clerk of the Parliaments should simply be FILED in the Department. The Prime Minister's minute opposite this item says "I agree"; the Under-Secretary has also minuted the original "Noted. NAR. 28.8.42)"

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XA/general

NAR/ET
11th July, 1942

MEMORANDUM FOR THE PRIME MINISTER:

C182917

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In view of the present constitutional position, in which the power of disallowance cannot be exercised in respect of Dominion legislation, there does not appear to be any reason why we should every year solemnly send a certified copy of the Canadian Statutes to the Secretary of State for Dominion Affairs for the purposes of Section 56 of the B.N.A.Act.

To really regularize the position, Section 6 of the Publication of Statutes Act should be repealed. In the meantime I think we should simply file in the Department of External Affairs future certified copies of the Statutes sent to the Department by the Clerk of the Parliaments for transmission to the Secretary of State for Dominion Affairs.

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Page No. 2 Peace letter

When we consider the issue of disarmament, we think in terms of the ravages of war. Our hope is that by bringing about the disarmament of nations, war may be abolished and peace and goodwill established.

Disarmament alone will not abolish war and establish peace throughout the land. Huxley once said:-

> " There is no alleviation to the suffering of mankind except veracity of thought and of action and a resolute facing of the world as it is when the garment of "make believe" with which pious hands have hidden its uglier features, has been stripped off."

Slowly but surely civilization has been progressing towards an appreciation of "veracity of thought and of action". We are living today in a period when the futility of war and the value of service have a greater general acceptance than history has yet recorded. The collapse of world trade has nevertheless stayed the progress towards world peace.

The success of the League of Nations, the Kellogg-Briand pact, the Locarno treaty, the Hoover moratorium and future disarmament conference are now definitely in doubt.

Armament is something like capital. It is often a very evil thing indeed but it has, under some circumstances, elements of not only real but practical value. We see capital suborning the press, bribing officials, cornering foods, controlling money, practising usury, battening on war contracts, and in many ways permitting its poisonous power in conflict with public interest to violate a decent respect for public rights. On the other hand, the good it has accomplished more than counter-balances the evil it has done.

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The prize of the accumulation of wealth in the capitalistic system is incentive. It has produced and executed the plans that have given to mankind the modern home and the modern community. It is the dynamic force behind modern production. It has produced the railway, steamship, food preservation and refrigeration system that makes possible the distribution of the world's food supply to the end that starvation has been eliminated in the West. It has provided the incentive essential to the creation of the modern sewerage and waterworks plants, research laboratories and hospitals, the instruments by which the conquest of pestilence and the control of disease is now possible.

The intelligent use of capital has eliminated these great calamities which were not so long ago intermittent characteristics of our civilization. It has created the control of energy and the machinery by which much of the drudgery has been taken out of the toiler's life. It has made possible the five hour day and the five day week. It has created the modern tax collector whose efforts are now feeding in many countries the millions that a defective monetary system has left unable to take care of themselves. If there were no capital the tax collector's office would be a barren one indeed. Even in Russia the incentive of a graduated rate of wages, the outstanding feature of capitalism, is now recognized as essential to the progress of the great economic experiment of the Soviet. Stalin, in his address last June, pointed out "that you could not expect a railway engineer to work for the wages of a stenographer", nor could you hope to get the productive results essential to progress if you failed to recognize the right of service and ability to a commensurate reward.

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The declarations of Stalin, in his famous address, indicate the abandonment of some of the fundamental principles of communism and the adoption of a system of managed capital. The gulf between the Soviet and the governments of capitalistic countries is materially lessened. The adoption of the principle of graduated wages by the Soviet indicates a possibility of co-operation between Russia and other countries to the end that peace and plenty may be established throughout the world.

You cannot abolish capital; it stands for brains and brains belong to the mobile few. Threaten it and the brains will go to other countries; destroy it and the brains will invent something else. They are bound to express themselves; you cannot destroy human intelligence. In the ultimate analysis, capital is the product of intelligence and is a power for good. Unfortunately its susceptibility to abuse by the evil influence of the vice of selfishness presents it at times as an evil rather than as a virtue. It is the abuse of capitalism, not capitalism itself, that must be eliminated.

It is so with armaments. The misuse of armaments has often led to the mistaken belief that armaments are the cause of war, but it is not to be forgotten that nations with the most limited of armaments and living under the most impoverished conditions can wage disastrous and effective wars.

War as a last resort in the maintenance of the inalienable right of man to liberty, equality, the pursuit of happiness, intelligent employment and the right to property, may not only be just but essential to the progress of civilization.

There is something deeper than armaments involved in the issues of world peace. The willingness of national

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authority to even consider agreements providing for the reduction of armaments is, however, definite evidence of progress in the right direction, despite the present disturbing situation.

One of the most significant post-war documents indicating the dangers of existing national relations was the manifesto that appeared in 1926 signed by 184 authoritative leaders in international finance and trade, a document that included among its signatories such names as J.P. Morgan of New York, Montague Norman of the Bank of England, Sir Josiah Stamp, Reginald McKenna, Dr, Schacht, President of the German Reisch Bank, Laederich, Regent of the Bank of France. The keynote of that manifesto is set out in the following sentence:-

> " There can be no recovery in Europe until political leaders in all territories, old and new, realize that trade is not war but a process of exchange that in time of peace our neighbours are our customers and that their prosperity is a condition of our own wellbeing."

George E. Roberts, Vice-President of the National City Bank, in the foreword he wrote to Sir George Paish's book "The Road to Prosperity" emphasized the real meaning of that manifesto when he said:-

> " In my opinion the greatest fallacy obscuring this subject exists in this theory that there is gain in doing everything for ourselves."

Let me quote one further passage from that manifesto:-

> " Too many states in pursuit of false ideals of national interest have imperilled their own welfare and lost sight of the common interests of the world by basing their commercial relations on the economic folly which treats all trading as a form of war."

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When leading bankers speak in such enlightened language and endeavour to lead international commerce out of the spirit of national selfishness and into a spirit of international service, the world is progressing. We would have come closer to the time when "veracity of thought and action" will take its proper place in our civilization if the timely warning in that document had not passed unheeded.

The post-war spirit of political activity has been one of intensified nationalism, a nationalism of self assertion. States sinking into economic impotency are reaching out for more territory, thwarting their neighbours, placing impossible restrictions upon trade and threatening war on the slightest provocation. Indeed we are justified in reviewing with grave concern the course that self asserting nationalism is pursuing. Whither is it leading?

Open warfare between China and Japan; the attitude of Russia to every other nation; Hitlerism and its repudiation of reparation debts in Germany; Ghandi's demand for nationalism in India; and the threat of strife and revolution in many quarters of the world, are problems that now threaten the success of the approaching disarmament conference. Nations are taking stock of the outlook and are watching each other, and recent events with their increasing economic tension indicate the need of developing a spirit of co-operation if disaster is to be averted.

The acute European situation is presented in a very few lines by that able correspondent and authority on European politics, Frank H. Simonds, in the November issue of the "Review of Reviews", when he says:-

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" The world is almost certain now to have to face a Nationalistic dictatorship in Germany and a final battle against the Treaty of Versailles. But such a battle means a new and formidable dislocation of the international situation.

A Hitler dictatorship means a new economic crash and a financial nose-dive. The Fascists would begin by a repudiation of all foreign debts. Their program calls for that. And with such a repudiation there disappear not only reparations, which are the basis of war debts but also all the frozen credits which Britain and the United States hold in the Reich. The Germans believed that the hope of saving these credits would lead Washington and London to back Germany against France. But the hope proved vain and the pound sterling was the latest casualty in the Franco-German crash."

Four years of war followed by thirteen years of peace would almost seem to have passed without any real progress.

The great war revealed once and for all that a nation's actual needs cannot be secured by the destructive influence of war. The needs of all nations today are as much as ever entirely economic; they are food, commodities and services. But we are now passing from the need of primary necessities of life that we can produce in abundance to the need of comforts, conveniences and amenities that make this life worth while. The changes that are taking place have made inapt and useless much of the pre-war economic theory and practice. A wide expansion of economic organization and equipment is essential if the progress and prosperity available is to be taken advantage of.

Advancing intelligence effectively placing science in the service of industry has increased volume of production at

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reduced unit costs. Although the value of industrial productions in the United States in 1929 had a value of $10,000,000,000. more than in 1923, wages remained stationary and 800,000 less employees were required.

The new order that has increased volume of production has failed to effect the compensation of purchasing power with a proportionate increase in volume. That needed purchasing power cannot come from already inflated bank credits; it cannot come from new enterprise that depends on monetary profit for its success. Want of purchasing power has closed the door to new enterprise. The only source from which that purchasing power can come is from the national government's power to create and circulate money; a course that must be adopted with infinitely more care and intelligent understanding than the course that has been followed in the past, but it is a possibility that should not be beyond the limit of governmental capacity in this day of enlightened economic understanding.

As an alternative to a continuing collapse of modern trade and commerce the risks to be encountered are not sufficient to prevent the effort being made to develop such an experiment.

Inability to co-operate internationally in production and distribution in intelligent economic practice is all that prevents the existence of peace and plenty throughout the world; it is the only barrier to the conquest of poverty.

We white people warring internally have always pictured a world of white supremacy; a world in which coloured races would assert themselves or even push us back has been unthinkable;. yet today we find nationalism as rampant among the coloured nations as among the whites and we shall soon be challenged by them in many parts of the world. The challenge is now in competition of cheap coloured labour but it will merge later on into a general clash of nation against nation.

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The inability of the nations of the West to agree and co-operate for their own wellbeing is not only sapping their national life-blood but it is slowly but surely destroying the soul of this civilization. Millions are beginning to lose their faith in the blessing of life. The course of self assertive nationalism is endangering the power of leadership that the white races have long enjoyed and that the whole world will need for many generations to come.

When we speak of disarmament with the idea of reducing standing armies and closing navy yards and armament factories, we cannot do so without the haunting fear of increasing the appalling army of unemployed that now exists. We cannot forget that today there are millions of skilled and trained workers unable to find an outlet for their productive efforts in a poorly supplied world.

Let me give you a picture of Berlin:-

" Never was a city so pitiful, never has one presented such a beaten, hopeless appearance as that once throbbing centre of German efficiency presents today.

Men and women stand on the sidewalks wearing expressions of grief and shame as they offer all kinds of goods for sale, dresses, fur coats, dishwashing machines etc. Their thin, worn-out coats are eloquent too, coats that do not protect against the cold, but clothe; men that stand motionless on the edge of the sidewalks or against the walls of houses, too tired and weary to again seek the inevitable refusal that is made to every application for work. The empty frames of show windows along streets where shop after shop is for rent, declare the desolation that exists. More than 15,000 houses of six rooms or over stand empty and the small apartments of four rooms or less are too expensive for the great mass of the people."

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As we review the conditions in Berlin, it may not be out of place to refer to the report of the Red Cross on conditions in China, a review of which appeared in a recent issue of "Current History".

> " The Red Cross recently made the decision to cease Chinese famine relief work. The nation seems to be approaching a period where her land cannot support her people..... In these circumstances foreign relief can do little.
>
> We believe that China should be permitted to work out her own salvation. China's population will be double its present total by the end of the century unless the normal increase is checked by famines, epidemics and wars."

The conditions that have long obtained in China are rapidly being approached in Germany and the conditions existing in Germany are now spreading throughout the world.

We are witnessing the strange anomaly of the richest nation in the world, the United States, with its vaults loaded to the breaking point with the world's gold, calling upon its citizens to contribute in charity to the relief of more than six millions of its workers who are today without means of support and unable to secure employment. Why in the name of reason is the gold not at work? Has the United States all the highways, public parks, public buildings, playgrounds, tourist attractions and transportation and other trade facilities it requires? Yes, if they must be created at the expense of increasing the tax-payer's burden or the cost of doing business; But not if their creation is carried out by an intelligent use of national money that provides relief for unemployment and at the same time creates the purchasing power that is essential to the active operation of industry and commerce.

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Working in co-operation, the governments of the United States and Canada could look forward to supporting on the North American continent a population ten times as great as that now in existence. Working in the spirit of an intelligent union of the English speaking races the people of the United States and the British Empire could lead the world to peace and to prosperity even more effectively than they can maintain a position of economic superiority in a world of individual national activity. The hope of that co-operation that illuminated the world for a moment with its brightness when MacDonald and Hoover were in conference has been over-shadowed if not eclipsed by subsequent events.

Recently we have been called upon to witness the enforced abandonment by Great Britain of the gold standard, undoubtedly the most far-reaching and immediately disturbing event that has taken place in the present world wide depression. It is not to be forgotten that Great Britain in the world war had assumed obligations and made sacrifices that were proportionately larger than those of any other nation. At the close of the war she met her obligations and made concessions of tremendous value to everyone of her creditors. She led in putting into practice the agreements to reduce armaments. She extended a full share of her monetary wealth to Germany and Austria in assisting in their re-establishment. One would have expected that her service to humanity would have been recognized and that she would have had in the fullest measure the co-operation from the allied nations in maintaining her economic position, in continuing to meet her obligations and in making her contributions to the progress of civilization. But in the hour of her need that measure of co-operation, available **in both** France and United States, failed to come, and it is not now forthcoming although the recipients of the dole have been penalized and the budget is now balanced.

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Great Britain's abandonment of the gold standard was one of the culminating disasters of a little noticed fight for financial supremacy that has been going on for several years between international bankers, more properly described as traders in credit, who have been permitted to lay down the financial policy of all governments.

When it is appreciated that nations with power to create and circulate money have borrowed credit to the point of actual bankruptcy necessitating taxation bordering on confiscation, the appalling weakness and insecurity of the monetary system created by the banking community becomes apparent.

The modern expansion of the ideas of the original Rothchild of the use of national credit has been extended to such a point of absurdity that present financial policies will remain in history as something for future generations to wonder at with amusement.

Civilization instead of securing sound money has seen its money disappear in exchange for bookkeeping entries in the modern credit system. Instead of having sound money we have bank credits and the cheque system. Instead of having security and stability in industry and commerce, we have chaos and bankruptcy that, unfortunately, has engulfed creditor and debtor, victim and exploiter. The exploitation, despite the lessons learned, still continues.

Further national debts, despite the necessity of debt cancellation; bolstered bank credit despite the existing inflation and surplus of bank credit are the remedies that are now offered. They smack of the inebriate's cure "of a bit of the tail of the dog that bit you" and they will not prevent a continuing decline in the downward trend of real business.

The present world wide depression is the price this civilization is paying for individualism, selfishness, national self assertiveness

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and misguided monetary policies. The creation of conditions that are now a barrier to world peace and disarmament and the progress of civilization towards the conquest of poverty call for an explanation from those who have been entrusted with the care of the world's monetary wealth before that trust should be continued in their keeping.

Since the war there has grown up a financial aristocracy the like of which in economic power was never dreamed of before the flood of national credit that the war unleashed came to increase the money lender's control and power over government.

The manipulators of this extended power in our social system are described by the "Manchester Guardian" as "the Bankocrats". The powerful aristocracy of wealth has developed its own diplomacy. It conducts its magnitudinous operations behind the closed doors of treasuries and central banks, and maintains, despite the force, power and comprehensive effect of its operations, a mystifying air of secrecy. Occasionally there appears in the newspapers a word of the sudden movements of one or other of the governors of the Bank of France or the Bank of England or the Reisch Bank; a Morgan or a Mellon crosses the Atlantic; a convulsion of tremendous proportions takes place in Austria, Spain or Germany; the defeat of Briand for the Presidency of France; a sudden withdrawal of gold, a mysterious withdrawal of credit; the failure of an international loan; a hurried conference between bankers and prime ministers. These are the only indications of the intense activity that is taking place in which financial battles of far-reaching importance to humanity are won and lost.

Einzig in his book "The Fight for Financial Supremacy" describes the situation when he says:-

" Indeed financial diplomacy works with an almost complete absence of publicity; only a few initiates

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"are in a position to follow its work. Highly important financial events; negotiations and agreements, each one a landmark in the struggle for financial supremacy, pass almost unnoticed."

Despite the lack of interest taken in such events by the masses, they may have the same disastrous influences upon the future progress of civilization that followed the secret diplomacy of pre-war days. The man in the street being unaware of the immense interests at stake does not realize until the crash comes that the apparently isolated events are part of one persistent struggle between opposing forces like battles in a prolonged campaign.

The situation in Asia and Europe is no less menacing than the situation that is being created by the hoarding of gold in France and the United States. France may become as ambitious as Germany was before the war.

It is not easy to get the full significance or the real meaning of England's abandonment of the gold standard from the press; it can only he secured by watching closely the course of subsequent events.

The whole story of why England abandoned the gold standard was told by Philip Snowden in a few short pungent words when he outlined the situation before the British Parliament. He said:-

" The Bank of England placed its position before the government. We placed the position before the governments of France and the United States. The governments of France and United States, while courteous and kindly, indicated that there would be no further extensions of gold credit. We had, therefore, no alternative but to take the course we did."

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International exchange throughout the world was thrown into a state of chaos.

If France and United States had uppermost in their minds the peace and contentment of the world at large and a return of world prosperity, why, one might well ask, was the gold credit refused to the government of Great Britain? Well, it is but an indication of the far-reaching effect of the gigantic struggle that is being waged beneath an apparently smooth surface for leadership in the financial and banking world.

The outstanding event following England's departure from the gold standard, apart from the unity of the British people in the general election, was the visit of the Prime Minister of France, Mr. Laval, to confer with the President of the United States.

This conference is important because these two countries have secured an actual corner on the world's monetary gold resources. Press dispatches inform us that so careful were the President and the Premier in disclosing the trend of their conference that a statement of it was not given out until it had been re-written a dozen times. It was so "vague and veiled", writes one correspondent, that it was almost impossible to appreciate its significance without profound analysis.

There are two items, however, in the statement that are easily appreciated, -

(1) that the gold standard will be maintained by both countries, and

(2) that gold withdrawals from the Federal Reserve Bank of New York will be regulated by an agreement with the Bank de France.

The full significance of the conference of Premier Laval and President Hoover comes from another source. It comes in an

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authoritative address delivered by Dr. Kemmerer in New York on November 5th and appears in the press under the caption, -

" Britain abandoning gold yields money crown to America."

Dr. Kemmerer is undoubtedly the outstanding authority on the practical operation of banking and possibly on International finance in the United States. The fact that he has been the guiding expert in the reorganization of the monetary system of twelve foreign countries gives some indication of his position in the world of fiscal economy. His conclusion may be accepted as sound opinion.

Among other things, Dr. Kemmerer said:-

" Ever since the war New York has been gaining on London as a centre of international finance. The shock given to the financial world by Great Britain's recent suspension of gold payments and the difficulty of carrying on international financial operations through the intermediation of a paper money standard will deprive London for a long time, if not permanently, of her primary position as the world's money centre. This position is now being offered to New York."

Dr. Kemmerer pointed out that "recent international events were cause for bold rejoicing on this side." He also pointed out that the argument "that the depreciation of the pound sterling will prove helpful to British foreign trade would prove temporary and illusory."

Referring to the intangible costs to Great Britain of her default in gold payments, and dealing with a subject of vast importance to New York, "the new financial centre", Dr. Kemmerer explained:-

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" Perhaps the most serious price that England will pay for the temporary advantage she may gain from giving up the gold standard is her loss of prestige and leadership in the world of international finance involving an income of some $800,000,000. a year."

Dr. Kemmerer also stated:-

" The shock given to Britain's creditors scattered throughout the world, particularly to numerous central banks which were keeping part of their reserve money in England, when the news of the suspension of gold payments was given out, was terrific, for the pound was looked upon in many countries as the very incarnation of monetary strength. It will take a long time for the world to recover from this shock and from the memory of the heavy losses that followed ..... When confidence is restored, it will then be found that the high value to which gold was pushed during this crisis was but a temporary emergency value."

In view of the fact that the high tariff countries of France and the United States have cornered the world's monetary gold stocks, any joint statement from the governments of those countries is of interest to all the world.

When such a statement is followed by a declaration from an authority of the position of Dr. Kemmerer to the effect that London's financial leadership has been secured by New York at the expense of terrific shock and appalling loss to Great Britain's creditors throughout the world, the reality of Great Britain's crisis and the power of the manipulators of international credit may be recognized. It is hardly a situation likely to encourage disarmament.

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If we are to accept as correct Dr. Kemmerer's clear, frank and honest review of the situation, Great Britain and the British Empire are called upon to face under severely imposed handicaps the most critical economic struggle that has ever been imposed upon a freedom loving people.

The situation as it has now developed seems to lend an added significance to Philip Snowden's famous statement,

" Though the world be against her, England yet shall stand."

In this bitter and relentless economic war between the banking interests of London, New York and Paris, the comfort and convenience of humanity; the progress of civilization; the progress of world peace; and the return to world prosperity are being sacrificed just as ruthlessly as they were by the Barons of feudal and medi-eval times or by the military aristocracy that plunged the world into the great war or by the war lords of China who have been able to keep that country in a state of civil war ever since it became a republic. Is it not too high a price to pay for the settlement of financial leadership, but more important than the cost is the question of where and when the end will be. The fight is not over; it is just beginning.

It is high time that international financial diplomacy were subjected to the purifying and invigorating influence of the sunshine and the regulating force of an enlightened public opinion.

Just how long the influence and power of the international bankers' aristocracy will continue to stand in the way of international co-operation to bring about world prosperity may be something of a problem but there are some indications that its control of the world's monetary wealth is drawing to a close.

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At the same time one cannot help but recognize that for the time being and possibly for some time to come it will remain a powerful and potent factor in our general scheme of civilization. It is for that reason that many leaders in the field of economic thought today have come to the conclusion that the economic units of the world will be called upon to work out in a measure their own monetary and trade salvation.

If the outcome of the economic warfare that has been so relentlessly waged is the establishment of positively defined economic units, each moving in a spirit of ruthless competition, a serious handicap to the programme of disarmament is at once created. The obstinate nature of that difficulty due to the determined policy of the Soviet to impose its ideas of government upon the rest of the world is undoubtedly intensified by the attitude of France and United States in maintaining high tariff policies and a practical monopoly upon the world's monetary gold wealth. Great Britain is now compelled to unite the forces of the British Empire in the protection of its economic life and to abandon her positive spirit of co-operation to one of self protection. She has now resorted to the tariff policies adopted by France and United States and has created an unlimited power in her Board of Trade to impose prohibitive duties on imports. She has given to the Board of Trade all the powers that are contained in the provisions of arbitrary imposition of duties by tariff laws, the flexibility provisions of the Jones law in the States and all the powers of the different dump duty enactments that have been created.

Great Britain has simply taken the position that if she must fight out her right to prosperity in this day and generation as an individual economic unit in competition with the others, she will accept without reserve all the weapons that are available.

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Unfortunately this attitude now forced upon Great Britain by France and United States, leaves no hope of effecting the settlement of international debts by trade and offers no hope of international co-operation for the restoration of world prosperity. Where it will lead, no one dare prophesy. For the time being it is a situation that intensifies rather than relieves the world trade depression and is contrary to the spirit and the letter of the manifesto of 1926. The attitude of France in Europe indicates that with very little encouragement she may become, in her ambition to secure the hegemony of Europe, as serious a menace to world peace as Germany was under the dictatorship of the Kaiser.

In the fight for financial supremacy and leadership in Europe, the attitude of France now indicates that she is willing to risk not only the possible united opposition of Germany, Austria, Italy and Russia but to sacrifice at the same time the friendship of Great Britain.

The struggle for leadership between the credit traders of London, New York and Paris has changed very materially the outlook that followed the conference that took place between the Prime Minister of Great Britain and the President of the United States a short year ago. The episode of two men of humble origin, one as leader of the British Empire, and the other as President of the United States, conferring together openly and without ceremony in the hope of uniting the people of the English speaking races in a bond that would have as its primary purpose the broadening of the foundations of world peace and the abolition of war was a spectacle not only to inspire confidence in the future but one that created a new-born faith in the glory of man's destiny. Under the influence of the aristocracy of wealth, the conference between the Prime Minister of France and the President of the United States gives no such hope to suffering humanity.

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Whither, one might well ask, is the control of money by the banking community leading this civilization? The world's monetary system under the direction of the traders in credit has been reduced to "a hodge podge of absurdities and incongruities" all of which stifle business, hinder trade and constitute today a menace to peace.

Such is the monetary situation throughout the world despite the fact that governments have delegated their most conspicuous responsibility, the creation and control of money, to bankers in the belief that the world's monetary needs would be guarded and maintained in a position of secure stability. What has been the result? A civilization overwhelmed with interest-bearing debts is called upon to stagnate in idleness while the Barons of Wealth contest the right to leadership in a war that makes progress of civilization and world peace the pawns of men whose ambition has impaired their reason.

Instead of being able to work in harmony with France and the United States in economic leadership, necessity is now compelling the British Empire to establish a monetary system independent of gold that will be in conflict and in direct competition with the monetary standards that France and United States are endeavouring to maintain. Great Britain is now compelled to blaze a trail out of the economic jungle that is the money lender's paradise.

I am not an alarmist nor do I believe that the British Empire will lose her power to advance the progress of civilization. But I do believe she will be confronted with problems that will tax her ability, vigilance and courage to the utmost. She will meet the strange and new at every turn and will find past experience of little value in the new world that the war has created. Despite the obstinate nature of the problems that

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lie ahead there is no reason for believing that meet and adequate solutions will not be found. On the contrary there are many reasons to expect an expansion of every form of commercial and industrial activity. Civilization has not come to the end of its resources; it is just beginning to exploit them, but the exploitation of the future will be more by intelligence than by force and intelligence must in the end prevail.

The production of wealth must be recognized as more important than the manipulation of credit. Making money out of the production of goods and the creation of services must become more important than the making of money out of the lending of money or the extension of credit. The money system both in the field of domestic and international activity must serve civilization as a whole, not the few who happen to have a monopoly of the money concessions from governmental authority.

International money must be separated and maintained apart from domestic money. Domestic trade will become more and more important as the power of production continues to be developed in every nation. Proportionately, international trade will continue to decline. In 1929 out of a total world trade of $2000,000,000,000., international commodity trade was less than $70,000,000,000. The United States with a total trade of $1000,000,000,000. had an export and import commodity trade of less than $10,000,000,000. With the exception of Great Britain, international trade constitutes a comparatively small proportion of the total business transacted by each nation.

It is obvious that it is an economic mistake to permit the instrument of international commerce to dominate and in some instances to destroy the instrument of domestic commerce. The problem of effecting international agreements by which the

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fluctuation of the value of international money may be controlled involves a measure of international co-operation, goodwill and confidence that may not come into existence for many years or generations.

Barter without money, already in practice between Russia and other countries, United States and Brazil, may take the place in part at least of international money. The disastrous experience of international finance during the last few years will probably end for some years to come the extravagant distribution of a nation's credit wealth beyond the limits of its own national jurisdiction.

No international agreement is necessary, however, to permit any government to create and maintain an abundance of money to function as a medium of exchange in the field of domestic trade.

The fact that the government of Germany deliberately set out to inflate the money of that country to the point of exhausting its entire value is no argument that money cannot be created intelligently and its value controlled. Germany's practice simply proved that a government, if it so desired, could, by printing paper money and encouraging a rise of prices, destroy the value of the nation's monetary wealth. Russia has demonstrated that money can be created and circulated and prices controlled.

According to the League of Nations most recent publication, "only in France, Belgium, Spain, Lithuania, Uruguay and Russia was the volume of notes in circulation considerably higher at the end of 1930 than at the end of 1929. In Russia the increase was especially pronounced. Between 1928 and 1930 bank and state notes in circulation in the Soviet of Russia were more than doubled and in 1930 alone rose by 60%."

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The same source of information points out that Russia has reported "a great expansion of industrial activity and a sharp decline in unemployment in 1930". Russia has found no difficulty in entering foreign trade markets both as vendor and purchaser and she is making it increasingly difficult for her interest-burdened and tax-burdened competitors to meet the standards in trade that she is setting.

The Macmillan Committee report points out that when "the vicious circle" is complete, that is, when through loss of purchasing power profits in industry decline, acceptable borrowers are not available. New enterprise ceases to distribute purchasing power. Consequently the only source remaining that can afford to put money into circulation without securing a money profit is the national governmental authority. If during a depression governments meet their current expenses, pensions and unemployment relief costs with national money, the purchasing power essential to the maintenance of industry and commerce would be created. Bank credit, frozen assets, would be liquified. Existing national and commercial credit would be revitalized by the creation of wealth that would follow. The tax-payer's burden would decline and the incentive to business would be re-established.

Some economists and the conservative element of both bankers and public will declare that such a policy is inflation that will end in ultimate disaster; that money would cease to hold its value; that prices would rise to disastrous levels. Surely the answer to all such criticism is that the issue of such money and ensuing prices can be intelligently controlled.

If more money were issued in the payment of governmental obligations for public works, gratuities or services than commerce

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required, the surplus of such currency could be cancelled in lieu of taxes already amply abundant for that purpose. The prohibition of profiteering is simpler than other prohibitions that governments enforce by law.

Russia, with a civilization that is seventy-five years behind that of the United States and the British Empire, is accomplishing that very thing with a marked degree of success. Railway rates are controlled in the United States, Canada and other countries, and have shown no decline as yet in the present depression, nor did they show any unreasonable rise in the boom period. The control of railway rates and services involves the ultimate variation of all the factors and influences that make the problem of fixing prices difficult and involved. The broad general problem involved in the control of the general price level necessary only to prevent the collapse of monetary values is a much simpler one than the problem of controlling the price of railway services and the maintenance of stable and non-discriminatory railway rates.

The denunciation of monetary reformers as impractical idealists has come to be recognized in many countries as a mark of sophistication but it is not to be forgotten that the present world situation is the result of men who have prided themselves upon their cold unimaginative practical business science. As a result of their practical science the Prime Minister of Great Britain has properly declared that the world finds itself operating under the influence of "crazy economy" that must give way to something more intelligent and more serviceable.

Necessity has compelled the people of Great Britain to move into the future in the hope of finding greater service by a departure from long established custom. They are a people

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splendidly equipped to make such a venture. For them the unknown and the new hold neither awe nor fear. It is as pioneers that they have achieved their greatest success and "in pioneering civilization out of the crazy economy" that the money lender has established, the British Empire will be performing its greatest service to humanity.

Every discussion of disarmament will have failed lamentably in its purpose if it does not place the grave issue of existing economic war in its proper perspective. Who denies the means of life to men makes war upon them and it is never to be forgotten that peace is not the end itself because peace may easily be associated with abject misery, privation, want, revolution and decay.

Despite the fact that it is thirteen years since Armstice was signed, peace, if it be measured in terms of plenty and contentment, has not yet arrived. The world needs disarmament but it needs something more than that. Before peace can come, this ruthless, bitter, economic war must end. The production of wealth must be recognized as more important than the manipulation of credit.

I know of no more powerful appeal that can be made to the nations throughout the world to the end that peace shall reign and armament shall no longer be necessary, than that appeal which was made to the people of the United States in the closing days of the Civil war by a man who had risen from the ranks of the humblest of its citizens, to enlighten civilization upon the virtues of giving in terms of sympathy and co-operation. It may not be unfitting to appropriate to the world situation today the words and spirit of Lincoln's message in his Gettysburg address and in his Second Inaugural message to Congress.

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Of all the vast army of human souls that have journeyed out of the dim and distant eras of the past and along the passages of time into the corridors of eternity, Lincoln, in the purity of his charity and love expressed in unselfish service and sacrifice to the cause of suffering humanity, is one of the very few who have truly exemplified the teachings of the Carpenter of Nazareth Who was the Architect of Christianity. Were Abraham Lincoln today reviewing the progress of peace he would no doubt warn the aristocracy of the money lending class and the leaders of national governments of the danger that selfishness involves by repeating in part his expressions delivered three-quarters of a century ago in messages that will purify and enoble civilization as long as human intelligence remains, and he would say:-

" The prayers of rich and poor, of capitalist and communist, go forth to the deities of their own conception for assistance in this time of stress and tribulation. Unless they can find some common ground upon which to dissolve their variant aspirations, the prayers of all cannot be satisfied.

The Almighty God has his own purposes. The Apostle of selfishness collects his full measure of debt, with charity never appearing.

Woe unto the world because of offences for it must needs be that offences come; but woe to that man by whom the offence cometh. If we shall suppose that national self assertiveness and the selfish control of monetary wealth are of those offences which in the wisdom of God must needs come but which having continued through their appointed time He now wills to remove and that He gives to the world a final moment of false progress followed by a devastating social revolution as the woe due to those by whom the offence came, shall we discern therein any departure from

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"these divine attributes which the believers in a living God always ascribe to Him?

Fondly do we hope and fervently do we pray that privation and want will speedily pass away. Yet if God wills to deny his blessing to a selfish world until all the wealth accumulated from 2000 years of strife and unrequited toil shall be sunk and that every body broken upon the altar of greed shall be paid for by another sacrificed in revolution, as was said 3000 years ago, so still it must be said that the judgments of the Lord are true and righteous altogether.

If peace has come, with want instead of plenty, it is because statesmanship is blinded by self interest and is leading the world in the darkness of avariciousness rather than in the light of love and service.

With only a reasonable amount of intelligent international co-operation, our generation can create conditions of peace and contentment that should satisfy every deserving member of the human family.

Let us then in the providence He has given to those who will accept His will create from the treasure He has placed in man's keeping a monetary wealth sufficient to wipe out the burden of international debts.

Let us finish the work we are in of abolishing war and making peace permanent by conquering poverty and want.

With firmness in the right, as God gives us to see the right, let us go forward in intelligent goodwill, healing the wounds of all nations, caring for him who has borne the battle and who bears the heat and the burden of the day.

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" Let us, by international co-operation, assume and carry out as a function of government, the creation and distribution of sufficient monetary wealth to provide intelligent employment for every willing worker, and by so doing let us eliminate from this earth national and individual destitution, the primary causes of war, revolution, anarchy and crime and by so doing achieve the peace that will be blessed by the Carpenter of Nazareth Who gave His life to the world that all might come to know of the fatherhood of God and the brotherhood of man.

By our rational creation and control of money, let us declare the truth of our highly resolved profession that the war dead shall not have died in vain; that mankind under God, with malice towards none and with charity for all, shall have a new birth of freedom by making possible, for the first time, government of the people, by the people and for the people to the end that poverty shall be conquered and privation shall be banished from this earth, and that this age shall know and understand the message "Fear not, peace on earth to men of Goodwill."

—

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TOP SECRET

NOTE FOR THE PRIME MINISTER

I attach copies of four telegrams from General McNaughton, ATOM No. 184 of November 30th, ATOM No. 185 of December 3rd, ATOM No. 186 of December 5th and ATOM No. 187 of December 5th. These telegrams refer to the relation between the discussions on disarmament which are now proceeding in the General Assembly and the work of the Atomic Energy Commission. You will notice that General McNaughton is concerned lest the present United States resolution on disarmament may complicate or even circumvent the work of the Atomic Energy Commission.

In regard to disarmament, the present position is that M. Molotov has accepted a United States resolution as a basis for discussion in a sub-committee of twenty States, of which Canada is one. The view of the Canadian delegation is that the wording of the United States resolution is not sufficiently precise, particularly at one point where it might imply that the Security Council should take over the responsibilities of the Atomic Energy Commission. Senator Connally has asserted that no such implication was intended, but the delegation continues to have misgivings.

The Canadian delegation to the Assembly will endeavour to have its own alternative wording considered in the Sub-Committee. Mr. St. Laurent has meanwhile welcomed the agreement between the U.S.S.R. and the United States on the general terms of the disarmament resolution which will now be worked out in detail.

5th December, 1946.

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FROM: THE CANADIAN CONSULATE GENERAL, NEW YORK

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

IMMEDIATE

TOP SECRET

CYPHER NEW YORK, November 30th, 1946.

TELETYPE

NO. 300

No. 300. Top Secret. ATOM No. 184. Following from Atomic Energy Commission, Begins:

Following from McNaughton, Begins:

1. I have been following with the closest personal attention the discussions in Committee 1 of the Assembly on disarmament. The delegation to the Assembly has, I understand, kept you informed of the developments in Committee 1 and in particular you will have seen the text of the statement which Mr. Wilgress made today in support of the Canadian revised amendment to the Soviet resolution on disarmament.

2. I have, of course, been in close touch with the delegation to the Assembly in relation to disarmament matters and the terms of the Canadian resolution and statements in support carry my full agreement.

3. You will have noted that the Canadian proposal has had the full support of Great Britain among others. Until today, we had hoped that the United States delegation would either have taken an initiative which we could follow or have given their support to our proposal.

4. However, towards the conclusion of today's discussion, a United States proposal was circulated in the Committee, the text of which has been forwarded to you by the delegation to the Assembly.

5. In the second paragraph of this document it is proposed that the General Assembly recommend that "the Security Council give first consideration to the report which the Atomic Energy

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Commission will make to the Security Council before December 31st, 1946". As a sequel we may expect that the United States delegation in the Atomic Energy Commission will press for conclusions in the Report to the Security Council that may even go so far as virtual endorsement of the Baruch plan.

6. Such a development in the United States attitude would undoubtedly raise almost immediately difficult problems for the Canadian delegations not only in the Assembly but also in the Atomic Energy Commission. In this connection, Parodi, the Chairman of the Atomic Energy Commission for the current month, stated in the course of his remarks in Committee 1 today that he intended shortly to call a meeting of the Atomic Commission. He did, however, add that he felt that the debates in the Assembly should not prejudice the work of the Atomic Commission in any way.

8. You will recall that in the plenary session on November 13th when supporting the proposal of the United States delegation that a report be rendered to the Security Council before the end of the year, I made it clear that I understood that report would be a progress report on the work of the Commission to date (see my message ATOM No. 174 of November 14th, paragraph 7).

9. This interpretation of the scope of the report to be rendered before 31st December, 1946, was confirmed by the Chairman at the first informal conversation of Committee 2 and is, I think, generally accepted. However, I do not think that interpretation is agreeable to the United States delegation to the Atomic Energy Commission.

10. I feel that should this matter be raised again I should hold to the interpretation that the Commission's report to the Security Council should be a progress report not merely for consistency but because in my view any attempt to force the Commission to go beyond the matters which have been fully explored will not, repeat not, command majority support.

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11. We have so far only discussed the council aspects of control to prevent diversion of materials and clandestine activities. We have not considered, except in terms of general principle in the early stages, the functions and powers of an International Authority to control atomic energy or its relation to the United Nations.

12. A progress report, therefore, to the Security Council could hardly go beyond a statement of certain of the technical safeguards that might be used. This would not permit important political conclusions to be drawn.

13. I should also like to draw your attention particularly to paragraph 3 of the proposal of the United States delegation "that the General Assembly recommends to the Security Council that it give prompt consideration to the working out of proposals to provide such practical and effective safeguards in connection with the control of atomic energy". This provision would seem to imply a United States view that the Atomic Energy Commission has failed to produce the results which they felt to be necessary and that accordingly the Security Council should be asked by the Assembly to take over.

14. The rapid developments in the debate on disarmament and its effect on the Atomic Energy Commission obviously require the most careful attention and I will keep you fully informed.

15. In view of importance of this matter, I would appreciate copy of this message being passed to Prime Minister. Ends. Message ends.

CONSUL GENERAL

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FROM: THE CANADIAN CONSULATE GENERAL, NEW YORK

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

TOP SECRET

CYPHER-PUBLEX

TELETYPE

NO. 313 NEW YORK, December 3rd, 1946.

No. 313. Top Secret. ATOM No. 185. Following from Atomic Energy Commission, Begins:

Following from McNaughton, Begins:

1. Reference my message ATOM No. 184 of November 30th.

2. You will no doubt receive from the delegation to the Assembly a full account of the discussion in Committee No. 1 on disarmament Monday morning, December 2nd. I should, however, like to mention the developments as of yesterday which specially affect the Atomic Energy Commission.

3. In Committee No. 1, Connally gave some clarification of the United States disarmament proposal. He criticised the Soviet proposal on the grounds that its two main objectives were:

(a) "To get rid of the atomic bomb", and

(b) "Whatever regulations with regard to armaments may take place shall be vested in the Security Council, where the "atomic bomb" of the veto awaits anything that may be undesirable to any member of the Security Council".

4. Connally argued that the Soviet proposals were too narrow and that the United States proposal, on the other hand, covered all forms of armaments, not only atomic weapons, but also other "extraordinary weapons for mass destruction". As regards paragraph 3 of the United States

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proposals, Connally explained that it was not meant "that the Security Council would have jurisdiction or authority itself to do the inspecting and regulating. We merely mean that it may draw up a plan, submit it, which, if adopted, will thereafter be operative." (Without being subject to veto). The United States also stood for "a comprehensive system of disarmament" and "there must be adequate international control".

5. As regards the Atomic Energy Commission, Connally said "we further insist that the Atomic Energy Commission shall not be interfered with in its jurisdiction or powers or purposes". Also, "there has been some suggestion that this Commission has not done a great deal. Well, it has only been in existence a relatively short time, and it has already done a great deal. It will submit its report by the 31st day of December of this year." He concluded his remarks by saying "it must go on with its work, must not be interfered with, must not be 'hamstrung'".

6. Connally's statement seemed to dispel the apprehensions which I expressed in my message under reference. That there was reason for apprehension is evident from the following report in yesterday's "Times", December 2nd:

"The Atomic Energy Commission is expected to meet Tuesday or Wednesday, and Mr. Baruch very probably will ask for a showdown on the question whether the United States plan is to be accepted".

7. On arrival at the fourteenth meeting of the informal conversation of Committee No. 2 Monday afternoon (December 2nd), I was informed that Mr. Baruch, by arrangement with the Chairman of the Atomic Commission, was planning a meeting for Wednesday or Thursday of this week, which would include two items;

(1) A statement by the Chairman, Parodi, reporting the stand he had taken with regard to the work of the Atomic

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Commission in the debate on disarmament in Committee No. 1, and

(2) Proposals by the United States delegation concerning certain items to be included among the findings and recommendations in the forthcoming report of the Atomic Commission to the Security Council.

8. The discussion in the informal conversation dealt only with technical safeguards relating to diversion of materials from separation plants and reactors, and drafts prepared by the Secretariat were under review.

9. After the meeting, Ignatieff, speaking to a member of the United States delegation, expressed satisfaction with the statement made by Connally this morning in Committee No. 1, and said that it would appear from that statement that the United States delegation was content with the understanding announced by Paredi and shared by most of the other members that the report to the Security Council would be a progress report. He asked, in the light of Connally's statement, what the United States proposals referred to in the proposed agenda for the meeting of the Atomic Energy Commission would represent.

10. With considerable embarrassment, the person in question replied to the effect that he would prefer not to be quoted but he would say on a personal basis that Mr. Baruch intended to propose that the main principles of his plan be included in the findings of the report to the Security Council. When asked whether the propositions to be put forward would involve the virtual endorsement of the Baruch plan, the member of the United States delegation answered in the affirmative.

11. He further explained that the propositions would be prefaced by a statement to the effect that these principles have

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been before the members of the Commission since June 14th, and on this account it could be said that they have been given consideration in the Commission. He said that it was not proposed that a vote should be taken on these principles at the meeting of the Commission this week, but that the Commission would be asked to include these principles in the findings of the report and, if this were agreed, they would be put to the vote on the adoption of the report by the Atomic Commission.

12. Later in the evening, another member of the United States delegation to the Atomic Commission visited Ignatieff and confirmed the foregoing information. He also expressed a desire not to be quoted, and showed embarrassment that we had not been consulted or informed in advance of these developments. He thought that we would get official notice of the proposals which Mr. Baruch would put forward in the Commission about 24 hours in advance.

13. Towards the end of Ignatieff's conversation with the member of the United States delegation in question, I came into our office where the discussion was taking place and was able personally to confirm the substance of the information reported above. I told the person in question, purely personally, that I was disappointed that Connally's speech had not the meaning which we had all supposed. I told him that I thought the Chariman of the Atomic Energy Commission would hold firmly to his intention of submitting only a progress report, and I indicated that I thought that he would be supported in this by a majority of the Commission. I said that I was most concerned that the United States should not prejudice its own position, both in the Commission and in the debate on disarmament by precipitating, prematurely, the issue on the Baruch proposals. I said it was most important to ensure the widest measure of public support. I reminded him,

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of course, of the identity of our interests in the ultimate issue.

14. You will appreciate that these conversations took place with comparatively junior officers of the United States delegation who were obviously concerned and embarrassed. It is most important that they should not be quoted in any way or referred to.

15. I will, of course, continue to keep you and the Canadian delegation fully informed of all developments as they occur. Ends. Message ends.

CONSUL GENERAL

Rec'd. 4:08 p.m.

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C 182945-J

FROM: THE CANADIAN CONSULATE GENERAL, NEW YORK

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

IMMEDIATE

TOP SECRET

CYPHER

NEW YORK, December 5th, 1946.

TELETYPE

NO. 322

No. 322. ATOM No. 186. Top Secret. Following from Atomic Energy Commission, Begins:

Following from McNaughton, Begins:

Reference my ATOM No. 185 of December 3rd. At request of the United States delegation to the Atomic Energy Commission, Ignatieff and I had a talk with Hancock and Lindsay regarding the proposals which it has been indicated Mr. Baruch would put before the Atomic Energy Commission at the meeting which is called for tomorrow afternoon.

2. Mr. Hancock gave me a copy of the statement, text of which is contained in my immediately following telegram. Hancock told us that a copy had been shown to Gromyko and Alexandrov at lunch today, December 4th, that Gromyko had read it carefully and according to Hancock had made the comment that, so far as he could see, there was no substantial difference in the United States and Soviet positions, if it were accepted that both the planning and execution of an agreement relating to atomic energy, as well as disarmament, would be vested within the framework of the Security Council and subject to its decisions. Gromyko did not demur in any way at the proposal that this paper be submitted to the Atomic Energy Commission tomorrow and was told that there would be no question of a vote on it at that time.

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3. Hancock said that the paper would be introduced personally by Mr. Baruch. Hancock agreed that the procedure, which no doubt would be followed, would be to refer the paper for detailed study to Committee No. 2.

4. As regards the background of the paper, Hancock said that Mr. Byrnes personally was of the opinion that the position of the Soviet Union should be clarified as regards both inspection and control, that it was not satisfactory to permit the Soviet representatives to get away with generalizations on these important questions and he had, therefore, agreed with Mr. Baruch that the maximum clarification should be sought in the report to be submitted to the Security Council at the end of the year.

5. Hancock observed that the conciliatory remarks of Gromyko at luncheon were characteristic of the present development in Soviet attitude. He suggested that this was a result of recognition on the part of the Soviet that they were likely to have serious unrest in their own country unless they made more consumer goods available; to make consumer goods available it was obviously necessary to restrict armaments.

6. I observed on my part that, while any move by the Soviet representatives to meet us half way should be welcomed, it should not blind us to the fact that agreement on generalizations might lead to misunderstanding if language were not used precisely. We referred in this regard to paragraph 3 of the United States Resolution, and particularly to the second sentence thereof, which had obviously enabled the Soviet Government to argue that they were in agreement with the United States in proposing to invest in the Security Council the powers for "the working out of proposals to provide such practical and effective safeguards in connection with the control of atomic energy and other limitation or regulation of armaments."

7. I pointed out that it had always been understood that,

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as regards atomic energy, the proposals would be worked out in the Atomic Energy Commission and after translation into the form of a multilateral Convention would be referred directly to Governments. I urged that extreme care be taken to ensure that no opportunities for ambiguity should be left in any final text of a Resolution submitted for adoption in the Assembly. In this connection I pointed out that, if the situation in Russia had changed as Mr. Hancock had indicated, time was now on our side and there was no need for precipitate action.

8. At the conclusion of our talk, I left with the United States delegation several copies of a composite draft text of a Resolution on disarmament prepared by the advisers of the Canadian delegation to the Assembly, on which the United States delegation passed very favourable comment.

9. You will observe that the United States paper, as presented, lacks the drastic character which we had been led to expect. The fact that in its present form it has only just been made available, may indicate that it was revised to meet the counsels of moderation, which we know had been expressed by others as well as by ourselves. Ends. Message ends.

This telegram written December 4th.

CONSUL GENERAL

Rec'd: 10:42 a.m.

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C-182445-M

FROM: THE CANADIAN CONSULATE GENERAL, NEW YORK

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

IMMEDIATE

TOP SECRET NEW YORK, December 5th, 1946.

CYPHER - PUBLEX

TELETYPE

NO. 323

No. 323. ATOM No. 187. Top Secret. Following from Atomic Energy Commission, Begins:

Following from McNaughton, Begins:

Reference my immediately preceding ATOM No. 186. Following is the text of the proposals to be made by Mr. Baruch to the Atomic Energy Commission on items to be included among the findings and recommendations in the forthcoming report of the Commission to the Security Council. We have been asked to keep this paper strictly confidential until the time of release which is 6:00 p.m., Thursday, December 5th, 1946. Text Begins:

"Pursuant to the Resolution of this Commission passed at its meeting held November 13th, 1946, the report of the proceedings, findings and recommendations of this Commission to be submitted to the Security Council by December 31st, 1946, consists of three parts:

Part I, a summary of the proceedings together with the records of this Commission and of its Committees and Sub-Committees;

Part II, certain findings of this Commission based upon its declarations to date; and

Part III, certain recommendations of this Commission based upon its findings to date;

Resolved, that Part II of said report shall contain, among others, the following findings of the Commission:

PART II

FINDINGS

Based upon the proposals and information presented to the

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Commission, upon the hearings, proceedings and deliberations of the Commission to date, and upon the proceedings, discussions and reports of its several Committees and Sub-Committees, all as set forth in Part I of this report, the Commission has made the following findings:

(1) That scientifically, technologically and practically it is feasible,

(a) To extend among "all nations the exchange of basic scientific information on atomic energy for peaceful ends",*

(b) to control "atomic energy to the extent necessary to ensure its use only for peaceful purposes",*

(c) To accomplish "the elimination from National armaments of atomic weapons",* and

(d) To provide "effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions."*

(2) That effective control of atomic energy depends upon effective control of the production and use of uranium, thorium and their fissionable derivatives. Appropriate mechanisms of control to prevent their unauthorized diversion or clandestine production and use, including inspection, accounting, supervision, licensing and management, must be applied through the various stages of the processes from the time these minerals are severed from the ground to the time they become fissionable materials and are used.

(3) That, whether the ultimate fissionable product be destined for peaceful or destructive uses, the productive processes are identical and inseparable up to a very advanced stage of manufacture. Thus, the control of atomic energy to ensure its use for peaceful purposes, the elimination of atomic weapons from national armaments, and the provision of effective safeguards to protect complying States against the hazards of violations and evasions must be accomplished through a single unified international system of control designed to carry out all of these related purposes.

*Quotations are from the Commission's terms of reference, as set forth in Article V of the Resolution providing for this Commission

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passed by the General Assembly on January 24th, 1946.

(4) That the development and use of atomic energy are not essentially and exclusively matters of domestic concern of the individual nations, but rather have predominantly international implications and repercussions.

(5) That an effective system of control of atomic energy must be international in scope, and must be established by an enforceable multilateral agreement (herein called "the treaty") which in turn must be administered by an international agency within the United Nations, possessing adequate powers and properly organized, staffed, and equipped for the purpose.

Only by such a system of international control can the development and use of atomic energy be freed from nationalistic rivalries with consequent risks to the safety of all peoples. Only by such a system can the benefits of widespread exchange of scientific knowledge and of the peaceful uses of atomic energy be assured. Only such a system of control would merit and enjoy the confidence of the people of all nations.

(6) That an international agreement outlawing the production, possession and use of atomic weapons is an essential part of any such system of international control of atomic energy. An international Convention to this effect, if standing alone, would fail (a) "To ensure" the use of atomic energy "only for peaceful purposes",* and (b) To provide for effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasion,* and thus would fail to meet the requirements of the terms of reference of the Commission. To be effective such an agreement must be an integral part of a treaty providing for a comprehensive system of international control and must be fortified by adequate guarantees and safeguards in the form of international supervision, inspection and control adequate to ensure the carrying out of the terms of the Convention and "to protect complying States against the hazards

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of violations and evasions."*

Further resolved, that Part III of said report shall contain, among others, the following recommendations:

*Quotation is from the Commission's terms of reference, as set forth in Article V of the Resolution providing for this Commission, passed by the General Assembly on January 24th, 1946.

PART III

RECOMMENDATIONS

Based upon the findings of the Commission set forth in Part II of this report, the Commission makes the following recommendations to the Security Council with respect to the matters covered by the terms of reference of the Commission, which recommendations are interdependent and not severable, constituting together and as a whole, the fundamental principles and basic organizational mechanisms necessary to attain the objectives set forth in the Commission's terms of reference.

(1) There should be a strong and comprehensive international system of control of atomic energy aimed at attaining the objectives set forth in the Commission's terms of reference.

(2) Such a system of international control of atomic energy should be established, and its scope and functions defined by a treaty in which all of the nations, members of the United Nations, should be entitled to participate with the same rights and obligations. The international control system should be declared operative only when those members of the United Nations necessary to assure its success, by signing and ratifying the treaty, bind themselves to accept and support it.

(3) The treaty should include, among others, provisions:

(a) Establishing, in the United Nations, an international authority (hereinafter called "the authority") possessing powers and charged with responsibility necessary and appropriate for effective administration of the terms of

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the treaty, and for the prompt carrying out of its day-to-day duties. Its rights, powers, and responsibilities, as well as its relation to the several organs of the United Nations, should be clearly established and defined by the treaty. Such powers should be sufficiently broad and flexible to enable the authority to deal with new developments that may, hereafter, arise in the field of atomic energy. In particular, the authority shall be responsible for extending among all nations the exchange of basic scientific information on atomic energy for peaceful ends, for preventing the use of atomic energy for destructive purposes and for stimulating its peaceful beneficent uses for the benefit of the people of all nations.

Authority should have positive research and developmental responsibilities in order to remain in the forefront of atomic knowledge, so as to render the authority more effective in promoting the beneficent uses of atomic energy and in eliminating its destructive ones. The exclusive right to carry on atomic research for destructive purposes should be vested in the authority.

Decisions of the authority pursuant to the powers conferred upon it by the treaty should govern the operations of national agencies for the control of atomic energy. In carrying out its prescribed functions, however, the authority should interfere as little as necessary with the operations of national agencies for the control of atomic energy, or with economic plans and the private, corporate and State relationships in the several countries.

(b) Affording the duly accredited representatives of the authority unimpeded rights of ingress, egress and access for the performance of their inspections and other duties into, from and within the territory of every participating nation, unhindered by national or local authorities.

(c) Prohibiting the manufacture, possession, and use of atomic weapons by all nations parties thereto and by all of their nationals.

(d) Providing for disposal of any existing stocks of atomic bombs.

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(e) Specifying the means and methods of determining violations of its terms, stigmatizing such violations as international crimes, and establishing the nature of the measures of enforcement and punishment to be imposed upon individuals and upon nations guilty of violating its provisions.

The judicial or other processes for determination of violations of the treaty and of punishment therefor, should be swift and certain. Serious violations of the treaty should be reported immediately by the authority to the nations party to the treaty and to the Security Council. In dealing with such violations, the permanent members of the Security Council should agree not to exercise their power of veto to protect a violator of the terms of the treaty from the consequences of his wrong doing.

The provisions of the treaty would be wholly ineffectual if, in any such situations, the enforcement provisions of the treaty could be rendered nugatory by the veto of a State which has voluntarily signed the treaty.

(4) The treaty should embrace the entire program for putting the system of international control of atomic energy into effect, and should provide a schedule for the completion of the transitional process over a period of time, step by step, in an orderly and agreed sequence leading to the full and effective establishment of international control of atomic energy. In order that the transition may be accomplished as rapidly as possible and with safety and equity to all, this Commission should supervise the transitional process, as prescribed in the treaty, and should be empowered to determine when a particular stage or stages have been completed and subsequent ones are to commence.

Text ends. Ends.

CONSUL GENERAL

Rec'd: 10:20 a.m.

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C182946

SECRET
April 26, 1947

MEMORANDUM FOR THE PRIME MINISTER:

Disarmament

Some little time ago the Dominions Office communicated to us the views of the United Kingdom Government on certain recommendations which might be placed before the Commission on Conventional Armaments, nowmeeting at United Nations headquarters.

The United Kingdom recommendations have been considered by Cabinet and a draft reply, conveying the preliminary comments of the Government of Canada has been approved by Mr. St.Laurent and Mr. Claxton. The decision of Cabinet was that, if also satisfactory to you, the draft reply might be despatched.

I now attach

for information - a summary of the United Kingdom recommendations;

for approval - the draft telegram convoying comments of the Government of Canada.

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JAG/MG

TELEGRAM

C182947

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS OTTAWA

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS LONDON, S.W.1.

SECRET

CYPHER

NO.____ Ottawa, April 28, 1947.

Secret. Your telegrams Circular D.299 and D.334, Disarmament.

Cabinet have now given consideration to recommendations outlined, and the following comments are offered as preliminary comments of the government of Canada.

2. The general position of the Canadian Government remains that nothing should be put forward for consideration which envisages less than what is contemplated by the General Assembly resolution of December 14, 1946. By this we would understand (a) that reduction and regulation of armaments must be considered as dual aspects of one problem; (b) that practical measures must be devised to convince the peoples of all nations that their security can be assured through reliance on means other than national armaments; (c) that the conclusion of agreements envisaged under Article 43 should be expedited by every possible means.

3. We assume, for purposes of the recommendations under study, that the prohibition of weapons of mass destruction will be carried out. Such a step of itself would seem to be a primary consideration in any development of security.

4. We do not at the moment see much prospect of progress through either (a) budgetary limitation or (b) by limitation and control of raw materials and manufacturing capacity.

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5. We conclude, therefore, that provision of information, together with facilities for inspection and verification, would offer better prospects for useful co-operation in the first instance. If the onus for showing cause why figures should not be produced or why facilities for verification should not be provided, were placed upon the nations concerned, then the recalcitrants would become apparent if they declined to co-operate.

6. As regards suggested armaments truce, we think the practical difficulties outweigh any possible psychological advantage, and we think the proposal might well be warped into a prolonged and worrying diversion from the main points at issue. In so far as it might imply an ultimate return to a reliance upon national armaments and thereby a moving away from the collective organization of international security, we feel that the proposal should be regarded with great caution.

7. It is clearly of the utmost importance that the chief western Powers should avoid taking a position in the Commission on Conventional Armaments which could be distorted to their detriment by the Soviet propaganda agencies. In our view the interest of the Western Powers requires that it be made clear that they are in favour of rapid and substantial disarmament and of carrying out to the full the General Assembly's resolution.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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H.H.Wright/mjr C182949

16th August, 1948.

MEMORANDUM FOR MR. PEARSON

The Duke of Bedford, in the attached letter with enclosures to the Prime Minister, advocates the disarmament to Western Europe, including England. This area, he argues, cannot be defended by old-fashioned strategical methods. Should, however, an aggressor take possession of part of Western Europe, he would, under the Duke's plan, be attacked with atomic weapons from strategic places in U.S.A., British Empire, etc. In this way, Western Europe, relieved of military burdens, could be "turned into a kind of cultural & economic show piece for the entire world which would have the double advantage of advertising the benefit of disarmament and of undermining the psychological appeal of Communism."

The next step would be the disarmament of the world. In his covering letter, the Duke writes of two factors in diplomacy which should be used. The first is the desire of the ordinary statesman to remain alive, and hence his hesitation to involve himself and his country in atomic war. The other is the use of propaganda. From fear of adverse propaganda the enemy will not go to war over an issue which provides poor propaganda material. It is therefore important to avoid going to war on some comparatively unimportant issue, i.e. Berlin in the present instance. The writer concludes that proposals of an apparently reasonable nature, even if made from sinister motives, contain "immense possibilities for forcing the government of the other side to follow the road you desire them to travel since, if they refuse, they can be made to appear in a very unfavourable light."

The Duke's main idea seems to be a disarmament of Western Europe, which conflicts, of course, with current moves towards mutual defence over a wide area. For this reason, an acknowledgement only of his letter would seem to be appropriate.

Mr. Pearson thinks an acknowledgment only should be sent.

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RGR-ecw

OFFICE OF THE PRIME MINISTER

MEMORANDUM for the Prime Minister.

C182950

The proposal set forth by the Duke of Bedford in his attached letter is primarily for the disarmament of Western Europe. As such, it conflicts with current moves toward mutual defence over the Western European area.

In view of this, Mr. Pearson feels that nothing more than an acknowledgment should be sent.

R. G. R.

(R.G. Robertson)
sc

August 21, 1948

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H.H.Wright/mjr

D-24-14
1948

16th August, 1948.

MEMORANDUM FOR MR. PEARSON

The Duke of Bedford, in the attached letter with enclosures to the Prime Minister, advocates the disarmament to Western Europe, including England. This area, he argues, cannot be defended by old-fashioned strategical methods. Should, however, an aggressor take possession of part of Western Europe, he would, under the Duke's plan, be attacked with atomic weapons from strategic places in U.S.A., British Empire, etc. In this way, Western Europe, relieved of military burdens, could be "turned into a kind of cultural, economic show piece for the entire world which would have the double advantage of advertising the benefit of disarmament and of undermining the psychological appeal of Communism."

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Mr. King:

It was only at 6.30 p.m. that I was able to reach Mr. Bird and give him Mr. King's message.

In reply, Mr. Bird wishes Mr. King to know he will be glad to act on the suggestion. He proposes to make a general announcement that the drive was a 100% successful with all members - honourary, active and associates - contributing. Then will come reference to totals.

Mr. Bird went on to say at the Gallery, this afternoon, Jeffries of the Windsor Star put up the suggestion that throughout the country, all sorts of people were enquiring how is Mr. King. If Mr. King would agree to having a picture taken of himself handing a cheque over to someone, either to Mr. Weir, or himself (Bird), it would greatly assist the Manitoba Flood Relief Fund. Mr. Bird said the photograph of Mr. King would do immense good.

(Mr. Bird thinks it may not be possible for Mr. King to comply with the suggestion - but feels Mr. King might like to consider the matter of such a photograph being taken).

June 1, 1950 E.H.

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file Donation

file

Mr. King:

C182953

Telephoned the Press Gallery this morning and was able to reach Mr. Bird.

Gave Mr. Bird Mr. King's message to the effect that Mr. King appreciated letter and thanked him for 'phone message but that he, Mr. King, did not like the idea of advertising. It was very nice of Mr. Bird to have passed on the suggestion but that, on the whole, Mr. King felt it was better not to have the photo. taken.

Mr. Bird said he quite understood; did not think it was the right thing to do but felt he owed it to cdleagues in the Press Gallery to pass suggestion on. He asked me if I had seen reference in Saturday's press re donation. I told him I had seen the item in Ottawa Journal. This pleased him and he asked me to make sure Mr. King would also see it. Mr. Bird sends his thanks and good wishes to Mr. King.

EH

June 5, 1950

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C182954

EXTRACT FROM ADDRESS BY SIR OWEN DIXON, AUSTRALIAN MINISTER TO THE UNITED STATES, TO THE CANADIAN CLUB, TORONTO, FRIDAY 19th MARCH 1943

The war of 1914-18 taught the English-speaking world that the Germanic peoples had formed a definite resolve to displace the leadership in the civilised world which the Anglo-American countries had so clearly achieved during the nineteenth century. Unfortunately it was a lesson we forgot. While the great effort which Britain put forth in that war undoubtedly left her weakened in men as well as material resources and inflicted grievous losses upon the Dominions, it drew closer the sentimental ties of attachment existing among what we now call the British Commonwealth of Nations. At the same time it gave each of the Dominions a greater self-reliance and independence and a stronger sense of its own nationhood. Within a decade we saw the growth to its full form of the political conception of the British Commonwealth. It is a conception of which we may all be proud. For it succeeds in accomplishing something in which the world at large has failed. It succeeds in giving full scope to the intense national patriotism which animates each one of the Dominions as a separate country no less than the United Kingdom herself and in reconciling it with a wider collective patriotism, no less intense and no less deep, which binds us together as a community of British peoples; a collective patriotism unifying us in war so that against our

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enemies we stand as one. If we had been defeated on the Western Front in the war of 1914-18 the British Commonwealth could hardly have been left in a worse position than that in which it stood in June 1940 after the German power had mastered the channel ports and after they had succeeded, by employing all the arts of modern warfare, psychological warfare as well as mechanical, at which the Germans showed themselves such adepts, in breaking the strength of the alliance between Britain and France, the two countries who have contributed most to European civilization.

It was then that the unity of the British Commonwealth of Nations was fully seen. In the face of instant and almost overwhelming peril its resolution, its unity of purpose and of action and its faith in its destiny remained unshaken. In Australia we took every measure open to us which might contribute to the protection of the centre of the British Commonwealth and we intensified our efforts to prepare for the desperate struggle that had thus begun. We knew how great a contribution Canada was making to avert the crisis. Australia did all she could to press on with her programme for the production of the munitions of war. She learned how great was the progress Canada had made and how great was the debt which the other members of the British family of nations owed to her industrial efficiency and the resources and adaptability of which her industries proved capable.

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.....

But the threat of the Japanese even before they entered the war brought home to us another aspect of the British Commonwealth. Strategic considerations are governed by geography. Geography placed Canada on the north-eastern flank of Japan. It placed Australia on her southern flank and New Zealand on her south-eastern. But a more potent consideration combined with geography. For the fact that these are three British countries made it certain that their geographical position would be used to the utmost in aid of one another in the conflict with Japan.

We had no assurance, then, that the United States would be a belligerent if a time came when the weight of German and Italian arms seemed greater than Britain would be able to sustain alone and Japan decided that was the hour in which she should attack us. But we knew then and we know now that, independently of the United States, which in the event has directed against the Japanese an ever-growing naval, military and air power which will prove the destruction of Japan, the fact that three Dominions held such places in the Pacific would mean that whatever might befall one it could rely on the unalterable determination of the British Commonwealth to fight to the end for the security of all its members. But it means more. It means that so long as a possibility remains of a revival of Japanese military power, a revival such as we witnessed in the case of German power in the 1930s, the three Dominions of the British Commonwealth, with the certain help of the

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United Kingdom and of South Africa, will unite in a common policy based on the joint interest of all, and not the separate interest only of each, for the purpose of ensuring that never again can such a threat arise.

In this we may feel sure that we shall have the powerful aid of the United States. The certainty that we are entitled to feel in the continuity of the post-war policy in the Pacific of that great Power should make fears concerning any future menace from Japan groundless. But that is no reason why the three Dominions of the British Commonwealth should not look forward to a united policy of their own to the same end.

.....

The west coast of Canada is geographically important when operations against Japan are undertaken on the fullest scale. But even now from Vancouver supplies of Canadian munitions and material are finding their way to the south Pacific and Australians are aware that the products of Canadian industry are making no inconsiderable contribution to the war against Japan.

.....

No country has contributed so indiscriminately to the common war effort as has done Canada. The fact is that it is only by keeping our enemies in check at all points that we can afford to attack them at any.

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C182958

The British Commonwealth of Nations has from its very nature been engaged in all quarters of the globe, but apart from this, its unity has been manifested in the mobility with which, when it stood alone, it used its all too insufficient forces to meet the enemy at those places where defeat would have meant irreparable and perhaps final disaster. That is an aspect of the war towards which the contribution of Canada has been the greatest of all the Dominions. For the presence of her forces in Britain was a formidable contribution to the frustration of Hitler's design to launch an invasion of the centre of the British Commonwealth.

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C182959

Ottawa, March 25, 1943

Major General
The Hon. Sir William Glasgow, K.C.B., C.M.G., D.S.O.,
High Commissioner for Australia,
114 Wellington Street,
O t t a w a.

My dear Sir William:

The Official Secretary of your office was kind enough to send to my office certain extracts from the address which Sir Owen Dixon made to the Canadian Club of Toronto on March the 19th.

I am very glad to have the exact text of Sir Owen's most cordial comments about the importance of the war effort of Canada. I should be greatly obliged if there should be a convenient opportunity for you to let Sir Owen know how greatly my colleagues and myself value this public tribute which he so graciously paid to Canada, on his visit to Toronto.

With kind personal regards,

Yours sincerely,

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Re Knight Dec

Office of the Australian WE/A

High Commissioner C182960

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file

Miss Helen Doherty
63 Rochester
OTTAWA-Ont.
Phone 8-0054

C182961

Life-long liberal. Founder and Director of 20th Century Liberal Association of Canada

Co-founder, with Senator Carine Wilson of National Federation of Liberal Women of Canada

Founder of National Study Clubs

In Sept. 1940 General Lafleche cabled her from England begging her to join National War Services. Later offered her any position at $4,000.00 per annum, except Mr Stapleford's or Mr Lash's position. Offerred her "Director of Publicity" within Department, stating she would be called by an other name, because of the possibility of questions in the House. Once she entered Nat.War Services, she was put off consistently and remained over two years without any salary, Miss Doherty threatening to leave and the General begging her to stay. Finally at request of Prime Minister she was given $3,600.00 for the previous two years.

Represented the Dept of Nat.War Services(Gen. Lafleche) on committees, CBC., National Film Board, work on publicity on mobilization matters. No holiday during the whole time she was with Dept. and was dimissed "verbally" (no written notice) on one week's notice.

Censorship (letters of Mde Simard)

Motor car (firefighters) - Firefighters o/s neglected.

V.T. Bertram (1000)

UNRA 20% to Russia ; next: 12% Gazette wanted investigation Sifton.

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C182962

HONOURARY AIR COMMODORE

RT. REV. A. CHAREST

DIRECTOR OF CHAPLAIN SERVICES (RC)
ROYAL CANADIAN AIR FORCE

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Austria

NAR/SR
22.8.43

SECRET C182963

MEMORANDUM FOR THE PRIME MINISTER

Superintendent Gagnon, in charge of the Quebec Division of the R.C.M.P., spoke to me the other evening about the position of Frau Dollfuss, the widow of the murdered Austrian Chancellor. She escaped from Austria when the Nazis came in and has been living in Montreal with her two children for the last three or four years. I understand that her maintenance here has been guaranteed by a couple of American well wishers who have, for one reason or another, not been able to keep their undertaking and that she and her children are now in pretty desperate straits.

I told Gagnon that there was no secret civil list that could take care of this kind of politically embarrassing case, and suggested that he might, in his purely private capacity, find out if Frau Dollfuss' position was known to her church. Her husband had been a very devout Catholic leader and it seemed to me that the church might wish to give her and her children the same kind of discreet financial assistance which, I understand, it has been giving to the ex-Empress Zita.

1-IX-43

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OFFICE OF THE PRIME MINISTER

C182964 file

MEMORANDUM for the Prime Minister.

D-10-E
1945

Mr. I.W.Oliver of the Division of Horticulture at the Experimental Farm, telephoned to say that you had called while he was absent at lunch about the oak seeds you had brought from San Francisco.

He asked me to assure you that if they were sent to him at the Farm, they would be delighted to plant them.

J.W.F.

6th July, 1945.

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Coll - Dom-Prov. Conf. 1941

C182965

Re Unemployment Relief

(Looking at recommendations as a whole.)

The Dominion could not, of course, propose to accept responsibility for unemployment relief if not accompanied by a revision of obligations in other directions.

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...ation of them.

It would be unusual, in any governmental relationship, if the experience of nearly seventy-five years did not suggest points at which, changes should be made, either in the machinery of government or in the way in which the machinery is used. We have found, for instance, that large-scale unemployment and widespread agricultural distress have occasioned difficulties and controversy alike regarding financial responsibilities and administrative policy. The resulting evils have placed strains upon our unity as a nation, and have engendered friction which we must try to avoid. Our sense of national self-respect has suffered from the limitations of constitutional authority which have,

C182966

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in certain directions, precluded the carrying out of nation-wide policies; ~~and~~ it ~~appears that only through~~ the implementing of the recommendations of the Commission in these particulars ~~can we hope to~~ alleviate a disquieting situation. The further we enquire into these questions, the more clearly does it appear that all our interests are bound up together, and it is ~~in~~ this spirit that I hope all the deliberations of this conference may be conducted

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(1)

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Coll - Dom - Fed. Conference 1941

C182969

" . . Let the forms and the substance of our constitution come to maturity in this part of America. . . they /the North American provinces/ should stand in conscious strength and in the full-equipment of self-government as a free people bound by the ties of gratitude and affection. . "

Sir Edmund Head,
Memorandum, 1851

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Coll - Dom-Prov. Conference 1941

C182970

Framing of B.N.A. Act, Conference Procedure

(1) Conference procedure with provincial delegates first outlined 1858, with provision for legislative addresses to the Sovereign.

(2) Charlottetown Conference, September 1864:

officially a conference of the Maritime Provinces;

based on concurrent resolutions of legislatures of N.S., N.B., and P.E.I., to investigate project for legislative (not federal) union of these three provinces;

delegates chosen by Lieutenant-Governors-in-Council after consultations between party heads representing all parties in each province;

enquiries made from Canada, following which eight Ministers attended in unofficial character and with "no connection whatever with the primary object of the Conference". (These Ministers represented all parties of Province of Canada because at that moment there was a coalition government).

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Coll - Dom-Prov. Conference 1941

C182970

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(3) Quebec Conference, October 10, 1864:

initiative of Government of Canada; invitations sent by Governor-General to Governments of N.S., N.B., P.E.I., Newfoundland;

members drawn from all parties; for Canada the full coalition Cabinet; from Maritime Provinces same delegates as to Charlottetown, with two representatives from Newfoundland also attending.

Conference adopted 72 Resolutions which later became basis of B.N.A. Act.

(4) Legislative proceedings following Quebec Conference:

Agreed at Quebec that in provincial assemblies resolutions should be considered as a whole, and accepted or rejected, without amendment, as a basic agreement;

Legislature of Canada approved resolutions and adopted address requesting Imperial Government to enact legislation embodying their provisions;

In New Brunswick Ministry appealed to electorate and were defeated; but after second election (1866) pro-federation Minstry returned;

In Nova Scotia resolutions never submitted to the electorate: this province committed to federation by its government.

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(5) Westminster Palace (Hotel) Conference, (London, Dec. 1866)

organized on lines of Quebec Conference; delegates were Ministerial nominees appointed by Governors-in-Council;

on basis of Quebec proposals, 69 resolutions were approved and forwarded to Secretary of State for the Colonies;

these resolutions were basis for bill in drafting of which Secretary of State for the Colonies and Governor-General collaborated with delegates.

(6) British North America Act, 1867

introduced in House of Lords, carried through to all stages in both houses without division, and received Royal Assent on March 28, 1867.

came into effect (by proclamation), July 1, 1867.

changes from printed draft were so slight that measure regarded as essentially a Canadian product.

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Coll Dom.-Prov Conference 1941

C182973

Dominion-Provincial Conference (a)

Policy of Co-operation vs.

Bennett "steam-roller" tactics

Unemployment and Relief:

1. Endorsation of National Employment Commission;
2. Provision for registration of those on relief;
3. ~~Provision~~ acceptance by Provinces and municipalities responsibility for relief to "unemployables";

Taxation:

Co-operation re collection of taxes;

Finance:

Approval of Loan Councils to assist Provincial financing and to safeguard public credit;

British North America Act:

1. Recognizing need of amendment of B.N.A. Act;
2. Committee engaged on establishing procedure to be used in effecting amendments;

Agriculture and Marketing;

1. Agreement re interest rate on farm mortgages;
2. " " conferences on statistics and marketing.

(a) See memorandum Dominion-Provincial Conference, December 9-13, 1935, sent to Laurier House.

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Coll - ~~Dominion Conference 1935~~

C182974

Dominion-Provincial Conference

December 9-13, 1935

Conclusions of

1. Unemployment and Relief:

(i) Endorsation by provinces of the establishment of a National Commission on Employment and Relief.

(ii) Provision for the registration of the unemployed on relief;

Definition of "unemployed" and "unemployable";

(iii) Recognition of the "unemployable" as an obligation of the provinces and municipalities.

2. Financial Questions:

(i) Administrative co-operation in levying taxes:

"Agreement that where both dominion and provincial authorities impose the same type of tax, co-operation in the same administrative field should be worked out to reduce unnecessary costs and inconvenience to the taxpayer, and to increase revenues to the government."

Possibility of Dominion ~~Meetings~~ meeting Ontario income tax.

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(ii) Necessity for defining field of taxation:

"Agreement that an attempt should be made through amendment to British North America Act to define clearly the right of the provincial authorities to levy particular taxes.

(iii) Approval of Loan Council Machinery:

Committee, consisting of Minister of Finance and Provincial Treasurers, met on Jan. 13 & 14, and approved of creation of Loan Councils to assist in provincial financing.

3. Constitutional Questions.

(i) Agreement that amendments to the British North America Act are imperative.

(ii) Agreement that Canada should have power to amend the Canadian constitution.

(iii) Officials of the Dominion and of the Provinces, meeting Jan. 28, to prepare a draft of such method of procedure to be submitted to subsequent Conference.

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4. Agriculture and Marketing

(i) Interest rates on farm mortgage loans

Agreement that interest on loans on farm mortgages be reduced to the rate of 4% per annum.

(ii) Convening agricultural statistical conference

Agreement that a conference should be held of Dominion and Provincial officers in charge of agricultural statistics.

(iii) Convening of committee re Marketing Act

Agreement that immediately upon the Supreme Court decision being received, with reference to the Natural Products Marketing Act, a committee, consisting of the Ministers of Agriculture, should meet to consider the whole marketing problem.

5. Tourist Traffic and Transportation

(i) Agreement of necessity for dust-free highways.

(ii) Contributions re National Highway

Agreement that the Dominion government should contribute 50% of future Provincial expenditures on the Trans-Canada Highway, and ~~that~~ on such other highways as may be approved by the Dominion

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government as being for the general development of the Dominion of Canada.

(iii) Re: Regulations on vehicles in transporting passengers or freight.

Agreement that:

(a) Vehicles should be required to carry insurance;

(b) Operators required to keep accounts and submit returns to Provincial authorities;

(c) Legislation to be enacted limiting hours of labour for drivers;

(d) Standard of fitness of vehicles should be required;

(e) Standard of physical fitness be required of drivers;

(f) Licenses should be granted only where can be proved proposed service is a public necessity;

(g) That every Province establish a fair standard of wages for drivers;

(h) That a permanent committee be set up in the department of Transport consisting of representatives of the Provinces.

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Dom Prov. Conf'ce 1941

C182978 ODS/AH

December 24th, 1940.

MEMORANDUM FOR THE PRIME MINISTER.

Dominion-Provincial Conference

In accordance with your enquiry as to supplementary material on the Report, I have already sent a copy of Corry's address to the Canadian Club last week and now I enclose the following:

Fowler - Confederation Marches On.

Dafoe - The Canadian Federal System Under Review.

Financial Post - 2 Articles.

The Canadian Banker, October, 1940 - Articles by Corry.

Book II of the Report itself - Recommendations - is about as clear as anything, but some of these above summaries are useful in supplementing it.

O.D. SKELTON

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(J.W. PICKERSGILL) Dom. & Conf. re/a 1941 (1941)

OFFICE OF THE PRIME MINISTER

MEMORANDUM C182979

Notes

The Report itself is the result of a "blending of many minds" to produce a single view.

Commissioners started with varying attitudes but were able to reach agreement —

Read from Report —

Federal Cabinet - likewise far from a creed at the start of considerations; arrived conviction reached through study and discussion.

Personal reluctance to call Conference in wartime

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2

OFFICE OF THE PRIME MINISTER C182980

MEMORANDUM

Conference has demonstrated that provinces, too, start from many viewpoints; little to be gained by stressing differences; federal govt. not prepared to allow differences to destroy national unity

Provinces unanimous in support of war effort. All have agreed that federal govt. must take necessary war measures

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3

OFFICE OF THE PRIME MINISTER C182981

MEMORANDUM

Govt. not prepared
to take war measures
which will be essential
until every effort made
to reduce the adverse effects
on the provinces to
the minimum

Hence the Conference

We realized the responsibility
assumed in calling Conference
but we realized even
more the responsibility
we would have taken
if the Conference had
not been called

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4 C182982

OFFICE OF THE PRIME MINISTER

MEMORANDUM

Conference have:

Removed certain misconceptions as to true nature of the Report

Revealed difficulties of provinces

Since agreement clearly impossible at this stage no object in continuing Conference

It will be open to the provinces to have discussions resumed whenever they desire

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5 C182983

OFFICE OF THE PRIME MINISTER

MEMORANDUM

Federal court forced by the nature to consider these problems from national view point.

Provinces, ~~will seek~~ to with further study and consideration, may come to see the same realistic considerations which have influenced the federal court.

In any event, ~~the~~ a Conference will be essential/ immediately at end of war to meet post war problems.

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Dom Prov. Conf'ce 1941

C182984

IAN MACKENZIE TO WLMK (JAN. 1941)

Chief.

Mrs Bracken is presenting a very powerful Argument.

I. D. M.

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Hon Pres. Confce 1941

C182984

(1941 MAL) JIM-W UT DISARMAMENT

14.1.41

Mr. Ruiz

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(WLMK)gc. (JAN. 1941)

Dominion-Provincial Conference

January 15, 1941 Dom Prov. Conf'ce 1941

Confer with colleagues

C182985

Result of conference with colleagues

Inadvisable to attempt to continue proceedings at this time.

//

Position:

3 provinces for

3 " against

3 " non-committal though favourable to discuss.

Wait till provinces themselves more united.

Position of Commissioners:

Report ( )

Position of Government (~~Fed.~~ Quarte)

some for - against - war time

Minister of Finance strongly for

subsequently all united.

Maybe Provinces themselves will come to see position;

Stresses and strains will disclose themselves.

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Stern realities of facts may occasion a
desire to reconvene;

Fed. Govt. at a height to view

relations - Parliament Hill

all our affairs relate to provinces
prov. govts. concerned with thier own

Prov. Govt.

Provincial affairs

Will doubtless be brought into

closer accord

"All members one of another".

Responsibility for calling

" " not calling

Postpone findings and consideration of
Report till after war, and
when reconstruction demands
Meanwhile take steps necessary
Ready meanwhile to meet again.

Take advantage of presence of Ministers
to discuss matters.

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Not to force a solution - not to seek to find one

All agreed Report a peace time document - to consider then

One thing most satisfactory -

1. certain misconceptions of Report removed
2. Position of provinces known - our difficulties make further study possible
3. All provinces united in view of furthering the war effort.
4. All prepared to assist Fed. Govt. to give Govt. a free hand within our jurisdiction - to respond to our requests.

Thanks for this.

Evidence of national unity - fine demonstration of unity of purpose

Differences of means to attain end.

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Not for me to assign praise or blame
People of Canada will judge our
efforts;
they are the ones to whom qàll
governments responsible.

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W. H. MEASURES TO WLMK

JAN. 2, 1941
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WHM

C182989

T-205
1941
Commons
4-200
V.1
1941

Memorandum for Prime Minister

Dominion-Provincial Conference, 1941

Dinner by the Prime Minister of Canada, January 15.

Invitation List

Mr. D. A. Skelton states that the names of the representatives of the provinces are not yet available. He was asked several days ago to furnish the Prime Minister's office with a list, not only of the visitors but of the persons at Ottawa who will participate in the conference. Mr. Skelton has been informed that the matter is urgent.

Attached is a copy of the table seating plan of the dinner given by the Prime Minister at a previous Dominion-Provincial Conference, December 9, 1935. The number of guests was approximately 110.

Invitation Card

A draft invitation card is submitted for the Prime Minister's instructions. Instead of a engraved card which might be cheaper and quicker to have, a printed card, a sample of which is also attached, so marked.

A reservation has been made at the Country Club. Alternative menus will be submitted for approval.

(In view of difficulty of guests seeing the Prime Minister, and of Prime Minister seeing the guests, when he is speaking at the table, it might be well to ask the Country Club to remove for the occasion, the large ferns which hang from the veranda ceiling).

Government House January 14.

Colonel Willis O'Connor inquired as to what visitors the Governor General should include. I mentioned that the Prime Minister did not wish to suggest any limitation but that the Prime Minister thought that in addition to the Premiers, the Provincail Treasurers were important representatives. Colonel O'Connor thought that these two categories would make an appropriate total.

Colonel O'Connor asked about Dominion representation at this dinner. I mentioned, that the Prime Minister, the Chairmen of the Committees 12

W. H. MEASURES

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Press Release -

Dec 29

On Saturday last, the Prime Minister addressed the following communication regarding the Dominion-Provincial Conference to the Premiers of all the Provinces:

"My dear Premier:

The government has now had an opportunity of giving consideration to a procedure to facilitate the deliberations of the Conference with the Provinces to consider the recommendations of the Royal Commission on Dominion-Provincial Relations. In view of requests from several of the provinces, a proposed agenda which we will recommend to the Conference has been worked out and is outlined below.

I propose to open the Conference in a public session with a general statement of the Dominion's attitude to the Commission's recommendations, of the relation of these recommendations to the war and the post-war conditions with which Canada will inevitably be faced. I shall then invite the Premiers to express the views of the Provincial governments on the general principles embodied in the Commission's recommendations.

The purpose of the opening session of the Conference will be to provide an opportunity for general statements by the Federal and Provincial governments of their attitude toward the recommendations of the Report as a basis for a sound relationship between the Provinces and the Dominion and particularly as a means whereby the national war effort can be rendered most effective. I should like to emphasize the view of the government that the opening session should be confined to general statements and not to debate on points of detail or special circumstances. Ample opportunity will subsequently be afforded to consider all relevant issues.

Read for file 6/1/41

After the statements have been made at the General Conference, which will meet in the House of Commons at 10.00 A.M. on January 14, 1941, it is proposed that the Conference will then resolve itself into working committees, which will sit in camera. Verbatim records will be kept of all proceedings. The organization proposed is as follows:

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THE GENERAL CONFERENCE:

Chairman: Rt. Hon. W. L. Mackenzie King;
Members: All Dominion and Provincial delegates;
Secretary: Alex Skelton;
French Secretary: Paul Fontaine.

Finance Committee:

Chairman: Hon. J. L. Ilsley;
Members: Dominion Ministers to be selected;
Provincial Premiers and Treasurers;
Dominion and Provincial advisors;
Secretary: R. B. Bryce.

To review the Commission's Plan I in detail, discussing the proposed transfers of revenues and expenditures, the National Adjustment Grant mechanism, and the Finance Commission functions in successive stages. This Committee would meet in the mornings, and ad hoc sub-committees would be appointed by it to deal with details which might require clarification in the afternoons, reporting to the main Committee next morning.

Labour and Unemployment Committee:

Chairman: Hon. Norman A. McLarty;
Members: Dominion Ministers to be selected;
Provincial Ministers or delegates selected by their governments;
Dominion and Provincial advisors;
Secretary: A. MacNamara.

To discuss the Dominion's proposals to implement the Commission's recommendations for dealing with unemployed employables and the most efficient methods of co-ordinating provincial and municipal welfare services with Dominion unemployment insurance and employment services. This committee would also consider the Commission's recommendations concerning hours of labour, minimum wages and industrial disputes, and as well, the relations of the recommendations to the probable post-war problems and the preparatory steps which would be usefully taken now.

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Special Problems Committee:

Chairman: To be selected;
Members: Dominion Ministers to be selected;
Provincial Ministers or delegates selected by their governments;
Dominion and Provincial Advisors;
Secretary: J. A. Corry

To discuss the Commission's recommendations and suggestions dealing with agriculture and marketing, fisheries, insurance, company regulation, administrative economies, research and statistics, Dominion-Provincial conferences, Transportation and freight rates, interprovincial trade barriers, municipal reorganization, special claims by provinces, etc.

Constitutional Committee:

Chairman: Rt. Hon. Ernest Lapointe;
Members: Dominion Ministers to be selected;
Provincial Attorneys General;
Dominion and Provincial advisors;
Secretary: Brooke Claxton.

To discuss the methods by which the recommendations could be best implemented. It would, in addition, discuss other of the Commissions's recommendations which are primarily of a constitutional and legal nature, such as delegation of powers, consolidation of certain courts of appeal, implementation of I.L.O. conventions, etc.

Following the completion of the deliberations of these Committees the general Conference would then reconvene and hear their reports. Consideration would then be given to these reports and to methods of implementation.

It is hoped that the proposed method of procedure will be agreeable to yourself and to the delegation from

Yours sincerely,

(Sgd.) W. L. Mackenzie King".

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C182993 T-205

COMMUNIQUE DE PRESSE — Bureau du Premier Ministre

Samedi dernier, le 28, le Premier Ministre adressa la lettre suivante au sujet de la conférence entre le Dominion et les Provinces aux Premiers Ministres de toutes les Provinces :

"Mon cher Premier Ministre :

Le Gouvernement a eu l'occasion d'étudier une procédure qui faciliterait les délibérations à la Conférence avec les Provinces, au cours de laquelle on étudiera les recommandations de la Commission royale sur les relations entre le Dominion et les Provinces. Comme plusieurs provinces ont demandé des éclaircissements sur ce point, voici un agenda qui a été préparé et dont nous recommanderions l'adoption à la Conférence.

J'ai l'intention d'ouvrir la Conférence par une séance publique au cours de laquelle je ferai une déclaration d'ordre général sur l'attitude du Dominion vis-à-vis des recommandations de la Commission, sur la relation entre ces recommandations et la guerre ainsi que les conditions auxquelles le Canada devra nécessairement faire face dans la période d'après-guerre. J'inviterai alors les Premiers Ministres des Provinces à donner le point de vue des gouvernements provinciaux sur les principes exposés dans les recommandations de la Commission.

Le but de cette séance d'ouverture de la Conférence est de fournir une occasion aux Gouvernements fédéral et provinciaux de faire connaître leur attitude envers les recommandations du Rapport pris comme fondement des relations solides entre les Provinces et le Dominion et surtout pris comme une mesure par laquelle l'effort de guerre national gagnera le plus en efficacité. Je voudrais souligner que le Gouvernement a l'intention que l'on s'en tienne aux déclarations d'ordre général lors de cette séance d'ouverture et qu'on n'y soulève pas des points de détail ou encore des circonstances particulières. On aura plus tard tout le temps voulu pour discuter les questions qui pourront être soulevées.

Cette séance d'ouverture aura lieu à la Chambre des communes, le 14 janvier, à 10 heures a.m., 1941. Aussitôt après, on propose que la Conférence se constitue en comités qui siégeront in camera. On dressera un compte-rendu mot pour mot de ces séances. Voici comment elles siégeront :

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SEANCE D'OUVERTURE

Président : Très honorable W. L. Mackenzie King;
Membres : Tous les délégués fédéraux et provinciaux;
Secrétaire: Alex Skelton;
Secrétaire français : Paul Fontaine.

Comité des finances

Président : Honorable J. L. Ilsley;
Membres : Ministres fédéraux à choisir,
Premiers Ministres et trésoriers provinciaux,
Aviseurs fédéraux et provinciaux.
Secrétaire: R. B. Bryce

Ce comité examinera en détail et par étapes successives le plan no I de la Commission, discutera la formule du transfert des revenus et des dépenses, le mécanisme de l'ajustement des subventions et les fonctions de la Commission des finances. Ce comité se réunirait durant les matinées; on verrait à la nomination de sous-comités qui, au cours des après-midi, pourraient se réunir pour discuter les points de détail et faire leur rapport au comité le lendemain matin.

Comité du travail et du chômage

Président : Hon. Norman A. McLarty,
Membres : Ministres fédéraux à choisir,
Ministres provinciaux ou délégués choisis par les gouvernements,
Aviseurs fédéraux et provinciaux.
Secrétaire: A. MacNamara.

Ce comité examinera les propositions du Dominion visant à l'adoption des recommandations de la Commission ayant trait aux chômeurs aptes au travail, aux méthodes de coordination des organisations provinciales et municipales de bien-être avec les services d'emploi du Dominion et l'assurance-chômage. Ce comité considérera également les recommandations de la Commission au sujet des heures de travail, des salaires minima et les disputes survenant dans l'industrie, ainsi que le rapport entre les recommandations de la Commission et les problèmes que suscitera probablement l'après-guerre, ainsi que les mesures qui pourraient être prises avec utilité dès à présent.

Comité spécial

Président : A choisir.
Membres : Ministres fédéraux à choisir,

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Ministres provinciaux ou délégués choisis par les gouvernements,
Aviseurs fédéraux et provinciaux.
Secrétaire: J. A. Corry

Ce comité examinera les recommandations de la Commission pour ce qui a trait à l'agriculture et ses marchés, les pêcheries, l'assurance, les réglements des compagnies, l'économie dans l'administration, les recherches et la statistique, les conférences entre le Dominion et les Provinces, le transport et les taux de fret, les barrières élevées contre le commerce interprovincial, la réorganisation des municipalités, les réclamations particulières des provinces, etc.

Comité constitutionnel

Président : Très honorable Ernest Lapointe;
Membres : Ministres fédéraux à choisir,
Procureurs généraux des provinces,
Aviseurs fédéraux et provinciaux
Secrétaire: Brooke Claxton.

Ce comité examinera la façon dont les recommandations pourraient être adoptées. En outre, il discutera toutes les autres recommandations de la Commission qui ont un caractère légal et constitutionnel telles que la délégation des pouvoirs, la consolidation de certaines cours d'appel, l'adoption des conventions de l'I.L.O., etc.

Après que ces comités auront fini de délibérer, la Conférence générale se réunira de nouveau pour entendre les rapports qui seront alors étudiés ainsi que les méthodes à suivre pour les adopter.

Nous espérons que cette façon de procéder vous conviendra ainsi qu'à la délégation de.....

Votre tout dévoué,

(signé) W. L. Mackenzie King.

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L.W. BROCKINGTON TO WLMK JAN. 6, 1941

Dom-Prov. Conf'ce 1941.

Brockington re Memo - Jany 6 - 1941

C182996

MEMORANDUM FOR THE PRIME MINISTER:

I am attaching, for your information, the following:

-- (a) A brief outline of the Sirois Commission's recommendations and the conditions which led up to their appointment and their recommendations.

-- (b) A very brief preliminary analysis of your proposed opening speech.

-- (c) A short account of the recorded proceedings of the Central Committee which will meet to-day, Monday, for further action and report.

Immediately after the meeting of the Central Committee and with the assistance of the material which will be available at that time, I will deliver to you:

(1) An up-to-date account of the Committee's activities.

(2) A synopsis of the criticisms advanced against the adoption of the Report hitherto and brief answers.

(3) A preliminary draft of your speech based upon material already available and additional data which the Committee wishes to supply this afternoon.

Respectfully, LuB

6.1.41

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Sirois Report

C182997

MEMORANDUM FOR THE PRIME MINISTER:

Here is the briefest possible analysis of the major recommendations of the Sirois Commission, which I think you might like as an aid to memory.

What the Commission was asked to do:

The Order in Council appointing the Commission drew attention to the growth of the responsibilities of the various governments as a result of social and economic developments since 1867. The Commission, therefore, was asked to perform the following main tasks:

(a) To re-examine the economic and financial basis for federation and the distribution of legislative powers in the light of the economic and social developments of the last 75 years.

(b) To examine the constitutional allocation of revenue sources and governmental burdens, the past result of such allocation and their present suitability.

(c) To investigate the character and the amount of taxes collected from the peopbe of Canada. To determine whether the system is as equitable and as efficient as could be devised.

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(d) To determine the ability of the Dominion and provincial governments to discharge their responsibilities within the present framework or on the basis of some reformation of the existing system.

(e) To investigate Dominion subsidies and grants.

Personnel of the Commission:

The Right Honourable N. W. Rowell, Chairman (resigned on account of ill health)

Dr. Joseph Sirois (appointed Chairman after resignation of Mr. Rowell)

John W. Dafoe

Professor R. A. McKay

Professor R. H. Angus

The Commission was aided by a veritable army of experts. Its conclusions were unanimous and represented not prejudices but judicial conclusions arrived at after independent study and the reconcilliation of what began by being a variety and multiplicity of thought and opinion in the minds of the several commissioners.

What were the circumstances that led to the appointment of the Commission:

The circumstances leading to the appointment of

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the Commission were, of course, the vast changes in Canadian economy since Confederation, burdens of the depression which Canada shared with the world and the difficulties arising from the following particular Canadian conditions.

(a) Threatened bankruptcy of several of the large cities and of several provinces.

(b) Maladjustment of various functions between the Dominion and the provincial governments.

(c) The inability to deal efficiently and equitably with social problems.

(d) Mass unemployment and the inability of local authorities to deal with it.

(e) Friction and waste in government machinery.

(f) Division of powers and responsibilities between various governments had been confused by the vicissitudes of time and a mass of legal decisions.

(g) The inability of bankrupt provincial governments to provide for education, social services, care of the sick and modern highway systems.

(h) In the case of the West in particular, and of Canada in general, the above difficulties had

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been intensified by a cessation of immigration, over-development to meet increases in population estimated but not materialized, and the loss of international wheat markets.

How the Commission met the problem:

The problem was met with amazing thoroughness and an exhaustive study of the general constitution and economic position of Canada and her provinces. Detailed attention was given to constitutional problems, unemployment, public health, social services, public finance, education, housing conditions, monetary policy and inequalities of income distribution.

What the Commission found:

(a) The Commission found serious inequities in taxation, particularly between taxpayers with the same income in different localities.

(b) Inefficiency and unnecessary expense in tax collection.

(c) A tendency to tax costs, instead of net income and surplus.

(d) Actual and threatened discrimination against corporations with head offices outside the taxing province.

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(e) The inability of municipal and provincial governments to deal with the problem of mass unemployment.

(f) Serious inequities in the costs and incidence of education, public health and other social services.

(g) A grave impediment to national development and progress because of the division of powers of taxation, etc.

(h) Inability of the provinces to meet their existing obligations and to provide social, educational and other services for their citizens, of uniform average quality.

(i) The justification for the old system of subsidies had disappeared.

What the Commission recommended:

I deal only with plan (one) which seems to be the only material part of the report of which implementation is generally considered and strongly recommended.

1. The Dominion to assume the servicing, both as to capital and interest, of provincial and provincially guaranteed debts, subject to the special arrangement as to the assumption of 40% of municipal debt, owing to special circumstances, in the Province of Quebec.

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2. All future borrowings of provinces upon Dominion's credit to be subject to control and approval by a Central Financial Council.

3. The assumption by the Dominion Government of the cost of the relief of all unemployed employables.

4. The Dominion to assume responsibility for making direct advances to primary industries and producers in case of national emergency such as crop failures.

5. The abolition of subsidies and the payment in lieu thereof of scientifically adjusted grants on a new principle, the main feature of which is the granting of relief by way of subsidy to any provincial government that cannot balance its budget, with average taxation, to pay for social and similar services on a national average.

6. In return for the above concessions, the Dominion Government to be granted the exclusive right to levy and collect income taxes, succession duties and corporation taxes, the latter, however, to be subject

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to a 10% rebate payable to individual provinces in respect of taxes upon companies engaged in mining, smelting and refining of ores and oils produced in the provinces affected.

There are, of course, a number of agricultural and other proposals but these, I believe, are the main ones.

Predicted results of Report's adoption:

The following results, amongst others, would seem to be the naturally beneficial results of adoption:

1. Tax burdens would be spread on a juster and fairer basis and the present inequities of income distribution and income burdens amongst various classes of taxpayers would tend to be equalized.

2. The provinces would be saved from bankruptcy and thereby to a large extent from the partial loss of autonomy that must inevitably follow insolvency.

3. Social services would be continued, at least on an adequate average basis, and no calamity to any province will prevent the continuance of social services on an average basis and deny education, relief and medical services to any citizen.

4. The removal of burdens on real estate in cities,

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due to the assumption of unemployment relief, would tend to cut taxes and encourage new building.

5. The assumption of provincial debt, the extension and expansion of special subsidies in case of emergencies and calamities, would prevent the existence of distressed areas.

6. The consolidation of the major taxing powers would save money to the taxpayers at large.

7. The consolidation of taxing powers in the Dominion Government would enable the Dominion Government to finance the stresses and strains of war. (This, of course, must be greatly elaborated)

8. The adoption of the report would re-mold and strengthen federation and advance national unity.

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5.1.41

PRELIMINARY SPEECH OUTLINE

MEMORANDUM FOR THE PRIME MINISTER: C183005

In considering the contents of your speech, I venture to draw to your attention at the outset some of the salient passages from the letters which you have already sent to the provincial premiers calling the conference.

In your letter of November the 2nd:

> "The Report commends itself strongly to our judgment. We believe that no time should be lost in arranging for a conference with the Provinces, in order to secure, if possible, the adoption of the Commission's recommendations.
>
> "The war has intensified the problem and emphasized the urgency of its solution. While the cost of unemployment relief has been reduced, the war has cast additional burdens on governments and taxpayers alike. It has inevitably increased the competition between governments to secure revenues, and has aggravated the overlapping, cumbersome and discriminatory character of much of our tax structure. Sometimes the competitive effort to secure revenues has resulted in struggles between the Dominion and the Provinces; sometimes, in conflicts between the provinces themselves. If this situation continues, the war effort itself will inevitably be hampered. I know that you share the view that the goal of Canada's war effort can be nothing less than the most effective organization of all our resources and a real equality of sacrifice. Under present conditions, this goal is unattainable. So long as they continue, we will not be able to put forth our maximum productive effort to win the war, nor distribute its cost justly and fairly.
>
> "We must think first of winning the war, but we cannot afford to neglect the future. To those who experienced the acute dislocation following the last war, and the prolonged depression of the '30's, the point needs no labouring. We are not

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now in a position to provide for the more thorough-going social, economic and financial adjustments which will be necessary after this war. I think you will agree that the Canadian people, and particularly those who will bear the brunt of the burden resulting from the inadequacy of present constitutional arrangements, will not calmly accept this situation.

"It is the view of the government that adoption of the Commission's recommendations is necessary to put our country in a position to pursue a policy which will achieve the maximum war effort and, at the same time, to lay a sound foundation for post-war reconstruction."

In your letter of December the 28th:

"I propose to open the Conference in a public session with a general statement of the Dominion's attitude to the Commission's recommendations, of the relation of these recommendations to the war and the post-war conditions with which Canada will inevitably be faced. I shall then invite the Premiers to express the views of the Provincial governments on the general principles embodied in the Commission's recommendations.

"The purpose of the opening session of the Conference will be to provide an opportunity for general statements by the Federal and Provincial governments of their attitude toward the recommendations of the Report as a basis for a sound relationship between the Provinces and the Dominion, and particularly as a means whereby the national war effort can be rendered most effective. I should like to emphasize the view of the government that the opening session should be confined to general statements, and not to debate on points of detail or special circumstances. Ample opportunity will subsequently be afforded to consider all relevant issues."

I presume that the arguments advanced in your letter of November the 2nd the procedure indicated in your letter of December the 28th, will govern the structure of your speech.

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I respectfully suggest the following for a skeleton outline:

1. Words of welcome.
2. Appreciation of the work of the Commission, its thoroughness, its scientific approach. This tribute should include expressions of regret concerning the illness of Mr. Rowell and Dr. Sirois.
3. A definition of our national economy, in terms of national unity, stressing the need of recasting the former and maintaining the latter.
4. A general analysis of the importance of the report, interpreted in terms of war finance. This will involve a brief but frank discussion of our financial war needs.
5. A general indication of the importance of the report, in terms of post-war rehabilitation.

"There could be no higher tribute to the vitality of the social purpose which inspires Canadian democracy than the widespread recognition that the far-reaching proposals contained in the Rowell-Sirois Report have acquired an increased and more urgent importance under the strains and stresses of war, in anticipation of 'the critical transition from war to peace again'."

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6. Refutation of the suggestion that the proposals are designed to benefit financial interests, stressing the human and social aspects. The social and educational welfare of every man and woman in Canada is the concern of every Canadian.

> "The Rowell-Sirois Report (the report of the recent Canadian Royal Commission on Dominion-Provincial Relations) is of far-reaching significance at the present time as an eloquent re-affirmation of the democratic faith in sustained social progress based upon an economic reorganization which respects human freedom in spheres 'which are primarily cultural and social'.
>
> "As regards the problems created by the development of an internationally interdependent industrial economy, Canada, with its diversity of cultural traditions and economic conditions and its federal political system, has been a microcosm of the world at large. ..... The Report, ... is one of the most significant contributions yet made to the discussion of European and internation reconstruction after the war." "International Labour Review"

7. General references to the Liberal recognition of essential provincial autonomy, and the determination of the government to maintain it.

8. A plea for continuation of national unity as the guarantee of strength in war and of strength in peace.

9. The declaration that the success of the Conference, while essentially desired by the Federal Government, must depend inevitably upon the practical unanimity of the provinces on all essential points.

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C183009

10. A general indicate of procedure as outlined in your letter of December the 28th.

11. Reiteration on subject of war effort, human, social and education needs, and national unity.

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C183010

CENTRAL COMMITTEE

Membership:

Chairman: Dr. Clark

Members: Dr. O. D. Skelton
Mr. Graham Towers
Professor McIntosh
Mr. F. P. Varcoe, Dept. of Justice
Dr. Sirois (absent through illness)
Dr. Bryce Stewart (subsequently added)

Secretary: Alex Skelton

Assistant Secretary: Paul Fontaine

Meetings to date:

The Committee has apparently met on November the 15th, 1940, on December the 16th, 1940, and proposes to meet to-morrow, on January the 6th, at 2:30 p.m. This last meeting had been previously postponed on account of the illness of several of the members.

Meeting of November the 15th:

At this meeting, the preparatory work for the Conference was discussed and the following sub-divisions of presentation and labour were adopted:

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C183011

1. Restatement of the general case for the recommendations in the light of war conditions and post-war prospects.

The various arguments, as modified and reconstituted by criticisms already offered, are in course of summarization, and will be presented at the meeting to-morrow afternoon, January the 6th. As they will necessarily form the most substantial part of your remarks, they will be given to me for arrangement and presentation to you.

2. Revision up to the present time of public finance statistics, national income statistics and the general proposals of plan 1 of the report (which is the plan recommended for adoption).

Mr. J. C. Thompson, who is responsible for federal, provincial and municipal statistics of the report itself, has been re-engaged to do this work. I understand that he has a considerable staff preparing a complete picture of what the adoption of the report will mean in terms of the finance and revenues of each of the provinces and of the Dominion of Canada. For example, prior to the publication of the report, it was concluded that its adoption would, in conditions then prevailing, cost the Dominion Government 45 million dollars per annum.

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This figure, of course, will be revised and calculations will be made of the future war needs of the Dominion and the manner which they will be met by additional revenues from the proposed new fields of succession duties and corporation taxes and from the enlarged field of income taxation, which, it is proposed, should be occupied solely by the Dominion.

3. It was decided to prepare the various details--financial, constitutional, administrative and economic--dealing with the following matters:

(a) The provisions concerning future borrowing by the provinces.

(b) The methods of calculating emergency grants and compensatory subsidies.

(c) Tax transfers and rebates in connection with mining companies.,

(d) Dominion relief organization and its relation to the Unemployment Insurance scheme.

(e) Situation of the controlling finance commission.

(f) The constitutional and legal implications of the implementation of the recommendations.

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C183013

Meeting of December the 18th:

At this meeting, Mr. Varcoe dealt with those recommendations of the report which might call for legislative amendments or other legal action. There was a progress report by the Secretary on the preparatory work done. Dr. Bryce Stewart was invited to become a member of the Committee. A tentative agenda was also submitted and an outline of procedure, all of which were included in the recommendation on which you based your letter to the Premiers of December the 28th. A report was submitted supporting Dr. Bryce Stewart's recommendations concerning unemployment relief matters. This report was evolved, I understand, after a conference with yourself.

I attach, for your information, a copy of Dr. Bryce Stewart's memorandum to his Minister.

The other matters discussed were largely details of administration, place of meeting, and question of admitting further representations and restricting attendance to direct government representatives.

It was reported that all requested financial material was coming in satisfactorily, with the exception of British Columbia, whose finance minister would not promise his material before the conference itself.

I will make a complete report of the situation as it stands to-day at Monday's meeting which, in accordance with your instructions, I will attend.

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L.W. BROCKINGTON TO WLMK ✓ Dom-Prov. Conf'ce 1941

LWB/MP
7.1.41

C183014 JAN. 7, 1941

MEMORANDUM FOR THE PRIME MINISTER:

Dr. Clark, Mr. Alex. Skelton, Mr. Pickersgill and I, (assisted for a time by Mr. Ilsley) have spent a number of hours this evening in consideration of the contents of your speech.

I am attaching a number of provisional notes in which Mr. Skelton has roughly sketched the Committee's views. They should be read in conjunction with the proposed analysis which I sent you yesterday. (It will be noted that sections 3-A and 3-B, which are considered the most important, are not elaborated and cannot be elaborated until the results of calculations in progress are known.) I am using these notes as the basis for a very preliminary draft of a proposed speech, which will be ready as soon as possible. As the matter to be covered is both complicated and extensive, your indulgence is respectfully requested.

It is the opinion of the Central Committee that your speech cannot very well be less than an hour in duration; that while it will inevitably contain a number of general remarks on the subject of national unity, Canadianism, the preservation of provincial

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autonomy, human values, the historic and economic importance of reconfederation and other cognate matters, it must deal with an analysis of the Commission's recommendations and particularly their application to war and post war problems.

It is considered extremely important that the effect on the Dominion budget and on provincial budgets, if the recommendations are adopted and if the recommendations are not adopted, should be clearly set forth. The gains and the losses should be balanced and with the alternative probabilities made public in your opening statement. This seems to me to be the crux of the Conference, - that you should show clearly at the opening that in terms of money and financial strength the adoption of the Report is necessary, firstly, as a war measure and, secondly, and no less important, as a post war measure. The second can be stressed in terms something similar to President Roosevelt's declaration in today's speech about the home front and the maintenance of human values amid the distractions of war.

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C183016

I. Introductory, and Commission background.

The national and historic importance of the occasion.

The great change in circumstances since the Commission first sat.

The Commission itself worked in the shadow of these changes and bent its efforts to preparing an elastic plan that would be appropriate to unusual stresses and strains and sudden emergencies which would demand the maximum and best organized effort of which we are capable without endangering the essential federal nature of our Dominion.

What is the change?

Briefly that the threat to this Dominion arising from the collapse of internal trade which was foremost in our thoughts when the Commission appointed has been replaced by the menace of the inevitable successor of economic collapse, ruthless and destructive total war. The threat to our Dominion, which was fundamentally and vitally serious when the Commission was appointed, has since been revealed even more clearly and is evident to all as a stark life or death struggle.

When we say the Dominion is threatened - as it was in the thirties by economic collapse, as it is now by open war - what do we mean? We mean that the basic principles of democracy - our determination that every Canadian will have

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an equal right and an equal opportunity to make his way; that, in support of this, every Canadian will have equal measures of justice, and freedom of expression, and a basic degree of economic security and share of the welfare and educational amenities modern society affords - that these basic principles are in terrible danger, and that Canadian governments find themselves in a constitutional straight jacket which seriously hampers their efforts to meet the danger effectively.

Let us say that we are fighting today, not only for preservation of what the Canadian, and the democratic way of doing things has meant to us in the past, but for a broadening and modernization of our finest ideals. We all know that it is not enough to oppose Hitler with more tanks and planes - we must also oppose him with a finer and better conception of life, and - mark you well - with a more efficient method of realizing it. And that is why a Royal Commission Report - a Report that is able, thorough, and honest, which reveals gross inefficiencies and inequities in our present system calls even more urgently for action today than it might under peace time conditions. Constructive action on the home front is as vitally necessary to the success of our cause as spectacular naval, military and air successes in Europe and Africa - and it is for that purpose you gentlemen are assembled here.

Ref to general support Report has received.

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II. Financing the War.

In addition to the fundamental principles and ideals for which we are fighting and the objectives we must set ourselves, there are some practical considerations which make it impossible to delay reform of our general governmental system and particularly our federal fiscal system.

Wars are fought and won not only with men and shells and bombs and ships, but with dollars, and with competent organization behind the lines. We are fortunate in being far behind the lines - quite out of the personal danger zone, and to only an infinitesimal degree, in comparison with the rationed populations of Europe, in the personal inconvenience zone. But while we do not have to submit to nightly bombing, and daily queuing up for a few ounces of necessities, our obligation to assure the maximum possible effort from Canadian resources is in no whit diminished.

Let us, consequently, have a little honest soul searching. Is a division of powers and responsibilities which proved inefficient and obsolete in time of peace likely to be the best attainable in time of war? As light on this all important problem, let us review the realities of war financing.

Apart from external borrowing, a war must be fought and paid for from the current production of goods and services. But it is of basic importance to the extent of the war effort whether our industrial and financial machinery for

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diverting goods and services to the war is as efficient and equitable as it can be, and equally of importance to the public welfare just what are the methods used to finance this diversion.

Essai sur nos lieux de Haas myth

Briefly, there are three - taxation, borrowing and inflation. The distinctions between these are not absolutely clear cut - for example, some taxation may be inflationary; some borrowing may be inflationary; and inflation is simply an arbitrary and inequitable form of taxation. And no war finance program is likely to rely on any one form exclusively.

Inflation is the easiest way. It is also the most inefficient and the most inequitable way. It is inefficient because, although it strips the labouring man or salaried man or other recipient of a relatively fixed income, it diverts purchasing power to the successful entrepreneur or speculator and puts him in a position to bid against the government for necessary goods and services. As a measure of its inefficiency it is interesting to note that in every major war, the country which adopted one greater degree of inflation was the loser. The inequity of inflation is clear, because it is in essence a tax on those in the weakest bargaining position, but its superficial attraction, with the everlasting appeal of something for nothing, is equally apparent.

Borrowing, as a method of diverting goods and services to the use of the government, is limited to the willingness of

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the individual to reduce his standard of living and lend the equivalent goods and services to the government. Some individuals will do this as far as humanly possible; many will do it to a limited extent; and some will fail completely to see the necessary relationship between real personal sacrifices and the maximum war effort. Borrowing is consequently neither an efficient or an equitable way of financing the war, although it appears as a necessary expedient in every war budget.

The most difficult, because it is the most immediately unpopular way is by taxation. It is also the most efficient and equitable way, and the method which creates the fewest maladjustments and future problems. The more direct the taxation, the more nearly the ideals of equity and efficiency are realized, and the more nearly can the objective be achieved of maximum diversion of resources to war purposes. But to use taxation, and particularly the modern instruments of direct and scientifically scaled progressive taxation, as effectively as possible, a ~~single~~ taxing authority with comprehensive national jurisdiction is an elementary essential. The existing division, conflict and overlapping of taxation powers in Canada is, of course, one of the salient weaknesses in the present Canadian taxation system in time of either peace or war, and is one which the Commission felt almost no price was too high to abolish. Even less today than when the Commission Report was written can

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either Canadian governments or Canadian taxpayers afford to perpetuate the existing system. For I may say quite bluntly that unless the federal government in this Dominion has exclusive control of such national taxes as income taxes, succession duties and corporation taxes we cannot pretend that we are contributing or can possible be in a position to contribute our maximum effort to the war, nor can we, if we make any substantial effort whatever, hope to avoid serious and disastrous inflation.

This is a serious statement, but if you think it extreme let me tell you something of our current war expenditures, of our commitments, and of the future as far as we can see it in relation to our resources. We are now spending three million dollars a day on the war - more than twelve times the total yield of the taxes which the provinces now levy on incomes, estates and inheritances, and corporations. In fact, it will take the total yield of these taxes, as now levied by the provinces, to pay the interest alone on this year's and next year's war expenditures, and if we can spend more, we will. And we have no reason for expecting that the war will finish next year, nor have we any reason for believing that when the war does finish we shall not have continuing defence commitments which may run to very large sums indeed.

Income in some sections of Canada will, as a result of war activities, rise; in other sections of Canada, it will, as

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as a result of war dislocations, fall; War and government expenditures will take, on the average, fifty cents out of every dollar of that total income. And it is this government's intention to see that that war expenditures, and the continiung liability, be distributed as equitably in relation to capacity to bear it, and as equitably in relation to the fortuitous gains and losses of the war in different parts of this country, as it is humanly possible to make it.

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III. The Commission's Recommendations

(1) Assumption of provincial debts

-- Removal of dead weight burden from people of areas incapable of bearing it.

-- Possibility of savings to Canadian tax-payers through refunding.

-- Strengthening of Canadian credit by removing danger of provincial defaults.

(2) Assumption of relief for able-bodied unemployed and their dependents

-- Unsatisfactory experience of the thirties.

-- Illogical incidence of present responsibility (heaviest burden necessarily falls on the jurisdictions least capable of bearing it).

-- Impossibility of dealing with unemployment as a national economic problem on present basis

(3) Tax transfers to Dominion

-- Only way by which Dominion can be put in a position to finance present war equitably and efficiently.

-- Removes discriminatory and double taxation.

-- Makes possible reform of whole Canadian taxation system and resulting benefit to business and national income.

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(4) Subsidies and national adjustment grants

-- Replaces present chaotic and illogical subsidy system - product of historical accident and political log rolling - with scientifically determined grants which put every province in a position to supply at least average standards of education and welfare services to citizens, regardless of where they live at no greater than average severity of taxation.

Any of these recommendations taken alone can be shown to work out very disadvantageously to some province, they must be taken as a whole, and, taken as a whole, they make a pattern which assures every Canadian certain basic minimum rights as a Canadian citizen, and exacts from every Canadian his contribution in relation to his capacity to bear it.

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III-A Effect on Dominion Budget

-- Increased expenditures (relief and debt service) - and possibilities for economies in them.

-- Increased revenues (income taxes, succession duties and corporation taxes) and possibilities of increasing them with no greater burden on taxpayers.

-- Forecast of 1941-2 budget

-- If Plan 1 adopted

-- If Plan 1 not adopted --

Dominion will be driven to invade provincial tax fields in any case.

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III-B Effect on Provincial Budgets

Gains -- relief from most rigid and uncontrollable item of debt service and from widely fluctuating item of relief.

Losses - Provincial taxes made up for in every instance by Dominion assumption of larger liabilities.

- Forecast of provincial budgets
  -- If Plan 1 adopted
  -- If Plan 1 not adopted - and Dominion invades provincial tax fields.

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IV. Post War Problems

Financial: Heavy war debt and continuing defence obligations (Hemisphere Defence - Canada to hold its end up?) on Dominion.

Economic: Drastic economic probably necessary - decline of mushroom armament business - loss of former primary export markets - intensified competition in small remaining international markets.

Social: Mass unemployment -- new social demands from a war generation who will not be satisfied to be given the run around as they were in the thirties.

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V. Summary

(1) So, in summary, the Dominion thinks the recommendations now essential. But it is not forcing them on the provinces. Although accused of centralization and dictatorial methods it is because this government is opposed to centralization the Conference has been called.

(2) Allow me to make a few simple points very bluntly and clearly. There is no shadow of doubt of the federal government's power to levy what taxes it wishes to and take whatever other steps it may consider necessary in the national emergency of war. Nor is there a shadow of doubt of the urgency of drastic steps today. But this government's concern for the federal system and provincial autonomy has led it to call this conference with the conviction that representative Canadians will find it possible to sink petty differences and agree in the shadow of a national emergency such as the present.

But this government would be failing in its duty if the alternative were not made clear. It is not a case of accepting the Plan or maintaining the status quo. It is a case of accepting the Plan, by which the provinces surrender certain taxes in return for guarantees of real

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provincial fiscal autonomy, or of forcing the Dominion, regretfully, to take the taxes.

And this government thinks the recommendation will now be accepted for this is a striking test of our Canadianism, and an opportunity to reaffirm our belief in the democratic process.

To conclude, nothing would be easier than to sabotage this Conference; nothing would be easier than for the Dominion to ride roughshod over provincial rights under the urgency of war conditions, but it is because we believe democracies can act as effectively and as efficiently as any totalitarian states when their citizens are aroused that we prefer to put our confidence in the democratic way.

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JAN. 9, 1941

OFFICE OF THE CLERK OF THE PRIVY COUNCIL

Dom-Prov Conf'ce 1941

MEMORANDUM

C183030

FOR THE PRIME MINISTER:

The attached folder contains material on the Report of the Royal Commission on Dominion-Provincial Relations, which you may find useful for purposes of ready reference during the coming Conference.

From time to time, I shall send you additional material for this folder, and, within the course of the next few days, I hope to place in your hands such items as -

(1) J. A. Corry's articles on the Report in the "Canadian Banker".

(2) R. M. Fowler's pamphlet "Confederation Marches On."

(3) S. A. Saunders' and E. Back's summary and criticism of the Report.

(4) A summary of the financial aspects of the Report by R. B. Bryce of the Department of Finance.

A. D. P. H.

A. D. P. HEENEY.

9.1.41

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L.W. BROCKINGTON TO W.L.M.K. Dom./Prov. Conf'ce 1941
JAN. 9, 1941

9.1.41

C183031

MEMORANDUM FOR THE PRIME MINISTER:

Mr. Pickersgill and I herewith submit a preliminary draft which will require:

(1) The insertion, either as a separate section or by scattered sections, of the material ~~to be~~ being drafted by Mr. Skelton and his associates, based upon the Finance Minister's forecast of Dominion and Provincial income.

(2) A considerable re-arrangement will be necessary in any event.

(3) Many of the salient points will no doubt need to be stated more strongly and succinctly.

Mr. Pickersgill and I have, however, felt that you would prefer at this time to have this preliminary draft, however rough and unfinished it may be.

L. W. B.

L.W. BROCKINGTON

As mentioned to the Prime Minister, the concluding pages, about five, will be ready before Council.
√ WLP

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O.D. SKELTON TO (WLMK)

10th January, 1941

C183032

PROVINCIAL CONFERENCE

I have read through the draft statement of your opening address in the light of your observations last evening.

The address is an eloquent statement of the case, but I entirely agree that the approach should be more conciliatory and pitched generally in a lower key. The success of the conference can only be obtained by agreement.

It is, however, one thing not to try to force a solution on the provinces and another to say that we won't try to find a solution. The problem is there. The Dominion called attention to it, appointed a Commission, and in general terms has approved the Commission's recommendations. It is true the recommendations are at least as much in the interests of the provinces as of the Dominion, but that does not obviate the fact that the primary responsibility for trying to find a solution is the Dominion's.

In reviewing the origin of the conference, it might perhaps be emphasized that the Dominion Government did not create the problem and was not the chief sufferer by it. It recognized the existence of a serious national problem and sought to facilitate its solution by the appointment of a Commission.

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The Commission have stated the problem clearly. They have shown how in a rapidly changing world the position of Canada has changed; how the greater interdependence and instability of international trade have affected particularly a country like Canada, which is so closely geared to international markets; and how the changing industrial structure and changing standards of social obligation have created difficult internal problems which did not exist two generations ago. The Commission have worked out a carefully balanced solution, presenting what they consider the minimum of change necessary to effect a substantial improvement in the ability of the various governments of Canada to perform their needed services.

I understand there is a feeling that the letter of November 7th went too far in its statement that "adoption of the Commission's recommendations is necessary to put our country in a position to pursue, etc" . The letter cannot be altered now; possibly a slightly different emphasis might be given. It might be said that the Government believe that the Commissioners performed a fine service in their report; that the proposals provide a fair and helpful basis for a solution. That does not mean that the report is the last word, much less that the Dominion has any thought of trying to impose a solution. If a better solution can be

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found, it will be welcome, but no solution could be adequate which does not recognize the real difficulties with which Canada is faced, and which does not take into account the suggestions made by the Commission for their solution.

As regards the war, investigation was made while the country was still at peace. In view of the overwhelming importance and necessity of the war effort, the Government would not have called this conference in war time if it had not been convinced that the war had intensified the difficulties with which the report deals,and increased the necessity of finding a solution if the war effort,as well as peace objectives, are to attain their maximum effectiveness.

Obviously,so far as the fiscal relationships are concerned, the main effect of the war now and for years to come will be to increase vastly in amount the revenues which the Dominion will require for the conduct of the war, and increase the proportion of available public funds which will be required for this Dominion obligation. In some way or other, the Dominion will have to find these revenues if Canada is to take her full part in this decisive and fateful struggle. The Dominion Government,however, is not concerned merely with its own immediate problems. Many of the provinces will continue to meet difficulty and meet it in

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accentuated measure in maintaining with the resources at their disposal minimum standards of decency in education and social services. Obviously it would be more difficult for the Dominion, in view of its new and vast war burdens, to co-operate in finding a solution for these provincial activities than would have been the case in peace time. In spite of that consideration, the Dominion is prepared to make every effort in this direction, of course as part of a general scheme of financial revision.

I think a great part of the reference to provincial autonomy is essential.

Doubtless a good deal of the discussion regarding inflation, borrowing and taxation is not appropriate in this first address, but I think it probably will be needed at some stage in the proceedings. I should be greatly surprised if Mr.Aberhart and Mr.Hepburn do not make some vague suggestion or scheme for paying for the war painlessly.

I assume the Dominion would not propose to accept the responsibility for unemployment relief, if not accompanied by a revision of obligations in other directions.

It does not seem to be necessary to refer in the opening speeches to the minimum programme that might be accepted as the result of the conference, e.g. a provincial conference once a year. Such a reference at the opening

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would rather assume and invite defeat, and provide an alibi for any province that wants to have one.

As regards procedure, e.g. public or secret sessions, could that and other matters be considered in a small executive session, say of two Ministers from each province and three from the Dominion.

O.D.

O. D. SKELTON

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OFFICE OF THE PRIME MINISTER

MEMORANDUM

C183037

FOR THE PRIME MINISTER:

~~A day or two~~ ago I sent to the Prime Minister details, seating plan etc. of the Dominion-Provincial Conference, prepared by Dr. Coleman.

These plans are now in my possession and I am a little in doubt as to whether any word of concurrence has been, or should be sent back to Dr. Coleman.

W.J.T.

Jan. 10, 1941

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C183038

REPRESENTATIVES OF THE DOMINION

MR. ALEX. SKELTON

REPRESENTATIVES OF THE DOMINION

MR. PAUL FONTAINE

REPRESENTATIVES OF THE DOMINION

REPRESENTATIVES OF THE DOMINION.

ONTARIO
MINISTERS AND ADVISERS

HON. R. DANDURAND / RT. HON. ERNEST LAPOINTE

RT. HON. W. L. MACKENZIE KING

HON. T. A. CRERAR / HON. R. J. A. CARDIN

QUEBEC
MINISTERS AND ADVISERS

NOVA SCOTIA
MINISTERS AND ADVISERS

HON. J. L. ILSLEY / HON. J. G. GARDINER

HON. M. F. HEPBURN

HON. J. A. GODBOUT

HON. A. S. MACMILLAN

HON. J. B. MCNAIR

HON. J. D. PATTULLO

HON. JOHN BRACKEN

HON. W. J. PATTERSON

HON. WM. ABERHART

HON. T. A. CAMPBELL

HON. J. E. MICHAUD / HON. N. A. MCLARTY

NEW BRUNSWICK
MINISTERS AND ADVISERS

MANITOBA
MINISTERS AND ADVISERS

HON. I. A. MACKENZIE / HON. R. R. POWER

HON. J. A. MACKINNON / HON. P. F. CASGRAIN

BRITISH COLUMBIA
MINISTERS AND ADVISERS

PRINCE EDWARD ISLAND
MINISTERS AND ADVISERS

HON. W. P. MULOCK / COL. HON. C. W. G. GIBSON

HON. A. L. MACDONALD

SASKATCHEWAN
MINISTERS AND ADVISERS

PROVINCIAL ADVISERS.

SPEAKER OF THE SENATE

SPEAKER OF THE HOUSE OF COMMONS

ALBERTA
MINISTERS AND ADVISERS

PROVINCIAL ADVISERS.

REPORTERS.

PROVINCIAL ADVISERS.

PROVINCIAL ADVISERS.

JUDGES
SENATORS AND
MEMBERS OF THE
HOUSE OF COMMONS

JUDGES
SENATORS AND
MEMBERS OF THE
HOUSE OF COMMONS

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O.D. SKELTON TO WLMK. re Dom Prov. Conf'ce 1941

January 11th, 1941.

C183039

MEMORANDUM FOR THE
PRIME MINISTER -

PROVINCIAL CONFERENCE

I have seen the copy of your draft opening remarks which was sent to Mr. Pickersgill. I think this friendly introduction strikes the right key and should help in getting things off to a good start.

re Balfour declaration

There is one observation in the notes, however, which I think would be unfortunate to carry out: that is the assimilation of this Conference to an Imperial Conference, and of the relations between the Dominion and the Provinces to those between the members of the British Commonwealth. I think it would not only be incorrect but disastrous to imply in any way that the relations were on the same basis. The Dominion and the Provinces are not "equal in status" and the Provinces are emphatically "subordinate to the Dominion in some aspects of their domestic and external affairs" and must continue to be if this is to be one country instead of nine fragments. The whole field of relations with foreign countries is one exclusively under the Dominion control. The Dominion Government is given by the B.N.A. Act many rights and duties of

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of control over the Provinces, which are still alive, even though corresponding powers which London possessed over Ottawa have vanished. Mr. Aberhart would be delighted if he could be assured of the abolition of the Dominion power of disallowance over the Provincial statutes in the same way as the United Kingdom power of disallowance of Dominion statutes has disappeared. There is no vertical division of powers between the United Kingdom, Canada, Australia, etc. I mean the struggle for self-government has been simply an assumption by the Dominion governments of one power after another formerly exercised by the United Kingdom alone. Between the Dominion and the Provinces and between the Commonwealth and the States in Australia, there is a vertical division of powers by which defence and banking and naturalization fall to the Dominion and municipal institutions and solemnization of marriages in the Provinces, for example, fall to the Provinces, is not likely to be changed in principle even though it will be from time to time amended in detail. I think probably unnecessary to labour the point as I have done above.

O.D. SKELTON

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(keep this attached to letter of L.W. BROCKINGTON TO KING Dom Prov. Confce 1941 JAN. 12, 1941) jc.

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Gentlemen:

We have met here together in the midst of a great war. Everywhere throughout the world the very existence of free institutions is threatened by tyranny and the theory of democratic government is attacked on many fronts by the hireling professors of the new philosophy of slavery. It is, therefore, not without profound significance that we meet here today, the elected representatives of a free people, to reaffirm our faith, to consider the voluntary modification of our machinery of government and the co-operative strengthening of the fabric of our ancient freedom.

Although the primary field of the duty and the trusteeship of most of us may lie within local and provincial boundaries, we meet as Canadians inspired by the love of country and by the vision of a united, prosperous and progressive nation. We have gathered together in the hope that as Canadians, working together with goodwill, we may remove some of the accumulated inequalities and weaknesses of experience and history. It is our purpose to strengthen our national economy to meet the stresses and strains of war with all the might of our national effort. It will be our endeavour to prepare for social justice and the increased

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happiness of the Canadian people in the days of re-building, re-moulding and re-adjustment which will follow the coming of victory and peace.

What we do here and what we decide now, may well fix the limits of human welfare in Canada for many generations to come.

Our victory in war, our progress in peace, the education of Canadian youth, the care of the sick, the tranquility of the aged, the security of labour, the assurance of a fair return to all primary producers and the equitable distribution of the burden of financial sacrifice amongst all classes of our population, may well depend upon our deliberations and our decisions at this momentous conference. All those things far transcend all considerations of politics, of power and of privilege.

Before we proceed to the task that lies before us, I am sure that it is the wish of this meeting that in your name and in the name of the people of Canada I should thank the men whose scientific study and public-spirited labour evelved the Report which we have before us. When the Royal Commission on Dominion-Provincial Relations was established, it was the wish of the Government that the most exhaustive and comprehensive survey possible be made ~~in~~ of the social and economic life of Canada.

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To assist the work of the Commissioners, the services of the ablest and most experienced specialists in the realms of economics, finance, social study and constitutional law were made available. It is a matter of deep regret to us all that the two eminent Canadians whose names add honour to the title of the Report of this Royal Commission, should have been stricken with serious illness - the Honourable N. W. Rowell in the midst of his labours, Dr. Joseph Sirois after the work of the Commission had been completed. The names of the Commissioners and of the distinguished and able men who assisted them, will be honoured in the annals of the history of their country. They have earned our gratitude. I offer it in the name of us all.

The Report which will command our attention at this meeting, is probably the most exhaustive study that has every been made at one time of the social and economic life of any country. It is not surprising, therefore, that it has been hailed as a proposed charter of Re-Confederation, nor that the Conference which has met today to give a calm and dispassionate consideration to its recommendations, should be compared with the historic conferences at Charlottetown and Quebec, out of which came the Confederation of Canada.

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The conferences at Charlottetown and Quebec met in the shadow of the greatest war which has ever been fought in the continent of North America. During the years which followed the American Civil War, the relations between the United States of America and the British Empire were tense and strained. Amid the compelling circumstances of changed economies, of threatened aggression, of American expansion, and of the unquenched passions of the struggle between the North and the South, the scattered settlements of British North America were filled with apprehension. In the face of their own peril the provinces came together for common protection and laid the foundations of the Canadian nation.

Reconciliation, unity of interest and the healing of time have long since changed that ancient misunderstanding and fear into lasting friendship and peaceful collaboration. But today, once again, there are threats to our prosperity and peace. They arise from weakness within and from aggression without.

The Royal Commission on Dominion-Provincial Relations carried on its labours and burdens throughout a period of unrest and growing international tension. It began its work in the feverish days of artificial peace. Before it had ended its work, war had come upon the world. Its

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members laboured under the shadow of international conflict. They knew, as every thoughtful man knew, that before long Canada might be called upon to accept new and greater responsibilities, not only to its own citizens but to the world of free men. They knew that the difficulties of the past concentrated in the distresses of the present might, before many months had passed, be confused and intensified by a world war. This knowledge guided them in their deliberations and their recommendations.

The task which the Fathers of Confederation undertook between the years 1864-67 was far more difficult than the task to which we set our hands today. Out of a few sparsely settled communities, isolated from each other, with little knowledge of each other, with no tradition of co-operation or collaboration, with the embers of racial and religious strife still smouldering, the far-sighted builders of this Confederation set out with courage and vision to fashion a great northern nation. It required all their vision, all their patience, all their perseverance. Above all it needed what it received, an abundant measure of tolerance and mutual respect. We, who are the inheritors of their great work, and I believe also of the great qualities which governed their hearts and minds, undertake today what is by comparison a task smaller in scope, even if more

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complicated in detail. For more than seventy years, the people of Canada have worked together in unity and understanding. We have had difficulties, dissensions, and divisions. Difficulties have been overcome, dissensions have been healed, divisions have been bridged, with each succeeding crisis. In face of danger we have shown a unity of spirit, and of purpose stronger and more steadfast than perhaps many of us dared to hope. Adversity has strengthened our fibre. For our divisions and our difficulties have perhaps been over-emphasized. They have provided the problems of national politics, they have provoked the major part of our public discussions. They have tended to loom on the national horizon, larger than they really are. In thinking of these things which divide us, we have sometimes forgotten the far greater things which unite us. Behind our sectional divisions has always been national unity. And if adversity and depression have shown us our weaknesses, they have also revealed, in all its glorious strength, the unity of spirit of the Canadian people.

We are therefore not called upon today to rebuild a nation. The great and the wise men who went before us built on foundations well and truly laid. Their work does not require to be done again. Our task is to repair the

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damage done by the rusts and ravages of time, to make the roof weather-proof against the tempests of war, to fortify the foundations, to strengthen the walls. Our task is simple in its definition. It is to find the means, and to use the means by which all our governments can best serve the whole Canadian people. As we look back on the fears of the Fathers of Confederation, and the dangers which threatened the provinces of British North America in the sixties, we can see, as they could not, that many of the fears were groundless, many of the dangers but the shadows of an unfulfilled and imaginary threat. Whatever that threat was it was never more than a threat to political independence; it was never a threat to personal liberty, to civil rights, to the democratic faith, or to free worship.

Today's danger is a threat to all these things; to our national existence, to our individual liberty, to the rights which our forefathers won by their sacrifices, to Christianity, civilization. In 1867 the danger lay in the realms of possibility, the peril was hypothetical, the fear unreal and remote. Today it is real and immediate. We can no more do our full share with an inadequate, inefficient and obsolete machinery of government, than we can expect to triumph with an inadequate, inefficient and obsolete machinery of war.

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It is argued that this is not time in which to consider the reformation of our national economy and the overhauling of the machinery of government. It is urged that we should wait until the war is over, until we have leisure, in the atmosphere of peace, to consider questions on whose solution may depend our success in war and the progressive happiness of our people in the days that will follow the end of the conflict.

I shall attempt in a few minutes to estimate the results to this country in this war and immediately after this war if we fail to adopt the recommendations of this Report. In any event, the Federal Government is firmly convinced that the efficiency of all Canadian governments, both federal and provincial, the equitable distribution of taxation and the protection of provincial governments against insolvency are just as essential to the winning of the war as modern armaments, fully equipped fighting forces and up-to-date factories and workshops. For in war-time not only must democratic government be organized to provide a war machine as efficient and as strong as the weapons of a dictator. It must do more. It must guard and maintain as far as possible the essential fabric of the democracy which it is defending. It cannot apply its united

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strength for external warfare amid the chaos of internal collapse. // Under our system, the actual making of war, the equipment of forces, the production of munitions and the financing of the national war effort are entrusted to the Federal Government. But the preservation of the fabric of democracy, the maintenance of standards of living and of labour, and the enlargement of the horizon of human welfare and human hope are as much the duty of the provincial governments as they are of the federal government. //

We owe it to those who fight for us, to their sons and daughters, to every workman who toils for victory, to every citizen who pays his taxes and lends his savings, that in the midst of planning for war we do not forget the civilized structure of peace.

You will recall the words of President Roosevelt in his great message to Congress:

> "This is no time to stop thinking about the social and economic problems which are the root cause of the social revolution which is today a supreme factor in the world.
>
> There is nothing mysterious about the foundations of a healthy and strong democracy. The basic things expected by our people of their political and economic systems are simple. They are:
>
> Equality of opportunity for youth and for others.
>
> Jobs for those who can work.

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Security for those who need it.

The ending of special privilege for the few.

The preservation of civil liberties for all.

The enjoyment of the fruits of scientific progress in a wider and constantly rising standard of living.

These are the simple and basic things that must never be lost sight of in the turmoil and unbelievable complexity of our modern world. The inner and abiding strength of our economic and political systems is dependent upon the degress to which they fulfill these expectations."

The words of the President apply with just as much truth and just as much force to the people and civilization of Canada as they do to the people and civilization of the United States of America.

The conditions which prompted the appointment of the Royal Commission on Dominion-Provincial Relations are well known to you all. It is not necessary, at this time, to look for their historical origins or to attempt to assess the interplay of social and economic forces which resolved themselves into the distress and depression which darkened the prospects of our national growth and prosperity.

The result of the natural and perhaps unnatural divisions of our country that followed modern industrial development, the development of modern transportation and the complications of international and national tariffs,

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are known to us all. The war of 1914-18, our great growth in production, the cessation of immigration, the world depression, the collapse of international trade, the loss of our wheat markets, all these things combined made necessary a revision of the relations between the Dominion and the Provinces and a re-survey of our national economy.

When the Commission began its sessions, some of our large cities and some of our provinces faced the reality of bankruptcy. There was maladjustment between governments, complicated by a division of powers and responsibilities, which has been confused by the vissicitudes of time and a mass of legal decisions. There were friction and waste in the gearing and the running of government machinery, and a consequent additional burden upon the taxpayers of this country. It was clear that local authorities were unable to deal justly and equitably with the problem of mass unemployment. It was plain that bankrupt governments or governments handicapped by decreasing revenues could not give to their citizens, the highway systems, the education, and the social services necessary for the progress of a modern state. As the Commission proceeded with its work, the threat to this nation from the collapse of international trade, which was foremost in our thoughts when the Commission was first appointed, was replaced by the almost inevitable successor of economic

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collapse, ruthless and destructive total war.

Before I discuss the main recommendations of the Report and forecast the effect of the adoption or the non-adoption of its terms, upon the war-time and peace-time economy of Canada and her provinces, I would like to make a brief reference to provincial autonomy. The recommendations do not aim at the centralization of authority at Ottawa. As I interpret the Report, it recommends the means of ending the confusion and overlapping of jurisdictions, functions and financial responsibilities. It seeks to define these jurisdictions, these functions and financial responsibilities in modern terms and to harmonize them with modern conditions. It seeks to protect autonomy from its most powerful enemy, economic and financial collapse. The Commission found that the most serious confusion of jurisdiction had arisen in those spheres of administration which at the time of Confederation scarcely existed, and for which the British North America Act consequently had made no provision. The age of Confederation was not the age of the automobile, of state assistance to the sick and the aged, of mass involuntary unemployment, of specialized education. The Report recommended that insofar as these functions of government were a part of the structure of Confederation they should be divided between the federal and provincial governments, and on a basis of principle

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similar to that which had been accepted by the Fathers of Confederation. In the words of the Report the aim was "throughout to safeguard the autonomy of the provinces, and to ensure to each province the ability to decide issues of particular importance to itself."

The basis of division recommended can be illustrated in a practical way from the proposed provisions that deal with unemployment relief and social services. Unemployment is treated as a problem, economic in character and national, if not international, in scope. It is realized that it can no longer be considered a local responsibility. It is regarded as the result of the resolution of many varied forces which can rarely, if ever, be harnessed or controlled by local government, and perhaps not often by central government. The Report, recognizing these facts, recommends that the relief of unemployment in the case of the employable unemployed should be a federal responsibility. On the other hand in the words of the Report, "provincial responsibility for other welfare services should continue, and the provinces should be enabled financially to perform these services adequately. Provincial responsibility for social welfare should be deemed basic and general; Dominion responsibility, on the other hand, should be deemed an exception to the general rule, and as such should be strictly defined."

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It is recognized that the substance of provincial autonomy will become only a shadow if provinces are not in a position to discharge the financial obligations without which the specialized obligations of government cannot be performed. To quote the Report itself again, "the financial recommendations aim to place every province in a position to finance its own social welfare programme in accordance with average Canadian standards."

The Commission, of course, has not recommended that any constitutional right now belonging exclusively to the provinces should be allocated to the dominion. In all constitutional recommendations, the Commissioners, following the example of the Fathers of Confederation, recommend that the provinces shall have jurisdiction in all matters in which there is not a paramount and clearly apparent national concern. The special traditional rights of French-speaking Canadians are both preserved and emphasized. The Report recommends particularly that the performance of the functions of the Dominion Government in Quebec shall always be in the hands of the officials who have knowledge both of the French language and of local conditions and customs in the province. A fortiori, the provincial autonomy and rights of the province of Quebec are safeguarded and strengthened.

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Throughout the Report, the federal character of our constitution is constantly stressed. There is no attempt to upset our typical Canadian form of federation. There is no suggestion that the Federal Government should be strengthened at the expense of the provincial governments, or the provincial governments at the expense of the Federal Government. The purpose of the Report is to strengthen both in their own spheres so that they may be able to discharge their functions efficiently and in accordance with the will of the people whom they serve.

The Commissioners have recognized the basic principles of democratic government. Government, to be effective, must be responsible. Responsibility must be clear. It must not be lost in the multiplicity of jurisdictions or the maze of constitutional disputes. The people have a right to know to which government they must look to exercise the control of all essential services, social and economic, without which democracy loses its meaning.

The constitution of a federal community such as ours is a charter of national liberty. It should be a clear statement of powers designed for prompt action and effective administration. It should never be allowed to be a legal excuse for the non-performance, or a legal hindrance to the performance of duties and things necessary for the just

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government and social welfare of all classes in the community.

Financing the War.

Important as the elimination of over-lapping, confusion and uncertainty of administration all are, if our governments, both federal and provincial, are to operate with maximum efficiency in order to preserve our Canadian democracy in this hour of danger, there is one paramount consideration which transcends all the rest. That consideration is the establishment of a national fiscal system which will enable us to raise the largest possible revenues with the least waste and cost to our people. Unless we attain this end, without which we cannot put forth our utmost effort in the prosecution of the war, the result may be that there will be no provincial autonomy, no national autonomy, and no individual rights left to preserve.

Wars are fought and won not only with men, but with arms. The arms must be made in factories and workshops by labour. The same workshops and the same labour cannot be used at one and the same time to produce the machines of war and the comforts of peace. To get the one we must sacrifice the other. War finance is simply the means by which we divert factories, machines and men to the uses of war. The same dollar cannot be used at the same

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time to buy guns and to buy butter. We have to choose just as our enemies had to choose, and if we fail to choose enough guns because we insist on having more butter, we may in the end have neither guns nor butter.

Let us look at the realities of war financing. Apart from anything we can borrow outside the country, (and up to now we have been able to borrow nothing outside Canada), our war effort must be carried on with what we can produce ourselves. The machines and materials of war we can produce depend upon the efficiency of our industrial and financial machinery for the purpose of diverting labour and materials and machines to the production of the armaments, munitions and supplies of war. It depends, too, upon the efficiency of our industrial and financial machinery for distributing the burden and sacrifice fairly among all sections of the community. For we all know that the willingness of our people to bear burdens and to make sacrifices will, in large measure, depend upon their conviction that equal burdens and sacrifices are being borne by their neighbours. That is why it is imperative that our financial machinery should work efficiently and fairly. Let us ask ourselves this simple question. Is a division of financial resources and financial responsibilities which proved inefficient, wasteful, and inequitable in time of peace likely to be efficient, economical, and equitable

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in time of war?

There is, of course, more than one way of financing a war. There are, in fact, three methods which can be employed. None is likely to be employed exclusively, in fact, it is scarcely possible to avoid some combination of all three, but it is of the utmost importance what that combination is, and how much of each is used. The three methods are taxation, borrowing and inflation. The distinctions between them are not absolutely clear-cut. For example, certain kinds of taxation and certain kinds of borrowing may be inflationary, the inflation is, in fact, nothing more nor less than a partially concealed and exceedingly unfair form of taxation.

In order to appreciate the reasons why the government considers that the financial recommendations of the Sirois Report should be adopted, it is necessary to examine briefly the effects upon our people and upon particular sections of the community, of these different methods of war finance.

The financing of war by inflation has its charm. It is easy because it is automatic. It is also the most inefficient and unfair method. It is the primrose way that leads to disaster. The measure of its inefficiency may be judged from the fact that, in all major wars, the

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powers which have used the greatest degree of inflation have been the losers. It is unfair because it tends, in general, to make the rich richer and the poor poorer. It can only work if prices rise faster than wages or salaries. It makes for higher profits for the few and a lower standard of living for the many. In essence, inflation is a tax on those with the weakest bargaining position. But it has a superficial attraction because it has the everlasting but illusory appeal of something for nothing.

The amount which can be raised by the method of borrowing is limited. It is limited directly by the extent to which people are willing to reduce their standards of living, to save, and to lend their savings to the government. Some will do this as far as humanly possible; many will make some effort; a few will fail to see the relationship between their personal sacrifices and a maximum war effort. The effect of saving and lending to the government is to reduce the demand for consumption goods and to leave more labour and machines available to produce war materials for the government. Those who lend give up something to the community while the war is on, but they expect the rest of the community to give equal compensation in return when the war is over. In practice, ~~it~~ borrowing has always proved a necessary element of war finance. In a federal system insofar as it is an effective instrument of war finance, it is bound to increase competition for the savings of the

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people and thereby to intensify the financial problems of the provinces with debts to refund.

Taxation, of course, is never popular. But taxation is none the less the most efficient and the fairest method of financing a war, provided the taxes themselves are fairly levied in accordance with ability to pay. Taxation, too, creates the fewest social inequalities, and leaves the fewest problems, to solve when the war is over. The more direct the taxation, the more nearly the ideals of equity and efficiency are likely to be realized, and the more nearly can the objective of a maximum war effort be achieved. //But to use taxation, and particularly the modern instruments of direct and scientifically scaled progressive taxation as effectively as possible, it is essential that the taxes be imposed by a taxing authority with comprehensive national jurisdiction. The existing division, conflict and over-lapping of taxing powers in Canada is one of the salient weaknesses of the Canadian federal system. It has resulted in an unfair distribution of the burden of taxation in peace-time. Unless it is reformed it cannot fail to result in a still more unjust division of the material sacrifices of war. The Commission felt that almost no price was too great to pay for a just reformation of the taxing powers, even in peace-time.// Far

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less today than when the report was written can the Canadian people afford to perpetuate the existing arrangements. The people of every province of Canada have an equal interest in the winning of the war and the existing confusion and inequalities should not be permitted to provide air raid shelters for a favoured few in one or two provinces.

The whole burden and sacrifice involved in our war effort must be borne by the Canadian people. There is no magic which will enable them to shift it to somebody else, but the way in which our war effort is financed will determine how much of the burden is to be borne by some and how much by others. I am informed by the Minister of Finance that unless the federal government has the exclusive right to collect those taxes which fall in large part upon those able to pay, in whatever part of Canada they may happen to live - those taxes, of course, are income taxes, succession duties, and corporation taxes - the utmost effort in the prosecution of the war will not be possible. The effort we make, and the effort we are able to make without complete access to these sources of revenue will inevitably result in inequitable taxation and, in the end, will involve serious and perhaps disastrous inflation, with all the social disorders which may come in its train. My colleagues and I in the federal government appreciate fully the seriousness of this statement. We have no desire to arouse

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undue alarm, but we feel that the people of Canada, and that the delegates to this Conference, would consider us remiss in our duty if we did not reveal the situation which faces us as a nation in all its stark reality. In order to complete the picture, let me say a word about our current war expenditures, our commitments and the future as far as we can see it. The federal government is now spending three million dollars a day, which is more than twelve times the total yield of the taxes which the provinces now levy on incomes, estates, and inheritances, and corporations. My colleague, the Minister of Finance, informs me that it would require the total yield of these taxes as they are now levied to pay the interest alone on this year's and next year's war expenditures, and we all know that it will certainly be necessary to spend more. Nor can we have any confidence that the war will end next year, nor, for that matter, have we any reason to believe that when the war ends we shall not have continuing defence commitments for very large sums indeed.

We all of us know that as a direct result of the war the income of some sections of Canada and of some groups of people in Canada will rise, while the income of other sections and of other groups will fall. There are indeed some regions and some groups, particularly of our primary producers who, as a result of the loss of markets, are

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already casualties of the present war. They must be relieved in their distress.

The federal government is making every effort, and will continue to make every effort to reduce expenditures and to effect all possible economies. But the war and its unavoidable expenditures will take, on the average, almost half of our total national income. The government from the outset of the war has adhered firmly to the determination to see that the burden of our war expenditures is distributed as equitably as possible in relation to the capacity of our people to bear it, and as equitably in relation to the fortuitous gains and losses of income resulting from the war in different parts of the country, as it is humanly possible to find means to distribute that burden. We are convinced that the Canadian people ardently desire to make the utmost effort to win the war, and it is for that reason that we have invited the co-operation of all the provincial governments in reforming the financial machinery of Canada and its provinces.

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already casualties of the present war. They must be relieved in their distress.

The federal government is making every effort, and will continue to make every effort to reduce expenditures and to effect all possible economies. But the war and its unavoidable expenditures will take, on the average, almost half of our total national income. The government from the outset of the war has adhered firmly to the determination to see that the burden of our war expenditures is distributed as equitably as possible in relation to the capacity of our people to bear it, and as equitably in relation to the fortuitous gains and losses of income resulting from the war in different parts of the country, as it is humanly possible to find means to distribute that burden. We are convinced that the Canadian people ardently desire to make the utmost effort to win the war, and it is for that reason that we have invited the co-operation of all the provincial governments in reforming the financial machinery of Canada and its provinces.

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maintenance of as great a measure of equality of sacrifice as possible, depend upon the policies of Provincial and Federal governments alike. We believe that the people of Canada will wish all their governments to co-operate to these ends and we are confident that the people will not be disappointed in that expectation.

The importance of the home front in the defence of democracy was eloquently expressed by President Roosevelt in his great message to Congress, from which I should like to quote these words:

> "This is no time to stop thinking about the social and economic problems which are the root cause of the social revolution which is today a supreme factor in the world.
>
> There is nothing mysterious about the foundations of a healthy and strong democracy. The basic things expected by our people of their political and economic systems are simple. They are:
>
> Equality of opportunity for youth and for others.
>
> Jobs for those who can work.
>
> Security for those who need it.
>
> The ending of special privilege for the few.
>
> The preservation of civil liberties for all.
>
> The enjoyment of the fruits of scientific progress in a wider and constantly rising standard of living.
>
> These are the simple and basic things that must never be lost sight of in the turmoil and unbelievable complexity of our modern world. The inner and abiding strength of our economic and

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political systems is dependent upon the degrees to which they fulfill these expectations."

It is because, under our Federal system, the provinces have, and will continue to have, such a large share in the maintenance of our national strength on the home front that my colleagues and I have felt it was of the utmost importance to seek to establish the relations between the Dominion and the provinces upon such a basis that all our governments would be in a position to discharge their functions as efficiently as possible. We felt that the best method of approaching this goal was through meeting together in Conference to consider the recommendations of the Commission which had been appointed with precisely that end in view.

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L.W. BROCKINGTON TO WLMK Dom Prov. Conf. re JAN. 12, 1941

LWB/MS
12.1.41

C183066

MEMORANDUM FOR THE PRIME MINISTER:

Dr. Skelton, Dr. Clark, Mr. Alex Skelton and myself are at present conferring on the subject matter of your address. There is a general feeling that too much emphasis is being laid upon modications of the report which will, in our opinion, lead to confusion and prolong a fruitless discussion.

We respectfully suggest that you should emphasize the importance and accept the principles of the report subject to minor adjustments within those principles. It might be possible to restrict adjustment to the up-to-date calculation and amendment of the national adjustment grants. A suggested paragraph is attached.

If there is a wide open invitation for modifications of the plan, then a great many drastic and deliberately mischievous modifications will be suggested and the responsibility for failure of the Conference will be diffused instead of being concentrated upon the provinces that are seeking to block it.

Emphasis as suggested on
(a) An analysis of the Commission's recommendations along the lines outlined as original draft read to Cabinet or any alternative in your hands.
or Rather
(b) Insolvency, financial difficulties as the greatest & most potent enemy of provincial autonomy.

L. W. B.

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Substitute for second paragraph on Page 13.

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While the recommendations have in general commended themselves to the Federal government, we have never doubted that some modification in detail may prove desirable, such as revision of the national adjustment grants on the basis of more recent and complete data. We shall be glad to consider suggestions for such detailed modifications which may make more equitable or more workable the application of the general principles which the Commission has embodied in its Plan 1. But I must emphasize that in the Commissions's view and in ours, Plan 1 is an integral whole - it is a balanced plan which involves the assumption of heavy new burdens and responsibilities by the Dominion and compensation therefor by the concession of exclusive instead of concurrent rights in certain fields of taxation. It is clear therefore that while modifications of detail may be desirable, the proposed financial plan must stand substantially as a whole or be rejected. If rejected, the definite responsibility rests on this Conference to provide a constructive and superior alternative which will meet all the problems and realities of the situation. If there be such a superior alternative, the Dominion will be glad to consider it. But meet the realities of the situation, we must. It is not a case of accepting the Commission's

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recommendations or simply maintaining the status quo. The essence of the present situation, aggravated as it has been by the war, is that the status quo cannot be maintained.

ALSO:

Delete last phrase in second sentence of second paragraph on Page 13. (The phrase beginning, "nor do we mean to suggest, etc.)

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We are approaching this difficult problem in a spirit of conciliation and co-operation. Faced with the past and the duty of raising unprecedented sums for the effective conduct of the war, the Dominion might have decided to exercise its full and undoubted constitutional power to levy any type of taxation without consulting the provinces and without seeking to work out a solution that would take account of provincial as well as Dominion necessities. We have, however, rejected that course and have preferred the method of conference and co-operation. We believe that this group of representative Canadians of good-will can and will, in the shadow of the menace to all our institutions and our ideals, rise to the occasion, accept the challenge, and prove the effectiveness of the democratic way.

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Recommendations.

I now propose to deal very briefly with the broad proposals of the major recommendations of the Commission. The assumption of provincial debts by the Dominion Government, while imposing upon the federal authorities a heavy financial burden, will carry with it three major advantages. It will remove the burden of debt from people who dwell in the areas incapable of bearing it, whether the incapacity arises from a loss of population, a loss of markets, the continued calamity of drought and pestilence or over expansion consequent upon the reasonable but unfulfilled expectation of growth.

It will strengthen Canadian credit by removing the danger of provincial default, credit that must be kept sound if we are to bring to the defence of our civilization all the weight and power of our resources. In strengthening the credit of Canada, it will strengthen the public and private credit of the industrial provinces of Canada. For the insolvency of one province is bound, in the long run, to be a burden upon, and a threat to, the solvency of every other province.

The assumption by the Dominion of provincial debts will also ensure a very considerable saving to Canadian taxpayers whenever debts originally incurred on the credit

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of the provinces become subject to domestic or foreign refunding on the credit of the Dominion.

The transfer to the Federal Government of the whole cost of relief for the able-bodied unemployed and their dependents is the logical outcome of the experience of the past. It will prevent a repetition of the confusion, the inefficiency, the waste, the delay and the inequalities that have admittedly prevailed in the administration of relief since 1930. It will abolish the illogical incidence of the present responsibility, where the heaviest burden necessarily falls on the jurisdiction that is least capable of bearing it and where one species of property, namely real estate, carries far more than its fair share of the cost. No longer will an undue proportion of the burden of a national responsibility be placed upon the humble homes of the thrifty.

The new proposal recognizes the inability of local communities to deal with mass unemployment resulting from a national or international calamity, and the impossibility of dealing with unemployment as a national economic problem on the present basis of local financial responsibility.

The proposed transfer to the Dominion Government of the exclusive right to levy income tax, corporation tax and succession duties represents in the opinion of the government and its financial advisers the only way by which

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we can finance the present war equitably and efficiently, and take care of our great and growing obligations by means of taxation, and restricted borrowing without the calamitous injustice of inflation.

It is axiomatic also that the largest taxing authority is the most efficient taxer of income, restricting evasions and exemptions to the minimum. The centralization and exclusive right of the Dominion to the taxes referred to will, remove discriminatory and double taxation, will reduce the cost of collection and the consequent burden to the taxpayer. It will make possible a scientific reform of the whole Canadian taxation. From this reform, there must inevitably ensue a lasting benefit to the business of the country and its financial strength.

The substitution of national adjustment grants replaces the present chaotic and illogical system of subsidies. Those subsidies were the product of historical accidents and sometimes of political pressure. The proposal to substitute grants determined upon a scientific formula is a recognition of the broad human proposition that every Canadian is interested in the education and social welfare of every other Canadian. It expresses, as has been said, the determination that in this land of promise there shall be no distressed area.

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In this section will be inserted statements and arguments on the following subjects:

A - Effect on Dominion Budget

-- Increased expenditures (relief and debt service) - and possibilities for economies in them.

-- Increased revenues (income taxes, succession duties and corporation taxes) and possibilities of increasing them with no greater burden on taxpayers.

-- Forecast of 1941-2 budget

-- If Plan 1 adopted

-- If Plan 1 not adopted --

Dominion will be driven to invade provincial tax fields in any case.

B - Effect on Provincial Budgets

Gains -- relief from most rigid and uncontrollable item of debt service and from widely fluctuating item of relief.

Losses -- Provincial taxes made up for in every instance by Dominion assumption of larger liabilities.

-- Forecast of provincial budgets

-- If Plan 1 adopted

-- If Plan 1 not adopted - and Dominion invades provincial tax fields.

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Those are, in brief, the forecasts of war finance as they affect the Dominion and the Provinces and as they are seen by the Minister of Finance. When peace comes many of our war problems will remain. They will complicate and add to the problems of peace. Some of them will be intensified, some new ones will arise. The reformation of our finance structure will be no less a necessity then than it is now. We shall be burdened with a heavy war debt. We shall be charged with some obligations of continuing defence -- obligations which may even extend beyond the boundaries of our own country and beyond the measure of our present war effort. However passionately we desire it, it is not likely that Armageddon will be followed by complete disarmament. Disarmament, if it comes at all, will be slow and progressive. This war may well be the first phase of the century's unrest. Whatever may be its outcome, re-adjustment of international trade and the recapture of a favourable position by Canada will be a long and arduous task.

Unless the present conflict is merely followed by an armed truce the industrial economy of war will have to be turned progressively to the economy of peace.

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Factories devoted to the manufacture of arms will continue to be or transformed for the uses of peace or close down. Whichever of these alternatives happens will carry with it its own particular problems. Unless we are to continue to make munitions of war on the scale which is presently planned, thousands of men will have to be absorbed into other occupations or lose their employment. Our commercial progress may be restricted for several decades ~~with~~ by the loss of our former primary export markets, although we shall make every effort to regain them. If our markets remain narrow and the barriers of international trade are difficult to remove, there will be an intensified competition in the small remaining markets. In Canada itself, the demobilization of the armed forces, total or partial, the closing down of munitions works, may well bring us ~~down~~ with appalling suddenness a return of the problem of mass unemployment. Those who have fought for us, their families, and all workmen and primary producers who have directed their every effort to victory, will not be satisfied with the return of conditions in which men anxious to work will be the victims once again of a distress and confusion which they did nothing to create. As one commentator has said:

> "There could be no higher tribute to the vitality of the social purpose which inspires Canadian democracy than the widespread recognition that the far-reaching proposals contained

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in the Rowell-Sirois Report have acquired an increased and more urgent importance under the strains and stresses of war, in anticipation of "the critical transition from war to peace again".

Any government that fails to recognize these facts, to face them and to prepare for the maintenance and establishment of social justice in the post-war order, ~~for national unity~~ and, for the fulfillment of the national promise to those who have fought and laboured for victory, will betray its trust and ~~its paramount duty~~ fail in its paramount duty. It is, in the opinion of this government, essential that the recommendations of this report be adopted. I therefore say, unequivocally, that the Dominion government is prepared to implement the findings of the Commission, that the Dominion government believes that they are essential to our national well-being, that the Dominion government earnestly hopes the representatives of the provinces, here assembled, will co-operate in making acceptance and implementation possible. There is no question of compulsion. I have already stated that, in the opinion of the government, our federal system will remain unimpaired, that there will be, and need be, no surrender of provincial autonomy. Provincial autonomy is rather protected against its chief enemy. The powers which it is proposed to give to the Dominion government, although not exclusive at the present

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time, are nevertheless powers which the Dominion government can exercise legally and constitutionally to the limit of its wishes. The Dominion government is not desirous of c entralization, or of the exercise of dictatorial powers. It is because the government wishes to preserve provincial autonomy and is opposed to centralization and compulsion that this conference has been called. A national emergency is upon us, and will remain for many years. It is the emergency of peace and the emergency of war. It strikes at the very core of our power for victory and our survival as a free nation. It strikes at the very core of our capacity to organize for peace and progress as a nation of enlightened and happy citizens. The acceptance of this report depends upon the willingness of every province to think in terms of Canada. Nothing can prevent the Dominion government, and nothing will prevent the Dominion government from levying what taxes are necessary to win the war.

Gentlemen, I thank you once again for your presence and the attention with which you have listened to me. There is given to us all at this momentous hour a sacred opportunity

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Let us remember that behind the politician and the civil servant there stands the great mass of the people of Canada, resolute before the dangers of today, hopeful of the promise of peace and happiness tomorrow. There is given to us an opportunity so to repair the weakness of our institutions that we can, in the fullness of our strength, marchforward to victory, and in the days when we are called upon to rebuild a new world ~~guarantee to~~ to preserve for those who come after us their chosen faith and the right to live their lives in peace and without fear. We proudly profess a common faith in free institutions. Those who have put their trust in us will not forgive us if through any narrow or selfish interest, jealousy, or suspicion, we do not make real the hope that sustains their hearts in these days of trial.

Create a new order

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WLMK. Dom-Prov. Conf'ce 1941 JAN. 14, 1941

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Address by the Prime Minister

Opening of the Dominion-Provincial Conference, January 14, 1941

Introductory

I desire, on behalf of my colleagues and myself, to express to the Premiers of the several Provinces of Canada here assembled, our warm appreciation of their acceptance of the invitation extended in my letter of November the 2nd, ~~1940~~ last year. We extend a most cordial welcome to you and to the various provincial Ministers and officials who have been able to accompany you.

In the letter of November the 2nd, we asked you to meet us in conference to consider the Report of the Royal Commission on Dominion-Provincial Relations. The Commission was appointed under an Order-in-Council of August the 14th, 1937. Its labours were inevitably lengthy and arduous. It was not possible for the Commission to present its report to the government until May the 10th, 1940. Care was taken to see that the Dominion and provincial governments received the Report at the same time in order that all might be simultaneously informed of its contents. The Report was tabled in Parliament on May the 16th, 1940.

We desired from the outset to arrange for the earliest possible conference between the Provinces and ourselves to consider the Commission's recommendations. It

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was felt, however, that sufficient time should elapse to permit of a careful study of the Report and its recommendations, not only by members of the governments concerned, but by all who take a special interest in public affairs.

In order to make possible our present meeting in this first month of the new year, it was necessary to have the proceedings of the several legislative bodies so arranged as to enable a conference representative of all governments to be held in Ottawa at this time. The action taken to this end is particularly appreciated as evidence of the importance which the provinces as well as the Dominion attach to the grave questions of mutual concern which have occasioned our meeting together.

While the proceedings of the Conference itself must necessarily be restricted to the matters appearing on the agenda to be agreed upon by the Conference, my colleagues and I earnestly hope that during the intervals between its sessions, every opportunity will be taken of the presence of so large a gathering of provincial and federal Ministers for informal discussions of any questions of mutual interest. I would venture the opinion that, with reference to the Conference itself, the more the subjects on the agenda can be considered and discussed in a free and friendly manner, at intervals between the sessions of the Conference, the more fruitful the sessions themselves are likely to be.

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The question of procedure will be for the Conference to decide. In the proposals that have been made by letter, for your consideration in advance, we have been guided by the methods adopted at Imperial Conferences, and at previous meetings between the Dominion and the Provinces. You will be asked to consider whether verbatim reports are desirable, and to whom they should be made available, and whether the press and public should be admitted to the meetings of the various committees and to other plenary sessions of the Conference.

Anticipating the natural desire for as much public information as possible, tentative arrangements have been made for a liaison between the committees and the press which, it is hoped, will serve to meet the needs of the situation. I should like to emphasize that, while the proposals we have made for the conduct of the proceedings of the Conference are those which we felt would, both immediately and in the long run, best serve the interests of the country, they are, of course, merely tentative. The opinions of the delegates here assembled will be the deciding factor. Perhaps the best way in which to arrive at a decision would be for the Premiers of the Provinces to meet together in conference with two of my colleagues to consider the suggested agenda and procedure

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and, then, themselves decide to what meetings, and to what committees, the press and the public should be admitted. I think I may say that my colleagues and I will be quite prepared to accept the decision of the majority of the provinces.

The Commission - its personnel and work

I am sure that it is the wish of all who are gathered at this meeting that I should express our thanks to the able and distinguished men who are responsible for the Report which we have before us. It is a matter of the deepest regret to us all that the Honourable N. W. Rowell, the Commission's first Chairman, should have been so stricken by illness that he was not able to take part in the completion of the great work which gained so much from his planning, direction, inspiration and example. I know that those who were assoicated with him would wish to say how much they and we owe to his wide knowledge of Canada, her history and her institutions, his broad human sympathy, his patience and his tact. It is only right and fitting that his name and that of his successor should be given to the Report which crystallizes the results of the Commission's labours.

The country was, indeed, fortunate that Dr. Joseph Sirois was able to assume the burden which Mr. Rowell was obliged to lay aside. Dr. Sirois brought to his task, great knowledge, great experience and great ability. I regret that owing to a recent indisposition Dr. Sirois is prevented from being with us to-day. It is the hope of us all, I am sure, that his early recovery of complete health will restore him to the important branch of the public service with which he has recently been entrusted.

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The Commissioner's began and continued their labours in a spirit of scientific enquiry. They travelled to all parts of Canada. By interview, by evidence, by personal investigation and by study, they gathered together material for what can be fairly described as one of the most exhaustive and comprehensive surveys that has ever been made at one time of the historical and economic background of the social life of any country. In this work they were assisted by many able and experienced specialists in the fields of economics, finance, social science and constitutional law.

The work of the Commission is to be found not only in the three major volumes of its report, but in the comprehensive and authoritative studies which accompany its publication and form the basis for its findings. These volumes are notable examples of Canadian scholarship and research. While the final reputation of the Report will no doubt depend upon the manner in which it can be wisely used in the national interest, it will always remain as a splendid contribution made by able and public-spirited Canadians to the history and the progress of their native land.

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Conference in War Time.

I should like, now, to state the reasons which prompted the Federal Government to invite the provincial governments to meet with us at this time to consider the recommendations of the Commission. It has been said that, by calling a Dominion-Provincial Conference in war time to consider the fundamental problem of the relations between the Dominion and the Provinces, the Federal Government is running the risk of impairing Canada's war effort, by diverting energies which should be concentrated on the prosecution of the war. It has been asserted that in time of war, neither the Federal Government nor the Provincial Governments have the necessary leisure to give the calm and dispassionate consideration to their inter-governmental relations which is required if these are to be adjusted on a fair and permanent basis. The fear has also been expressed that the Conference will result in differences between the Dominion and the Provinces, or between one province and another, which may threaten national unity.

The Federal Government, I need scarcely say, would be the last to take any step which it felt would impair the national war effort, or the national unity on which our war effort is based. I might add that we would

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be the last to wish to add, to the tremendous burden of organizing the war effort, other burdens and responsibilities. If we had believed that a Dominion-Provincial Conference would have such consequences, the invitations to the Conference would never have been issued. Moreover, the assumption that a Dominion-Provincial Conference would endanger the national unity of Canada, so essential to our war effort, would be a grave reflection upon the patriotism of all governments represented here.

There are, of course, bound to be differences of opinion whenever a Conference is held. Government itself, in a democratic state, is largely concerned with overcoming and reconciling differences. In fact, if no differences existed, no Conference would be necessary. It was because differences existed that the Commission was appointed to study the problems to which they gave rise, and it was in an effort to suggest a solution of the problems that the Report was prepared.

It will be recalled that among the reasons which led to the appointment of the Commission in 1937 were representations to the effect that the discharge by the Dominion and Provincial Governments of the respective responsibilities involved expenditures of such a magnitude as to demand not only the most efficient administrative organization on the

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part of all governments, but also the wisest possible division of powers and functions between governments. It was felt, at that time, that unless appropriate action were taken, the allocation of governmental powers and responsibilities made at the time of Confederation would not be adequate to meet the economic and social changes, and the shifts in economic power, which were in progress, without subjecting Canada's governmental structure to undue strains and stresses.

It is unnecessary for me to point out that, apart from the war, governmental expenditures have been steadily increasing, and, as a result of the war, have become phenomenal. The stresses and strains to which, in consequence, relations between the provinces and the Dominion were subjected, prior to the appointment of the Commission, have been greatly intensified under the pressure of war. They will continue to increase as the war ~~runs on~~ continues, and in the post-war period. If the conditions of 1937 were such as to justify the appointment of the Commission, the conditions which face all Canadian governments today are certainly such as to necessitate the most careful consideration of its recommendations.

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While we necessarily incur a great responsibility in bringing the provinces and the Dominion into conference at this particular time, had we failed, in existing circumstances, to call the conference, we should have incurred a still greater responsibility. We know that the problems of Dominion-Provincial relations are being intensified by the war, and that the difficulties of their solution will increase the longer the attempt to meet them is delayed. We all know that the war effort itself will be prejudiced if the growing stresses and strains in inter-governmental relations are not relieved.

The Federal government is charged with special responsibilities in the direction and conduct of Canada's war effort. We realize that the measures, and this applies particularly to the financial measures, which it has been and will continue to be imperative for the Federal government to take for the successful prosecution of the war, necessarily have profound effects upon the provinces, and particularly upon their finances. It seemed, therefore, desirable to take the earliest opportunity of meeting with the representatives of the provinces to discuss the relations between their governments and the Federal Government, with a view to reducing to a minimum the possibilities of

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misunderstanding and friction which might otherwise result from the operations of the war measures of the Federal Government.

While the direct responsibility for the conduct of the war is necessarily that of the Federal Government, the Provincial Governments, as we all know, have also a vital part to play in the development of a maximum war effort by the Canadian people. The importance in war time of the home front can scarcely be exaggerated. If we are to do our utmost,we all know how essential it is that we maintain in our own country at this time of war the fundamentals of the democracy we are defending. The preservation of the fabric of democracy in Canada, the safeguarding of minimum standards of living, and the maintenance of as great a measure of equality of sacrifice as possible, depend upon the policies of Provincial and Federal Governments alike. We believe that the people of Canada will wish all their governments to co-operate to further these ends.

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Conference necessary apart from war.

This leads me to say and, indeed, to emphasize the fact, that the Dominion Government is not concerned merely with its own immediate problems. Had we escaped war altogether, an early conference to deal with the Commission's report would have been advisable, and necessary to meet the particular problems with which the provinces were faced.

Many of the provinces have met, and will continue in accentuated measure to meet, difficulties in maintaining, with the resources at their disposal, proper minimum standards in education and social services. Obviously, in view of its new and vast war burdens, it will be harder for the Dominion to find, in co-operation with the provinces, a solution for these provincial difficulties. In spite of that consideration, the Federal Government is prepared to make every effort in this direction. We believe, however, that our efforts can be made effective only as part of a general scheme of financial revision.

Neither the Dominion nor the provinces can be said to have created the problems which today so urgently demand solution. These problems owe their existence in large part to world conditions. I doubt if the Dominion has suffered from the situation that has developed as much

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as some of the provinces. The Federal Government, however, recognized the seriousness of the problems affecting the Dominion and the provinces alike. We sought to facilitate their solution by the appointment of a Royal Commission, and by giving to its members exceptional opportunities for the most complete inquiry and research.

The Commission have outlined the situation clearly. They have shown how, in a rapidly changing world, the position of Canada is changing; how a greater interdependence and instability of international trade had profoundly affected Canada because our economy is so closely geared to international markets; and how the changing industrial structure and changing standards of social obligation had created difficult internal problems which did not exist two generations ago.

The Commission have worked out a carefully balanced solution. They have recommended what they consider the minimum of change necessary to effect a substantial improvement in the ability of the various governments of Canada to perform their needed services. The recommendations of the Commission, we believe, are, at least, as much in the interests of the provinces as of the Dominion.

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C183091

The Attitude of the Federal Government towards the Conference and the Report.

I should like now to say a word as to the attitude of the Federal Government to the work of the Conference, and of the spirit in which we are approaching the consideration of the Report and its recommendations. As I indicated in my letter of November the 2nd, the Report commends itself strongly to our judgment. It is our considered view that the adoption of the Commission's recommendations is necessary to put our country in a position to pursue a policy which will achieve the maximum war effort, and at the same time, to lay a sound foundation for post-war reconstruction. That is our conviction, after a careful study of the Report and its recommendations.

In thus stating our position, I do not wish it to be understood that we regard the Report as the last word. Nor do we mean to suggest that the recommendations of the Report must be accepted or rejected as a whole. The Report itself makes it clear that the financial scheme proposed by the Commission constitutes a single recommendation, all parts of which are inter-related and inter-dependent. The financial adjustments recommended constitute a balanced plan which involves the assumption of heavy burdens and responsibilities by the Dominion, with compensation to the Dominion, through the concession of exclusive instead of concurrent powers in certain fields of taxation.

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C183092

Suggested change by Mr. Pickersgill:

Page 14 - paragraph 2 - sentence 3:

We readily recognize that the recommendations on all subjects may not be immediately acceptable. They must be considered on their merits in relation to the obligations of the provinces as well as those of the Dominion.

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While recognizing that the financial plan must be considered as a whole, we have never doubted that modifications in details of the financial recommendations may prove desirable, in particular in the arrangement of the national adjustment grants on the basis of more recent and complete data.

Let me repeat: while the recommendations of the Report have commended themselves to our judgment, we do not approach the Conference with our minds closed. We do not say "all or nothing;" or "everything at once". We readily recognize that ~~all of~~ the recommendations on all subjects may not be immediately acceptable. ~~Each recommendation must~~ they must be considered on ~~its~~ their merits in relation to the obligations of the provinces, as well as to those of the Dominion.

If we do not approach the Conference with our minds closed, much less has the Federal government any thought of trying to impose the recommendations of the Report upon the provinces. It is one thing, however, to try to force a solution, and quite another to do our utmost to find one. What we seek is the largest possible measure of common agreement to enable the Federal and Provincial governments so to co-operate as to make our Canadian system work with

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less friction and greater efficiency for the benefit of the people of Canada in all the provinces.

While the Report was submitted to the Federal Government, it was made for the whole Canadian people. The Commissioners were bound in their deliberations to consider every part of the nation, as well as the whole. The Report itself points out that the Commissioners have been concerned not merely with the interests of the Federal Government, but with a scrupulous respect for our federal system. It states that they were actuated by the aim of ensuring "to each province the ability to decide issues of peculiar importance to itself." In other words, the Report is as much concerned with the safe-guarding of provincial interests as with the protection of federal interests.

The Government believes the Commissioners have performed a fine service in their Report, and that the proposals provide a fair and helpful basis for a solution. If a better solution can be found, it will be welcome. We feel, however, that no solution can be adequate which does not recognize the real difficulties with which Canada is faced, and which does not take into account the suggestions made by the Commission for their solution. We feel, too, that in offering criticisms of the recommendations, it should be realized that criticisms will be tested by the value of the alternative proposals put forward to meet the problems with which Canada is faced.

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Keep attached to first part of speech
document marked WLMK / JAN. 14 / 1941
Dom - Prov. Conf'ce 1941.

C183095

The Crux of the Problem.

The crux of the problem which faced the Commission and which faces this Conference is of course the financial relationship between the Federal and Provincial governments. When the Commission was appointed those relationships had been seriously strained, and the autonomy of many of the provinces endangered by the terrific financial burden of unemployment relief upon all governments. That burden has today been greatly reduced, but the heavy charges imposed by the governmental debts incurred in meeting it unhappily remain.

In its place has come the far heavier and steadily growing burden of financing Canada's share in the greatest war in history. The burdens of war are imposed upon governments and taxpayers alike. War has inevitably increased the competition between governments to secure revenues, and it has aggravated the overlapping, cumbersome and discriminatory character of much of our tax structure. The competitive effort to secure revenues is bound, as time passes, to create growing friction between the Dominion and the provinces, and even to produce friction between one province and another. It hangs over the country as a threat to its unity. If it is allowed

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to continue, our national war effort will inevitably be hampered, and there will be no possibility of distributing the burden of war equitably.

It has been said that the Constitutional provision which empowers the Federal Parliament to raise money "by any mode or system of taxation", being unlimited, would enable the government to finance the war without recourse to any arrangements or adjustments with the provinces. That is, of course, true, and that is in fact what was done in the last war. This procedure is advocated by those who would have the Federal government in war time stretch its powers to the limit, without reference to the consequences of their application upon the finances of the provinces, or upon the future well-being of the country. This course would, however, involve grave inequalities and injustices. It is hard to say how it could fail to provoke serious discontent and a weakening of morale. These, in their turn, would weaken the effort which Canada could put forth in the winning of the war.

We are approaching this difficult problem from an entirely different point of view. We are approaching it in a spirit of conciliation and co-operation. We have deliberately chosen the method of conference. We have felt that in justice to the provinces they should be called into

conference

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and that all should seek by agreement to avoid consequences which in the end would affect the whole nation and every province. We realized that so long as the present arrangements continue, Canada would not be able to put forth her maximum productive effort to win the war, nor to distribute its cost justly and fairly.

We feel too that while our energies at present must be concentrated upon the prosecution of the war, neither the Federal nor the Provincial governments can afford to neglect the future. The perpetuation of the existing inequality, inefficiency and duplication of our governmental financial structure will leave us in no position to make the social and economic adjustments which will be necessary after the war. The war will inevitably be followed by a period of reconstruction which will impose new obligations and burdens upon all Canadian governments. Our governments will need the highest attainable efficiency, as well as the most harmonious relations between them, if they are to be equal to the tasks which they will have to bear. All I am sure will agree that the sooner we are able to make the necessary adjustments, the better equipped we will be to finance the war, and to cope with post-war problems.

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The Recommendations of the Report

It would be inappropriate for me, at the opening session, to enter into a detailed discussion of the recommendations of the Report. I shall, however, doubtless be expected to state briefly what the principal recommendations are and to indicate why they commend themselves to our government. In accordance with its terms of reference the Commission has enquired into all aspects of the division of governmental powers and responsibilities between the Dominion and provinces, and its recommendations and suggestions have therefore covered a broad field. These concerned, for example, provision of a systematic procedure for regular Dominion-Provincial conferences, provision for the delegation of powers by the Dominion to the Provinces, and vice versa, and provisions regarding labour legislation and social welfare generally.

However, as already mentioned, the crux of the Commission's proposals lies in the four provisions of its financial plan. Very briefly these are:

(1) That the Dominion take over the whole burden of provincial net debt.
(2) That the Dominion relieve the provinces, and therefore also the municipalities, of the whole burden of relief for the employable unemployed and their dependents.
(3) That the Dominion be conceded the exclusive rights to levy succession duties, and taxes on personal incomes and corporations.
(4) That the existing provincial subsidies be abolished; and that, where necessary, the Dominion make to the provinces National Adjustment Grants, calculated to enable the provinces to maintain an average Canadian standard of essential services with an average level of taxation.

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The assumption of provincial debts by the Dominion Government, while imposing upon the federal authorities a heavy financial burden, would carry with it three major advantages. It would remove the burden of debt from people who dwell in the areas incapable of bearing it, whether the incapacity arises from a loss of population, a loss of markets, the calamity of drought and pestilence, or over-expansion consequent upon the reasonable but unfulfilled expectation of growth.

It would strengthen Canadian credit by removing the danger of provincial default, credit that must be kept sound if we are to bring to the protection of Canadian social standards, and to the defence of civilization, all the weight and power of our resources. In strengthening the credit of Canada, it would strengthen the public and private credit of the industrial provinces of Canada. For the financial difficulties of one province are bound, in the long run, to be a burden upon, and a threat to, the financial position of every other province.

The assumption by the Dominion of provincial debts would also ensure a very considerable saving to Canadian taxpayers whenever debts originally incurred on the credit of the provinces become subject to domestic or foreign refunding on the credit of the Dominion.

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The transfer to the Federal Government of the whole cost of relief for the ~~able bodied~~ unemployed and their dependents is the logical outcome of the experience of the past. It would prevent a repetition of the confusion, the inefficiency, the waste, the delay and the inequalities that have admittedly prevailed in the administration of relief since 1930. It would abolish the illogical incidence of the present responsibility, where the heaviest burden necessarily falls on the jurisdiction that is least capable of bearing it, and where one species of property, namely, real estate, carried far more than its fair share of the cost. The new proposal recognizes the inability of local communities to deal with mass unemployment and agricultural distress resulting from # causes beyond the control of the province, and the impossibility of dealing with unemployment relief or agricultural relief as a national economic problem on the present basis of local financial responsibility.

Obviously the Dominion could not take over provincial debts, or the whole cost of relief without compensating adjustments. The proposed exercise by the Dominion Government of the exclusive right to levy income tax, corporation tax and succession duties represents, in the opinion of the government's financial advisers, the ~~only~~ way by which we can finance our great and growing obligations efficiently and equitably, and assume the additional burdens it is proposed should be trans-

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ferred from the provinces to the Dominion. It is axiomatic that the largest taxing authority is the most efficient taxer of income. It can prevent evasion, and fit taxes most accurately to the ability to pay. The exclusive right of the Dominion to the taxes referred to would remove discrimination, double, and in some cases, treble, taxation, and would reduce the cost of collection to governments and to taxpayers. It would make possible a scientific reform of the whole Canadian tax system, and thereby remove obstacles in the way of an expanding national income.

National adjustment grants to the provinces would do away with what is chaotic and illogical in the present system of subsidies. These subsidies are the product of historical accidents, and in some cases of political pressure. The proposal to substitute grants, determined upon a scientific formula, is a recognition of the broad human proposition that every citizen of Canada is interested in the social welfare of every part of Canada.

The system of national adjustment grants, although it may need some revision from time to time, would guarantee that every province, no matter what disasters it has known in the past, or what calamities it may face in the future, would be in a position to supply, on an average basis of taxation, at least the Canadian average standards of education and welfare services.

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I should perhaps emphasize that the taxes which it is recommended the Dominion should exclusively levy are taxes which the Dominion now has the power to levy. It is not, however, an exclusive power. The Dominion does, in fact, now levy income taxes on persons and corporations. Most of the provinces and even some municipalities also impose taxes in this field. They are calculated on widely varying bases, and with differing distributions of their burden. The result is a lack of uniformity and equity in the incidence as between the people of one province and another, which can be eliminated only by a removal of the duplication and overlapping which now exists.

Any one of the financial concessions to the Dominion, taken alone, can of course be shown to work with disadvantage to one or more provinces. The financial recommendations should not be considered individually; they should be viewed as a whole. Concessions must be balanced against contributions.

Obviously, so far as the fiscal relationships are concerned, the main effect of the war now, and for years to come, will be to increase vastly in amount the revenues which the Dominion will require for the conduct

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of the war, and increase the proportion of available public funds which will be required for this Dominion obligation. In some way or another, the Dominion will have to find these revenues if Canada is to take her full part in this decisive and fateful struggle.

The federal government is well aware that, should the recommendations of the Report be adopted, it will, at the outset, be called upon to accept an initial increase in its financial burdens. It is apparent, however, that once the major fields of progressive taxation are reserved for Dominion use, initial expenditures will be gradually absorbed. In the process, the taxpayers of Canada will be saved the money that is lost on duplication of collection, waste and successful evasions.

Provincial Autonomy and responsible government

Before concluding my remarks, I should like to correct one or two misapprehensions which appear to have arisen regarding the recommendations we are about to discuss. An exaggerated notion has arisen that we are proposing to re-write the constitution, or to re-build the structure of Confederation. The recommendations involve no such grandiose design. The structure of

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Confederation houses a nation which is to-day stronger and more united than ever before. The weight of the structure is, however, not so evenly distributed as it was originally. It has been shifted in places by the vicissitudes of time, and, particularly, by the storms of recent years. It rests to-day more heavily on some parts of the foundation than on others. The problem facing us at present is to distribute the total burden more evenly, and to strengthen the parts of the foundation which must bear the increased and increasing burdens.

It has also been said that the Report aims at the centralization of authority at Ottawa. As I interpret the recommendations, no such effect is intended. The Commission was instructed to make recommendations which would enable all governments to function more effectively, and more independently, within the spheres of their respective jurisdictions. Far from seeking to weaken or destroy the autonomy of the provinces, the recommendations aim at rescuing autonomy from the perils of confused and overlapping jurisdictions, and to make clear definitions, between the functions of the Federal and Provincial governments. In the words of the Report, the aim was "throughout to safeguard the autonomy of the provinces, and to ensure to each province the ability to decide issues of particular importance to itself."

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It is recognized that the substance of provincial autonomy will become only a shadow if provinces are not in a position to discharge the financial obligations without which the other duties of government cannot be performed. The best way to preserve provincial autonomy is to maintain provincial credit. To quote the Report itself again, "The financial recommendations aim to place every province in a position to finance its own social welfare programme in accordance with average Canadian standards."

Throughout the Report, the federal character of our constitution is constantly stressed. There is no attempt to upset our typical Canadian form of federation. There is no suggestion that the Federal Government should be strengthened at the expense of the provincial governments, or the provincial governments at the expense of the Federal Government. The purpose of the Report is to strengthen both in their own spheres, so that they may be able to discharge their functions efficiently, and in accordance with the will of the people whom they serve.

The Commission has not recommended that any constitutional right now belonging exclusively to the provinces should be allocated to the Dominion. In all constitutional recommendations, the Commissioners recommend that the

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provinces shall have jurisdiction in all matters in which there is not a paramount and clearly apparent national concern. The special traditional rights of French-speaking Canadians are both preserved and emphasized. The Report recommends particularly that the performance of the functions of the Dominion Government in Quebec shall always be in the hands of officials who have knowledge both of the French language, and of local conditions and customs in the province.

The Commissioners have recognized the basic principles of democratic government. Government, to be effective, must be responsible. Responsibility should be clear. It should not be lost in a multiplicity of jurisdictions, or in a maze of constitutional disputes. The people have a right to know to which government they must look to exercise the control of all essential services, social and economic, without which democracy loses its meaning. The constitution should be a clear statement of powers designed for prompt action and effective administration. It should never be allowed to be a legal excuse for the non-performance, or a legal hindrance to the performance of duties and things necessary for just government and social welfare.

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Partners in a great enterprise:

In conclusion, may I say we firmly believe that the prosperity of Canada depends upon the prosperity of every part of Canada. No province of Canada, however concentrated its wealth, however large its population, however strong its industrial foundations, can hope to remain prosperous if any other part of Canada becomes an area of distress. Some provinces of Canada may, at first sight, appear to suffer a temporary handicap if the recommendations are adopted. We believe, however, that if a long view is taken, the adoption of the recommendations and their progressive effect upon the economy of the whole country will be of substantial benefit to all the provinces.

It is a truism that in any federal system every geographical division is a part of the whole and of every other part. There is a mutuality of interest in war and in peace, in prosperity and in adversity, in trade, in business and finance, and, not least, in those wide human and cultural relations on which the happiness of the people finally depends.

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Truly, we are members one of another. The recognition of this truth will guide us in our efforts to reach agreement along the path of co-operation. In meeting the problems of the war, and in looking to the new social order which we pray may follow in our own and in other lands, there is at least placed upon us the obligation not to allow any short view, or narrow division, or sectional dissension, to be an obstacle to an honest, persistent and thorough attempt to solve our national difficulties. Our willingness to be tolerant, moderate and helpful will be the measure of our capacity to succeed. Everything will depend upon the spirit which inspires the Conference, and guides our words and actions. We meet, not in opposition one to the other, but as partners in the great enterprise of furthering the common interest of our country, and preserving its national unity.

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J.W. PICKERSGILL TO (WLMK) Dom. P. Confce 1941

JWP/
15.1.41

Private and Personal

JAN. 15th, 1941

C183109

Re: Dominion-Provincial Conference

Two of the observations which you read from those made by your colleagues regarding your speech have occurred to me over and over again.

Mr. Macdonald's "Don't make this your Conference, Mr. King" seems very good sense. If it gets results, it will be your Conference in any case; but if, as seems more likely, it does not, the failure should be pinned squarely on those who are really responsible.

On the other hand, Mr. Gardiner's "Don't make this your Report" may not be such wise advice. In a sense your letter to the Premiers and your speech have already set your seal on the Report. Whatever the immediate consequences, the Report itself is bound to be a landmark and a chart for the future. It was your foresight which led to the appointment of the Commission; you have been the first to recognize its possibilities for the future, and if your attitude at the Conference continues to underline its long-run significance, it will not matter who ultimately succeeds in securing its adoption, the vision which inspired it, in the eyes of history, will be yours.

Your attitude throughout, while thoroughly conciliatory, should surely be so firm and clear in its outlines that no possibility will be left of someone else usurping the credit which is rightfully yours. Undoubtedly even at the Conference there will be those who will try.

The real enemies of the Report, Mr. Hepburn and Mr. Aberhart, are also the enemies of the federal government and of the national interest. Nothing that the federal government says or does can change that. Is there not a real danger that, unless no doubt is left that federal government distinguishes clearly between its friends and its enemies, many of its friends may be so discouraged as to seek other leadership.

If the federal government fails to make it clear that they are going to insist upon adequate safeguards of the national interest, the Tories (who have kept unusually quiet) may have the wit to see that they are being offered the best chances of revival in thirty years.

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Surely, in fairness to the provinces themselves, the alternative to the Report should be stated again with complete clarity.

Mr. Aberhart concluded his speech with the words: "We feel that at the present time it is both dangerous and unwise to start making constitutional changes." Yet the alternative he suggested was, in his own words, "to overhaul the monetary system." Surely if this is no time to make constitutional changes which are in no sense a fundamental disturbance of the balance between the federal and provincial governments, but which, in fact, aim to restore that balance, it is still less a time to embark upon the revolutionary course of overhauling our monetary system: a course which would provoke the bitterest internal strife, and might well destroy our war effort entirely.

It might then be said that the Conference had revealed the unwillingness of some of the provinces to attempt the adjustments which the federal government regarded as desirable and necessary for a maximum war effort; that, consequently, no attempt to coerce the provinces would be made, but that the federal government felt it had a duty to suggest an alternative which it considered a temporary second-best.

Mr. Pattullo said: "I can assure this Conference that the people of British Columbia are anxious that the resources of our province shall be utilized to the full in our war effort."

Mr. Hepburn said: "If there is anything specific that the Dominion government wants to help in its war effort, say so, and I am sure every province will assist by passing immediately the necessary enabling legislation."

Why not take both provinces at their own word and ask all the provinces to withdraw from the field of income, corporation and inheritance taxes <u>for the duration of the war</u>. The Prime Minister has already indicated that these taxes are essential to the war effort.

It could be emphasized that the withdrawal was only <u>for the duration</u> and that the other adjustments could be postponed until the war is over. Of course there would also have to be an assurance to the weaker provinces that, in the meantime, no province would be allowed to collapse.

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All the provinces have given their assurance that they are unreservedly behind the war effort and will accept what sacrifices are necessary. The refusal of this "temporary" alternative could therefore hardly fail to put the provincial government refusing it completely in the wrong with its own people. It would demonstrate, in no uncertain fashion, that the federal government really means exactly what it has repeatedly said about the "utmost effort."

J. W. P.

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Mr Corley ① C183112

International Labour

report

Tom re not changing

report

not reconstructing Confed.

only taking [illegible]

vital & carry on -

Dr Simon

Gardiner - goes to

for re [illegible]

Haley -

national adjustment,

Grants, - indicate this

is a question for discussion

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(2) C183113

Sort no finality
only a basis

Lockerman
not late away
from from in
1/2 hr

~~Border~~
Short

Turbulent
Short
Aust not definitely fixed
return from
not arbitrary

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(3) C183114

Mr. Donald
whose
must not prove out
provinces
very concluding
no commitment
report a guide
this is a conference
not ultimatum

"free endorsement"
Resent that
exaggerated emphasis
of study

some provinces facing
bankruptcy - avoid [illegible]

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(4) Mr Dunning

C183115

Conflict marking of
house needs paint
not - facing -

inflation - out - econo-
-mic
trialism

Cannot afford existing con-
-dition to remain
- a threat
avoid a threat.

Certain financial
get all the benefit
- not easy -

War Expenditures
not too much
Stressing - Stressing better

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(5.) C183116

fighting for democracy -
- it might to mark
mor concern -
don't use mor as a
club - if an un-
- pronunt use it now

(Shld be short)

Get out of position.
it will be a factor
if they don't see [illegible]

~~don't~~ purely a conference
get somewhere
meet again.

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(6) C183117

No ultimatum
a conference –

Under State our attitude
too definitely
"dont make it your
conference Mr King"
"Dont make it your
report" – Gardiner

You can't say to provinces
this is a conference
you must shallow them
separate

Mr Lesley –
(State our own view –
in opinion of Reference
– NO.
– Nearly conference

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(2) C183118

Yearly confer on
allocation of pioneers
Labour

Agreement ~~[illegible]~~ be reached
at this time

~~[illegible]~~ re Stating position

General principles covered
Memorandum to us

Letter wrote

Post accepts report of boom
detailed must be worked
out

not at all once.
not on exact line

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(8) C183119

attitude.

Ku Klux →

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to get people in
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Ku condition that brought
about a convex -
more now
perform of etc
(see 0-ch-6)

Gibson:
Helen's francmont

Greens crisis atmosphere
cooperation conference

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(9.) C183120

Something uniform

avoid cleavages
widening.

Surveys come - from
higher peak.

promote understanding

Gain Reasons why we
support corpn
history fix responsibility

Toronto
Buffer [illegible] would support
my [illegible]
a conference

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10 C183121

They are our equals
~~that~~ we ought to be
considering

results at a future
stage of not immediately

Don't use too much
in a [illegible] of the [illegible]

Hint, suggest, emphasize
not to get us [illegible]
but ~~the~~ help from [illegible]
[illegible] [illegible] difficulties

provinces stated they were
not dealt with fairly

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(4)

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(12) C183123

to be [illegible] its credit
their [illegible] more
[illegible] if
[illegible] adopted
- [illegible] will
be [illegible]
(Say [illegible])
[illegible]

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These notes written by Mr. King, apparently as his record of the observations made by his colleagues on his speech at the conference - see first paragraph of Mr. Pickersgill's memo, JAN. 15th 1941. JC

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JWP/MDS File
16.1.41

C183126

T-205
1941
Premiers

MEMORANDUM FOR THE PRIME MINISTER:

RE: Record of Proceedings of Conference

It has been suggested that the proceedings for the two days be bound together and issued as a pamphlet which could be put on sale at all news stands and book shops for ten cents.

Since it would be the actual record, it could not be called propaganda, and, if the distribution was not free, there could be no charge that it was a waste of public funds.

If the suggestion is accepted, it would be well to lose no time in getting the pamphlet on sale while interest is still keen and before there has been too much in the way of distortion and misrepresentation of the record. The suggestion is exactly along the lines of the Prime Minister's concluding speech in which the value of the proceedings as a basis for further study and discussion was emphasized.

Not-Thanked on
K
20-1-41
K

JWP

J. W. P.

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WJT/TAS
22.1.41

OFFICE OF THE PRIME MINISTER

MEMORANDUM FOR THE PRIME MINISTER:

C183127

Attached is the newspaper clipping giving the text of Mr. Aberhart's statement to the press regarding the Dominion-Provincial Conference, together with a draft press release in case the Prime Minister wishes to make any comment.

The chief argument in favour of issuing a counter statement to the press would seem to be that it would bring back to the minds of the people the essential fact that Mr. Aberhart, with the other two, walked out of the Conference which they had expressly agreed to enter. Initially they were being widely criticized for this, but now, owing to the smoke screen being thrown up as a result of monetary proposals, this point may be overlooked.

W. J. T.

✓

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Draft press release

C183128

JWP/PM/TS
22.1.41

When asked if he had any comment to make on Mr. Aberhart's statement regarding the Dominion-Provincial Conference, the Prime Minister stated that he had nothing to say about the statement in general, but he pointed out that there seemed to be some confusion in Mr. Aberhart's statement regarding the purpose of the Conference.

Mr. King pointed out that Mr. Aberhart had been invited to Ottawa specifically to discuss the recommendations of the Sirois Report and that Mr. Aberhart had accepted the invitation. Mr. King added that he was at a loss to understand what had changed Mr. Aberhart's mind, or why it had been necessary for him to come to Ottawa with a large party of provincial ministers and advisers in order to announce his refusal to discuss the only subject on the agenda of the Conference.

Mr. King also recalled that, at the Conference, the federal government did not ask the Provinces to accept the principle of the Sirois recommendations, but merely asked them to discuss these recommendations and to indicate their views concerning them.

(In his opening speech to the Conference Mr. King pointed out that "if a better solution can be found, it will

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be welcome." He added that in offering criticisms of the recommendations " it should be realized that criticisms will be tested by the value of the alternative proposals put forward to meet the problems with which Canada is faced."

Mr. King said that it was a matter of great regret to the federal government that Mr. Aberhart was not prepared to carry on the discussions on the basis which he himself originally agreed to, and that, in consequence, he did not avail himself of the opportunity afforded him to put forth, in the detailed discussions in Committee, any alternative proposals.

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C183130 T-205
1941

MEMORANDUM FOR THE PRIME MINISTER:

Re: Proceedings of Dominion-Provincial Conference

Dr. Beauchesne has been consulted about the procedure necessary to carry out the decision of Council referred to in the Prime Minister's memorandum of January the 28th. He states that all that is required is to have the proceedings tabled in the House, and a sufficient supply sent to the distribution office for the customary distribution. His estimate is that 1,500 copies in English and 500 in French would meet that demand.

For this purpose it would not be necessary to reprint the proceedings since there is a sufficient stock already on hand from the original printing, although 2,000 copies in English and 500 in French have already been sold to the public.

The customary distribution would, of course, not begin to cover distribution to the extent contemplated in Mr. Crerar's letter.

Dr. Beauchesne is reluctant to have any reprinting charged to the House of Commons vote on the ground that it should be paid for out of the money voted for the Conference itself. Dr. Clark was consulted on this point, and he agrees that the printing can be looked after by the Finance Department if the government wishes to have the proceedings reprinted for a wide distribution.

In case that is decided on, Dr. Clark suggests that the proceedings for both days be included in a single volume together with the Prime Minister's letter of invitation, the Premier's replies, and the Prime Minister's letter outlining the proposed agenda, in order to provide a complete record.

If the Prime Minister would indicate the procedure to be followed, and the extent of distribution desired, this could be put in hand at once.

A. D. P. H.

February 5, 1941.

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Moved by Mr. Mackenzie King

Seconded by

That 1500 copies in English and 500 copies in French of the verbatim report of addresses delivered in the Dominion-Provincial Conference held at Ottawa on the 14th and 15th of January 1941 be printed and that Standing Order 64 be suspended in relation thereto.

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T-205
1941

C183132

Ottawa, February 5, 1941.

W. C. Clark, Esq.,
Deputy Minister of Finance,
Ottawa, Ontario.

Dear Mr. Clark:

I attech a copy of a memorandum regarding the printing and distribution of the proceedings of the Dominion-Provincial Conference which has been submitted to the Prime Minister by Mr. Heeney. The memorandum is, I think, self-explanatory, and I shall let you know what is decided by the Prime Minister as soon as the decision is received.

Yours sincerely,

J. W. Pickersgill

JWP/MP

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T-205
1941

C183133

MEMO. FOR MR. TURNBULL:

Attached is a copy of a letter that was given to me to circulate.

When reading the last paragraph, it occurred to me that distribution to the public of the Proceedings of the Conference might be made more effectively through Public Libraries than through book stores - the latter could, of course, be used too.

I would suggest that a quantity be sent to as many Libraries as possible, to be placed on the desk, with printed cards drawing the attention of the patrons to the Report. If it is desired to charge a nominal fee (although now that the Report has been printed, it would be better to distribute it free of cost than to have it stacked up in some distribution office or store undistributed and unread), a box could be placed beside the Reports and the nickel, or whatever it might be, dropped into it. The contents could be forwarded to Ottawa by the Librarian, less a percentage for his (or her) trouble. However, as the desire seems to be to have the public read the Report this could best be accomplished, I think, by free distribution. An announcement to this effect could be broadcast..

Respectfully suggested.

L. B.

LAURENT BEAUDRY.

P. S. Mr. Hepburn could have no objection!

18.2.41

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DEPARTMENT OF FINANCE
CANADA

OFFICE OF THE
DEPUTY MINISTER

Ottawa, Fevruary 15, 1941.

Dear Mr. Clouthier:

I have your letter of the 13th instant with reference to the printing of the Proceedings of the Dominion-Provincial Conference.

I am advised that the Joint Distribution Office receive 500 English and 150 French copies for Members of the House of Commons and the Senate. In addition would you have forwarded to the Stationery Branch of the Department of Finance, 1000 English and 200 French copies. I would also appreciate it if you would give instructions to your Distribution Office to forward copies to persons referred to it by Mr. Alex Skelton of the Bank of Canada. Such copies should be sent free of charge.

Your suggestion to have the Proceedings advertised at the time of the news announcement by the Canadian Broadcasting Corporation is satisfactory to us. I do think, however, some circularizing of book stores should be undertaken with a view to having the proceedings sold to the public even if we have to furnish copies to stores free of cost or for a very nominal sum.

Yours very truly,

(Sgd.) W. C. Clark

Edmond Clouthier, Esq.,
King's Printer,
Ottawa, Ont.

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C183135

C
O
P
Y

King's Printer

Canada

Ottawa, Feb. 13, 1941.

Dr. W. C. Clark,
Deputy Minister,
Department of Finance,
Ottawa.

Dear Dr. Clark:

I beg to acknowledge receipt of your letter of February 10th, and we will print on your requisition B-333 100,000 English and 25,000 French copies of the Proceedings of the Dominion-Provincial Conference, for which the copy has been submitted.

We will also proceed with the distribution as outlined in the second paragraph of your letter, and we would like to have from you instructions as to the number of copies to be delivered to the Joint Distribution Office for delivery to Members of the Senate and Members of the House of Commons.

We also note the desire to have this Report circulated as widely as possible throughout Canada and that the price for the pamphlet would be ten cents per copy. Our experience has been that it is not feasible to place copies of publications in bookstores or news-stands - this procedure would involve a system of bookkeeping for which we are not prepared, but our idea would be to do as in the case of several Government publications particularly those issued by the Dominion Bureau of Statistics, such as the Canada Year Book or Canada, 1941, that is to have an announcement made at "news time" over "C.B.O". There would be no cost attached to this, and although we have thought about placing advertisements in the newspapers this would seem to involve quite an outlay of money.

I am giving instructions today to rush the printing of these proceedings, so that enough copies may be delivered to the House of Commons for the re-opening of the Session on February 17th.

Yours truly,
(Sgd) Edmon Cloutier.

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C183136

OFFICE OF THE PRIME MINISTER

MEMORANDUM

C-100(A)

1943

For the Prime Minister:

Mr. Turnbull telephoned to inquire whether the Prime Minister wished to suggest which Cabinet Ministers might be asked to attend the conference with Provincial Premiers this afternoon.

Mr. Turnbull suggests that Ministers from provinces which will be represented at the conference by premiers, might be considered:

Hon. J. A. MacKinnon
Hon. Colin Gibson
Hon. J. L. Ilsley
Hon. J. E. Michaud
Hon. L. S. St. Laurent
Hon. T. A. Crerar

DR

January 28, 1943

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C183137

Representatives Attending Conference to Discuss Provincial Liquor Revenues, and Effect of Other Controls

Jan. 28, 1943 - Room 401, H. of C.

ONTARIO:

Hon. G. D. Conant	Premier
Hon. T. B. McQuesten	Minister of Highways and Municipal Affairs
Hon. Robert Laurier	Minister of Mines
Hon. St.Clair Gordon	Chief Commissioner, Liquor Control Bd.
Mr. C. S. Walters	Deputy Minister and Controller of Finance
Mr. J. A. McGeachie	Comptroller, Liquor Control Board
Mr. J. P. Bickell	
Mr. W. B. Common	

QUEBEC:

Hon. Adelard Godbout	Premier

MANITOBA:

Hon. Errick Willis	Minister of Public Works
Mr. R. McN. Pearson	Deputy Provincial Treasurer

ALBERTA:

Hon. E. C. Manning	Provincial Secretary

BRITISH COLUMBIA:

Mr. J. V. Fisher	Assistant Deputy Minister of Finance

SASKATCHEWAN:

Hon. J. G. Taggart	Minister of Agriculture

NEW BRUNSWICK:

Hon. J. B. McNair	Premier

NOVA SCOTIA:

Hon. A. S. MacMillan	Premier

PRINCE EDWARD ISLAND:

Hon. Mark R. McGuigan	Minister of Education and Public Health

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C183138 C-100-A 1943

DOMINION - PROVINCIAL CONFERENCE.
January 28, 1943.

Provincial Representatives.

Alberta - Hon. E. C. Manning - Provincial Secretary.

British Columbia - Mr. J. V. Fisher - Assistant Deputy Minister of Finance.

Manitoba - Hon. Mr. Willis - Minister of Public Works.
and
Mr. Pearson - Deputy Provincial Treasurer.

New Brunswick - Hon. J. B. McNair - Premier.

Nova Scotia - Hon. A. S. MacMillan - Premier.

Ontario - Hon. G. D. Conant - Premier.
Hon. T. B. McQuesten - Minister of Highways.
Hon. St. Clair Gordon - Chief Commissioner, Liquor Control Board.
Hon. Robert Laurier - Minister of Mines.
Mr. Chester Walters - Controller of Finances.
Mr. McGeachie - Comptroller, Liquor Control Board.
Mr. J. P. Bickell - Registrar of Motor Vehicles
Mr. W. B. Common, K.C., Solicitor, Liquor Control Board.

Quebec - Hon. A. Godbout - Premier.

Prince Edward Island - Hon. Mr. McGuigan - Minister of Education and Public Welfare.

Saskatchewan - Hon. J. G. Taggart - Minister of Agriculture.

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C183139

OFFICE OF THE PRIME MINISTER

MEMORANDUM for the Prime Minister.

Dominion Provincial Labour Conference.

C-100-(D) v.1

Attached are: (1) draft of suggestions for remarks on welcoming delegates to conference. (2) Some newspaper editorials commenting on proposed conference.

Place: Conference will meet in the Railway Committee Room of the Senate. (Office will be in Room 116)

Time: Monday Nov. 8 - 10 a.m.-12.30p.m. and 2 p.m. to 5p.m.
Tuesday Nov. 9 - (same hours)

Attendance:

Three Provincial Premiers (?) ~~(Mr. Drew~~, Mr. McNair, Mr. Garson (?) will attend.
Mr. Rochette will represent Quebec;
Mr. Currie Nova Scotia;
Mr. Wright (Pres. of Council) - P.E.I.

Total representation: about 40.

P.A.

6th November, 1943.

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C183140

Gasoline Taxes

	Projected Provincial Revenue ($10 Bn. GNP)	Present Tax Rate (¢/ gallon)	Allocation of Dominion 3¢ tax	
			$000	$/capita
P.E.I.	305	10	150	1.70
N.S.	3,032	10	1,515	2.30
N.B.	2,300	10	1,150	2.40
Que.	12,142	8	7,590	2.05
Ont.	27,642	8	17,275	4.15
Man.	3,050	7	2,180	3.00
Sask.	2,800	8	1,750	2.00
Alta.	4,212	7	3,010	3.55
B.C.	4,400	8	2,750	2.60
	59,803		37,360	3.00

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C183141

DOMINION-PROVINCIAL CONFERENCE

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1. Statement issued at conclusion of meeting of Co-ordinating Committee, February 1, 1946.

2. Speech from the Throne, December 18, 1945.

Note: Further material available in room 212.

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In order that the full scope and the financial magnitude of the Dominion's proposals may be more fully appreciated, I give here an estimate of the cost to the Dominion of the payments to the provinces, and of the other expenditures, insofar as these can now be estimated:

Per capita grant ..... (payable in 1947; as presently estimated)	$198,000,000
Half the Dominion Corporation Tax on specified public utility companies	5,000,000
Health Insurance ..... (assuming full participation which would only be fully achieved in a number of years)	150,000,000
Health Grants ..... (assuming full participation)	15,000,000
National Old Age Pensions ..... for people over 70	200,000,000
Old Age Assessments	20,000,000
Total	$588,000,000

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In addition, the proposals provide for certain assistance for provincial and municipal public works, public investment projects, lending money for hospital construction, assistance to the unemployed who are able and willing to work, and facilitating the collection of retail sales taxes.

This provision would directly relieve provincial budgets and they would be in addition to the measures already adopted by the Dominion Parliament, including the most generous rehabilitation and family allowances provisions in the world, unemployment insurance, floors under farm and fishery prices, Prairie farm assistance, and Prairie farm rehabilitation. All these provisions are of direct benefit to the provinces of Canada, as well as to the people of all of Canada.

When all these measures are considered in conjunction with the Dominion's own program of broad ~~and~~ ended fiscal policies and public investment projects to provide and maintain full employment, (not to speak of the Dominion government's obligations due to two wars) it will be seen, we believe, that the Dominion has gone as far in the totality of its proposals as it would be proper

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for any responsible government to go. Further, we believe, that the program taken as a whole is as comprehensive, workable, and fair as any program that has yet been put before the people of any country since the termination of hostilities.

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Dominion-Provincial Conference on Reconstruction.

Outline of Address

by the

Prime Minister of Canada.

1. Welcome to the Conference.

   Over-riding objective: to promote national development and welfare of the people.

2. Purpose of the Conference.

   A Conference on Reconstruction

   to lay foundations for Dominion-Provincial co-operation in constructive work of peace.

3. Pride in Wartime Achievements.

   Wartime record gave new vision of future possibilities.

   Achievements in peace should be worthy of service and sacrifice.

4. The Meaning of Reconstruction.

   Reconstruction for Canada not a problem of physical re-building.

   For Canada, the conversion of wartime economy to peacetime purposes.

   War against Japan yet to be concluded, but waging of war must be combined with preparations for peace.

   Reconstruction not of the past, but of a better future.

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5. International Aspects of Reconstruction.

Defeat of Japan will not remove effects of war.

Uncertain future of Europe.

World conditions of great practical concern to Canada.

Our national well-being and prosperity depend upon world prosperity.

6. Canada's contribution to International Reconstruction.

Canada's part at
San Francisco
Atlantic City (UNRRA)
Hot Springs (Food & Agriculture)
Bretton Woods (Exchange)

Our part recognized as helpful and constructive.

7. Need of a strong and united Canada.

International outlook uncertain - difficulties very great for any nation.

Co-operation between Dominion and Provinces an essential background to effective Canadian action in world affairs.

8. Dominion-Provincial Relations in Wartime

Tribute to provincial governments' essential and continuing civilian tasks - maintenance of community life.

Co-operation with Dominion in direct war activities.

Mutual benefit of wartime financial co-operation.

Similar co-operation now sought for reconstruction and peace.

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9. Dominion-Provincial Relations in the Post-war.

No desire to weaken provinces.

Aim to make Dominion and provinces alike financially able to discharge their appropriate functions.

Genuine autonomy the first stage in effective co-operation.

Seeking a partnership in national development and human welfare.

10. Objectives of Dominion Proposals.

Full employment and expanding markets.

Conservation and development of resources.

Enlargement of opportunities and encouragement of enterprise.

Common interest of Federal and provincial governments in maintaining full employment.

Bulk of employment can only be provided by private and corporate undertakings - freedom and initiative must be encouraged.

Governmental responsibility in field of employment -

create conditions for successful private enterprise -

plan and organize national development and public works to balance rises and falls in private employment -

provide minimum of livelihood for the unemployed.

Proposals also envisage comprehensive social insurance.

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Reconstruction cannot be successful unless provinces and Dominion co-operate.

Prelude to such co-operation is the strengthening of Dominion and provinces to enable all governments to perform their functions independently and efficiently.

Seeking national unity not national uniformity.

War has taught us the vital importance of co-operation.

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C 183149

~~C1831~~

Wage Control and Collective Bargaining

Wage Control

~~It has been stressed that~~ the struggle against inflation will continue as a major transitional period problem. The vital interest of labour in the success of this struggle becomes daily more obvious. The responsibility of the Government, too, is clear: it would be a gross breach of faith if, after labour loyally accepted the restrictions on wage increases when demand was high, and subscribed in unprecedented volume to successive victory loans, prices were allowed to sky-rocket and no adequate effort was made to maintain employment. It is a corollary which all will recognize that wage control must continue as an essential part of the general anti-inflation policy during the transition period.

As soon as conditions warrant, and after consultation with those directly interested, further steps for relaxation of wage controls will be taken.

It is also anticipated that without endangering the general stability of wage rates, conditions will soon warrant the restoration to the provinces of the normal functioning of provincial minimum wage authorities under provincial minimum wage legislation.

Much has been said, at various times, about the desirability of uniformity throughout Canada of minimum wage standards, occupational coverage, maximum hours of work and minimum age of employment, consistent with justifiable local or regional variations in cost of living standards. The Dominion Government is most willing to discuss any proposals which might be made in these fields.

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13. Implementation and Finance

The National Health Programme, including the scheme of health insurance, as set out in this brief is part of the broad set of proposals which the Dominion Government is laying before this Conference. In effect, it provides for Dominion assistance to a series of provincially-administered health plans. For it, as for other proposals, the Dominion Government desires the approval of the Conference. In addition, the specific agreement of the individual provincial governments is necessary in order to implement the health plan in their respective provinces.

Similarly, it is proposed that old age pensions to persons between 65 and 70 years of age and in need should be provincially administered and thus subject to specific agreement.

The proposed system of old age pensions payable as of right without means test to persons 70 or over would be instituted and administered by the Dominion Government and specific agreements with provincial governments would not be essential to its implementation.

It is understood that the Dominion will finance its

The Dominion share of the combined cost of health insurance and of old age pensions can be financed out of the Consolidated Revenue Fund with such modification of

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taxation as would be justified, in the opinion of Parliament, by the universal benefits of health insurance and old age pensions and by the other purposes of Dominion expenditure.

There are, however, some definite advantages, in terms of administrative efficiency, compliance, and popular understanding of the plans, in introducing features, more specifically contributory in nature and tied up more closely with the provisions of health insurance and old age pension legislation. These additional and desirable features would be helpful in the early and effective inauguration of the plans and the Dominion Government asks that they be provided for in specific agreements with the provincial governments.

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DPC

OFFICE OF THE MINISTER OF FINANCE

Ottawa

C183152

file

MEMORANDUM FOR Prime Minister.

Attached is draft of proposed statement with pencilled corrections. I have not had time to have it re-typed but would appreciate your looking it over this evening.

W.L.M.K.

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Summary of Points

1. There is danger of public confusion resulting from the emphasis which has been put on a limited number of some of the tax features of the Dominion proposals.

2. It might be helpful to point out that even on the tax questions a very broad area of agreement has been reached.

3. All provinces are prepared to rent personal income and corporation tax fields for three years to the Dominion. ? at what cost

4. In relation to succession duties, the Dominion's modified offer provides an alternative to renting the field to the Dominion under which any province could continue to share the field as at present but with new provision for relief to its taxpayers.

5. In relation to the direct taxes on amusements, gasoline and pari-mutuel betting, the Dominion has indicated a willingness to consider any reasonable offer from the provinces to rent these fields.

6. These outstanding tax issues must be seen in their proper perspective. Important as they are, even more important are the fundamental objectives of the Conference and these should be recalled.

7. The purpose of the Conference is to devise ways and means of maintaining a high level of employment and national income for Canadians and of providing greater individual security and welfare. In the light of both the known and unknown problems and uncertainties

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that face us in the troubled transition period ahead, the achievement of this objective is of overwhelming importance to all Canadians.

8. A Conference with such high objectives and such necessary responsibilities cannot be allowed to fail over a squabble on the tax on horse race bets.

9. It is clear to everyone that at some point the Dominion, in protection of the taxpayers of Canada, had to set a limit to the financial commitments it could make. This the Minister of Finance has done but to suggest that setting such a limit is unreasonable and uncompromising after the very large and almost lavish financial offers that have been made and after the most thorough consideration of provincial submissions and substantial modifications in the original proposals designed to meet provincial views, is not a view which will command public support.

<u>Points to Consider</u>:

1. Undertaking to study Canadian tax system in collaboration with provinces (Co-ordinating Committee, Economic Committee, etc.)
2. Retail sales tax amendment.
3. Guaranteed minimum at $15.00 per capita of current population instead of 1941 or 1942.
4. Reiterate willingness to consider any reasonable offer to rent the gasoline, amusement, and pari-mutuel tax fields.

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In order that the full scope and the financial magnitude of the Dominion's proposals may be more fully appreciated, I give here an estimate of the cost to the Dominion of the payments to the provinces, and of the other expenditures, insofar as these can now be estimated:

Per capita grant ..... (payable in 1947; as presently estimated)	$198,000,000
Half the Dominion Corporation Tax on specified public utility companies	5,000,000
Health Insurance ..... (assuming full participation which would only be fully achieved in a number of years)	150,000,000
Health Grants ..... (assuming full participation)	15,000,000
National Old Age Pensions ..... for people over 70	200,000,000
Old Age ~~Assessments~~ Assistance	20,000,000
Total	$588,000,000

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In addition, the proposals provide for certain assistance for provincial and municipal public works, public investment projects, lending money for hospital construction, assistance to the unemployed who are able and willing to work, and facilitating the collection of retail sales taxes.

This provision would directly relieve provincial budgets and they would be in addition to the measures already adopted by the Dominion Parliament, including the most generous rehabilitation and family allowances provisions in the world, unemployment insurance, floors under farm and fishery prices, Prairie farm assistance, and Prairie farm rehabilitation. All these provisions are of direct benefit to the provinces of Canada, as well as to the people of all of Canada.

When all these measures are considered in conjunction with the Dominion's own program of broadened fiscal policies and public investment projects to provide and maintain full employment, (not to speak of the Dominion government's obligations due to two wars) it will be seen, we believe, that the Dominion has gone as far in the totality of its proposals as it would be proper

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for any responsible government to go. Further, we believe, that the program taken as a whole is as comprehensive, workable, and fair as any program that has yet been put before the people of any country since the termination of hostilities.

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NOT TO BE RELEASED UNTIL SPEECH IS DELIVERED

Notes of Speech to be delivered by Premier Stuart Garson of Manitoba, in the Plenary Session of the Dominion Provincial Conference held in April 1946. As Premier Garson is fifth in a series of ten speakers it may not be necessary for him to use portions or any of these notes.

- . - . - . - . -

At the opening meeting of this Conference in August last we had the honour upon behalf of the Manitoba Government of presenting a brief in which we attempted to state the problems with which this Conference was confronted, and the methods by which we thought these problems could be solved. This brief had been in preparation for several weeks before the opening meeting of the Conference, and was completed before we received for the first time the formal proposals of the Dominion Government. In this brief we advocated some things which after later conference discussion have not met with unanimous acceptance. We were neither surprised nor disappointed at this. When ten sovereign governments meet to reach an agreement, to which all can subscribe, no one government can expect to have all of its views accepted by the other This is particularly true when the issues are as difficult and as complex as those of this Conference. We came therefore prepared in a democratic manner to compromise in the interest of reaching a mutually beneficial agreement, and the purpose of my remarks today is to indicate the nature of the compromises we are prepared to make.

The Conference's original meeting and the subsequent meetings in November 1945, in January and February 1946, and this present meeting I am sure must be gratifying to all of us who have taken part, and to the Canadian people in at least one respect. The representatives of every province have brought to these deliberations a truly Canadian outlook tinged with a minimum of provincialism. There is no denying that the conflict of regional and provincial interests which

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arise in the issues with which we are dealing are in many cases genuine and deep. We can truthfully say that we have tried -- in the main successfully -- to rise above these conflicts in order to achieve a result which will be in the interests of Canada as a whole. This has not been an easy task, but it is a very necessary one, if democracy is to thrive in Canada's federal system.

Today after many weeks of work and many days of discussion we approach the stage where we conclude, or fail to conclude an agreement. All of the governments here represented have presented their views. These views as originally presented have been modified -- in some cases quite substantially modified, by the long discussions which have taken place -- until now a large measure of finality has been reached in all of them. In their present modified form the viewpoints of the ten governments taken as a whole, present to this conference a choice between two clearly defined alternative courses of action.

The first alternative is that we shall not conclude an agreement. The result of this failure would be that when the Wartime Tax Suspension Agreements between the Dominion and the several Provinces expire in the near future, the dominion government and the provincial governments would resume their pre-war responsibilities and taxing powers and the relationships between the Dominion and the Provinces would revert to their pre-war status, which proved so completely unsatisfactory during the past twenty-five years, and particularly during the depression of the 1930's.

The second alternative is that we shall reach an agreement consistent with the original Dominion Government proposals as modified by the discussions of this conference and the concessions which these discussions have evoked.

The Manitoba Government is strongly in favour of concluding an agreement based upon the Dominion proposals not because they meet the views of the Manitoba Government in every particular, but because the second alternative is in our judgment much the best both for Canada and Manitoba.

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As the merits of concluding an agreement have already been discussed at great length and many times during the course of our long deliberations, I have no intention of taxing the patience of the members of the Conference by any further lengthy discussion at the present time. Perhaps, however, I may be permitted to summarize very briefly under ten headings why Manitoba is so strongly in favour of reaching an agreement consistent with the modified Dominion proposals.

IF AGREEMENT CONSISTENT WITH DOMINION PROPOSALS IS REACHED	IF NO AGREEMENT IS REACHED
1. Public Confidence:	Lack of Confidence:
Canadian democracy will have demonstrated that it can deal effectively with a difficult and complex issue.	Confidence of Canadians in the capacity of public men and the efficacy of our democratic system will be seriously impaired, and encouragement given to subversive forces.
2. Certainty:	Uncertainty:
Agriculture, labour, business, the whole body of Canadian taxpayers, and the federal, provincial and municipal governments will be able to make and to implement their post-war plans, and move forward into the future with confidence.	Canadian citizens and organizations, including all levels of government, will be left in the present condition of uncertainty and frustration.
3. Unemployment Relief Reform:	Unchanged Relief Administration:
Provincial and municipal governments will be definitely relieved of the major portion of the burden of unemployment relief.	Primary responsibility for the handling and financing of unemployment relief will be left with the provincial and municipal governments in the uncertain and unsatisfactory position in which it was during the depression.
4. Pensions Without Means Test:	Means Test Pensions Unchanged:
Canadians aged 70 years and over will receive an Old Age Pension of $30 per month, without Means Test, at the sole cost of the Dominion Government.	Old Age Pensions will continue subject to a Means Test and jointly financed by provinces and the Dominion Government.
5. Single Taxation:	Multiple Taxation:
Canadian citizens will pay corporation and income taxes and succession duties to a single tax authority, namely, the Dominion Government; will file a single set of tax forms, and will be relieved of multiple provincial taxes under these headings.	Canadian citizens will pay corpor tion and income taxes and succesa. ion duties to the Dominion Government and to as many provinces as have a tax claim; and will have t file multiple sets of varying tax forms.

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6. Equalization Services:	Inequality of Services
Canadians, regardless of the province in which they live, will receive more nearly equal governmental services.	Canadians will continue to be penalized or benefited in regard to the educational, health, social welfare and other governmental services which they receive, depending upon the province in which they live.
7. Equalization of Tax Burden:	Inequality of Tax Burden:
Total burden of federal, provincial and municipal taxes borne by Canadian citizens will be more nearly equal, regardless of the province in which they live.	Canadians in certain provinces will pay, upon the same level of income, much higher provincial taxes than their fellow Canadians in other provinces and yet receive in most of such cases less adequate governmental services.
8. Improved Provincial Finances:	Unsatisfactory Provincial Finance
Disparity in financial capacity between the provinces will be more nearly equalized, with the results that the financial positions and the credit of the provinces, and of Canada, will be strengthened.	Financial standing of a majority of the provinces will be seriously and adversely affected if they are forced to support their responsibilities by superimposing provincial income and corporation taxes upon the continuing high level of federal taxes in those fields.
9. Constructive Tax Policies:	Un-coordinated Tax Policies:
Burden of corporation and income tax can be managed in a manner designed to encourage high employment.	Action taken by one government to manage the burden of its corporation and income taxes to encourage high employment may be nullified by the un-coordinated and perhaps contrary action of other governments.
10. Favourable Business Environment:	Unfavourable Business Environment
Dominion provincial relationships in matters of public finance will encourage rather than discourage enterprise, investment, consumption and sales, and thus promote production and employment.	Financial set-up, which for nearly ten years before the war contributed to unemployment and depressi in Canada, will be continued in a equally critical period.

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This list is not exhaustive of even the favorable results which would flow directly from the conclusion of the agreement. In addition to the results which would flow directly and immediately from the conclusion of the agreement there are many other results which although indirect, would still be of very great importance to Manitoba. Amongst these latter are health grants and health insurance, for which Manitoba intends to qualify and which would help Manitoba to meet a pressing need, public investment and developmental grants and the advantages of a more equitable system of taxation based to a greater extent upon ability to pay. But we contend that these ten favorable results which would flow directly from the conclusion of the agreement in themselves outweigh any reasons which may be adduced against it.

Agreement an Affirmation of Provincial Rights

Reference here should be made to certain arguments in opposition to the conclusion of an agreement. It is said, for example, that an agreement will jeopardize provincial rights enjoyed under our constitution, because the provinces will be transferring certain rights of taxation to the Dominion Government. We suggest, on the contrary, that the constitution in the clearest possible language gives to the Dominion Government rights of taxation which are so unlimited that it is quite impossible for the provinces by agreement or otherwise to increase or diminish them.

Under the agreement the provinces would covenant not to use their own rights to impose provincial corporation taxes, income taxes and succession duties for a period of three years. For this covenant the Dominion would pay the Provinces annually nearly 200 million dollars being an amount considerably in excess of the sums which the provinces have ever realized from these taxes in the past. The payment of this money by the Dominion under the agreement would be an affirmation, rather than a denial of these provincial

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rights of Taxation. If the provinces, after three years of experience under the agreement were not satisfied that this arrangement would be in their best interest, they are under no obligation to renew it. We affirm that in no way can it be said that this is an abandonment of provincial rights.

Proper Allocation of Taxing Powers influences Tax Burden

It is sometimes argued that "there is only one set of taxpayers. They are the people who live in the nine provinces of Canada. They don't pay any more and they don't pay any less because taxes happen to be collected through one channel or the other. The only thing that matters is what the total amount of taxes ultimately amounts to".

The implications of this argument are that since we cannot reduce the total tax burden of Canada by any re-allocation of taxing powers between the provinces and the dominion, there is nothing to be gained by such re-allocation. While on its surface this argument has some plausibility, surely it is quite fallacious. Even if it were granted that a wise re-allocation of taxing powers would not reduce the total tax burden -- and while it is not necessary for our present argument to critically analyse this proposition, it is too, at least debateable -- but even if the tax burden as a whole were not reduced by re-allocation, surely it is self-evident that it makes a very great deal of difference whether this total burden is met out of a large or a small national income and whether the burden is equitably distributed amongst the citizens of Canada. Surely any realistic appraisal of our national tax burden must also take into account the size of the national income out of which it is paid. Surely any conditions which reduce or hold down our national income, by that very fact increase the weight of a given national tax burden. And what is true of the national burden is true also of the

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citizens' tax burden. Thus while tax burdens are difficult to measure with complete accuracy, perhaps the least inaccurate measure is to consider the tax burden as a percentage of the income out of which it is to be paid. Obviously, a tax of $50 paid out of an income of $1,000 is a much greater tax than $50 paid out of an income of $1,500. Since the cost of a given quantity of governmental services will tend to be relatively constant, the real issue which this conference must face, is that of re-allocating governmental functions and taxing powers in such a way that the Canadian people have the highest possible income after paying the total costs of government in Canada. To argue that this allocation of taxing powers has no effect upon the income of the people of Canada is to fly in the face of recorded facts.

For example, in the 1930's it was the undue reliance upon indirect taxes on staple articles of everyday use which so seriously curtailed the quantity of goods which could be purchased by families with low incomes and which thereby reduced sales, production and employment, and thus greatly retarded Canada's recovery from the depression. This undue reliance on indirect taxes was the result of the Dominion's desire to leave to the Provinces the field of direct taxation.

Federal System not questioned

It has been suggested that this agreement will destroy our federal system of government and that in consequence we should end up with a unitary system, with only the federal government in Canada and no provincial governments. In the Ontario brief there is an admirable survey of the relative merits under Canadian conditions of the federal system of Government, as opposed to the unitary system. With the cogent arguments which the Ontario brief marshals in justification of the federal

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as opposed to the unitary system of government for Canada, the Manitoba Government is in complete agreement. We would go even further to say that never in Canadian history, and certainly not now, could the federal system of government be dispensed with, or even in any degree jeopardized, except to the grave disadvantage of Canada and the Canadian people. No government in Canada, federal or provincial, has ever questioned the wisdom of maintaining unimpaired the Canadian federal system of government. We therefore question the relevancy of an argument in favour of a federal, as opposed to a unitary system of government for Canada, in proceedings which from their beginnings have been continuously concerned with the steps which should be taken to preserve the Canadian federal system by remedying those defects which it has acquired in the 80 years of change during which it has been serving the Canadian people. What the Dominion Government of 1937, in appointing the Sirois Commission was trying to do, and what we today are trying to do is to make more effectively available to the Canadian people the virtues of our federal system which have been so eloquently described in the Ontario brief.

Efficient Federal System Essential

Surely no one questions that the federal system of government in Canada worked badly during the last quarter century, and particularly during the 1930's. Indeed the terms of reference of the Sirois Commission indicate that the problem which was assigned to them for study was not due to any inherent deficiency in the federal system itself as devised by the Fathers of Confederation, 80 years ago, but was due to those disabilities which 80 years of change in economic and political thought and in circumstances had created in the environment in which the Canadian federal system must operate. These disabilities are not inherent.

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It is not impossible to remedy them. They are not in any sense indications that under Canadian conditions the federal system is less efficient than the unitary system of government, and no responsible person considers that these disabilities have made it necessary to abandon the federal system in favour of a unitary system of government. On the contrary the efforts of every Canadian government have been directed, as are ours today, towards remedying these disabilities, to the end that our federal system shall produce in practice, results which will be in keeping with its theoretical virtues.

Two of the main defects which were not in the Canadian federal system at the time that it was conceived and created, but which have developed as a result of time and changes, are:

1. The excessive disparity between the financial capacities of the Provinces. This disparity has left Canadians in certain Provinces receiving much poorer provincial services and paying much higher provincial taxes than Canadians in other Provinces.
2. The business-destroying, depression-creating tax structure of Canada which resulted from the Dominion Government's attempts to obtain an inordinate proportion of its tax revenues from indirect taxes. This undue reliance on indirect taxes reduced purchasing power and thus reduced consumption and sales of basic commodities. It thereby reduced production and created unemployment. It bankrupted marginal enterprises by taxing costs regardless of whether such enterprises were making profits and thereby discouraged enterprise, investment and employment.

That these two main defects are not inherent in the Canadian federal system is indicated by the fact that that system operated for several decades without any sign of them appearing. These defects are products not of the Canadian

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federal system as such, but of the great changes in Canadian political and economic thought, in Canadian conditions and in the world environment which have occurred since 1867.

Thus the problem today, as the Ontario brief rightly says, is not that of whether we should replace the Canadian federal system with a unitary system of government. It is the opposite of this. It is the problem of how we shall make the Canadian federal system, which worked so badly in the 1930's, work so well that the Canadian people will wish to retain it. For we take it to be self-evident that the Canadian people will not wish to retain a system which worked as badly as ours did in the 1930's. Therefore, we who wish to retain our federal system as the only proper system for Canada will also wish to institute those reforms which will make it work well, in order that we may have an economy which will function properly and create prosperity and employment, rather than one which creates unemployment and depression. The surest way to introduce unitary government in Canada is to leave the federal system functioning as badly as it did in the 1930's, and the surest way to make the federal system function as badly as it did in the 1930's is to fail to remedy the unbalanced, unjust and impracticable tax structure of Canada, and leave the less-favoured provinces in the position of financial incapacity in which they were at that time.

Return of Tax Fields to Provinces no Solution

What the Provinces with large taxable resources tend to overlook is that while to them the power to tax is synonymous with revenues, the fact is that in a majority of Canadian Provinces, the power to tax is not synonymous with revenues, because they lack adequate taxable resources. To the extent that a Province lacks taxable resources, its taxing powers are valueless, and I cannot emphasize too strongly that it was the plight, not of the wealthy

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Provinces, but of those which lack adequate taxable resources which was the occasion of the whole chain of events which began with the appointment of the Sirois Commission and has culminated in this Conference. It is our plight which must be cured, if there is to be health in Canadian public finance. It has been said - not by us - that if the Provinces surrender their fax fields for a money consideration, they will put themselves in a straight-jacket. We in Manitoba are in a straight-jacket now, and the extent of our freedom of action is indicated by the amount of money we had to borrow for relief purposes from the Dominion Government. Almost as a mendicant, we had to come to borrow for relief purposes during the depression, after we had imposed taxes and economies which have no parallel in this country.

When, therefore, it is suggested that this Conference is convened because the Dominion is seeking to avoid handing back to the Provinces the fields of income and corporation taxes, we strongly dissent. Whatever the Dominion's views may be, we are opposed to going back to the status quo, because we know from bitter experience that we cannot get along upon the revenues that we can obtain from superimposing Manitoba corporation and income taxes upon federal taxes at the high level at which the Domihion Government for several years to come obviously must maintain its taxes.

The problem which faces this Conference in this regard is not whether any government wishes to avoid carrying out its undertakings under the Wartime Tax Suspension Agreements. The real problem is to decide whether in the interests of Canada and its citizens, the fields of income, corporation and inheritance taxes should be returned to the Provinces. For our part, their return to us is no solution.

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Welfare of Canadians Primary Objective

We know how difficult it is for members of Government not to be preoccupied with the fate of their own treasuries. There is a great temptation to which we ourselves find it hard not to succumb, to treat these negotiations as a bargaining between the Dominion and Provincial Treasuries, and to place the main emphasis upon whether the provinces would rent their income and corporation taxes and succession duties to the Dominion for a high rent or a low one. An undue emphasis upon the rent to be paid distorts the truth: that the maintenance of the income, the employments and the prosperity of the Canadian people is the primary consideration, and that the ease of the working of either the Dominion or Provincial Treasuries is a secondary matter.

If we maintain the present level of national income both the dominion and the provincial treasuries will be in relatively favourable positions. If we return to the conditions of the 1930's both the dominion and provincial treasuries certainly will be in extreme difficulties. But the disaster to the people of Canada will be the real penalty. This Conference in the interests of the treasuries of the governments here represented, must make the economic welfare of the Canadian people its prime objective.

Prewar Tax Structure Inefficient

To do this the Dominion Government must simultaneously do many difficult things. For example, it must meet the costs of the war and its aftermath. It must achieve advantageous international trade and international monetary arrangements. At the same time it must control effectively the internal volume of purchasing power in order to stabiliz fluctuations in business activity for the purpose of maintaining a high level of employment. For these purposes it is imperative that Canada have an efficient tax system. As pointed out by the Sirois Report, Vol.1, page 214, Canada's

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prewar tax structure was exceedingly inefficient. Concerning it the report states:

> "..... This brings up the whole problem of the 'efficiency' of the present tax system. 'Efficiency' in its most narrow sense might be interpreted as economy in collecting the existing taxes. In a broader, and far more important, sense it is skill in collecting a given amount of revenue with the least possible burden on the national income. In both senses the Canadian taxation system fails. Duplicate taxation machinery, inadequate and divided jurisdiction (involving cumbersome and expensive devices to do indirectly what the constitution prevents from being done directly) and lack of uniformity, all contribute to unnecessary expense and reduced returns. Of immensely greater concern, the lack of co-ordination in tax policies, and the almost uniquely high proportion of the Canadian taxation burden on costs rather than on profits, reduce the Canadian national income seriously. The national income is depressed in both a positive way, through restriction of marginal investment, production, and employment, and in a negative way through obstruction of the use of fiscal policy as a stimulant. These are criticisms partly of general taxation policy, and partly of the current working division of taxation powers between the different levels of government."

Prewar Tax Structure Unjust

The prewar taxation system was not only inefficient. It was unjust -- unjust as between Canadians in different provinces, and unjust as between Canadians in the same province. Nowhere is there to be found a more powerful indictment of the Canadian prewar taxation system than that made by the Honourable John Bracken, the then Premier

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of Manitoba at the Dominion-Provincial Conference in 1941. His argument has never yet been answered. After pointing out that in 1930 only seven percent of Canada's total tax burden under this taxation system came from progressive taxes upon incomes and inheritances, Mr. Bracken comments upon the system in these terms:

"We suggest that as long as the provinces retain the field of direct taxation, our national tax structure will continue to present this irrational aspect.

As long as the Dominion has to raise the bulk of its revenues by indirect taxes upon consumption which bear most heavily upon the low income groups, its taxes will continue to inflict the grave injustice which has been inflicted during the depression upon the poor, upon the consumer, and upon the farmer and other producers who are not protected by the tariff. The poorer a man, the larger his family, the less protected this market, the more heavily this tax structure bears upon him, regardless of the province in which he lives.

It does not help such a man that he lives in a wealthy province in which the income tax rates are low. Indeed, it is because the provinces have the right to impose income and inheritance taxes and because the Dominion respects that right by imposing as little income tax as possible and no inheritance - tax, that such a poor man, or farmer, living in a wealthy province has to pay, indirectly though it be, so much sales taxes, customs taxes and other indirect taxes to the Dominion Government. To such a man a low rate of income tax is of little significance, because the tax seldom reaches him; but the high indirect taxes imposed by the present taxation scheme

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do reach him. And yet there can be no relief under the present system for such a person by provincial measure, because the provinces do not control the taxes which are unduly burdening him.

Let us then, as provinces, clearly understand that until the Dominion is given the sole power to impose these direct and progressive taxes, under some such arrangement as that outlined in Plan 1 of the Sirois report, the Dominion cannot lighten the burden on people of low income without invading the provincial fields for alternative revenues as to the point of serious embarrassment to provincial finances."

Impotence and Deadlock Fatal

In today's world we may be sure that we shall encounter severe economic difficulties, when Canadian citizens will seek governmental action to relieve the human distress caused by economic deadlock, or to break up that deadlock itself. If we do not conclude this agreement, these citizens will have to be told by a majority of the provinces that it is impossible for these provinces to act, because they have the power, but not the money. When these citizens go to the Dominion Government, they will have to be told that it cannot act, because it has the money but not the power. They will have to be told, as they have been told many times before, that in our federal system there is no governmental authority to which they can turn for relief and for action in some vital matters which affect the public welfare. If we do nothing here this will be the truth; but to the citizens it will appear as a shameless dodging of responsibility by both provincial and dominion governments. It will therefore appear not merely as a defect in our federal system of government, but as a major short-coming of free democratic government itself. Our responsibility in this Conference

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may be measured by the fact that the enemies of democracy themselves could not devise an argument against it, more persuasive than the condition of governmental paralysis and frustration which we shall perpetuate by failing to reach an agreement.

Those of us who hold ourselves out as the exponents of the society which is good because it is free should remember that the first functions of even a democratic government are to survive and govern. We should recall the penetrating observation of one of the greatest of English philosophers written about 400 years ago and since vindicated by time that "What gave rise to most revolutions was impotence and deadlock in government". It is the impotence and deadlock which is so often the by-product of oppression and not oppression itself which topples over great states and political system. Impotence and deadlock may arise not only out of oppression but sometimes with as great ease out of freedom. Impotence and deadlock wrecked the democracies which were set up in Europe after World War No. I. Impotence and deadlock is a condition into which it is peculiarly easy for a federal state, with its divided jurisdictions, to drift. If we love our federal system we shall do our utmost - make genuine sacrifices if necessary - to prevent that drift.

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Brief Presented to Dominion-Provincial

Conference By

Hon John Hart, Premier of

British Columbia

To be held for release until after address is delivered at Conference session.

Errata :

Pages 10 to 15 should read 9 to 14.

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MR. PRIME MINISTER and GENTLEMEN:

Since we met first on August 6, 1945, many discussions have taken place, problems have been studied and modified proposals have been submitted to the Provinces.

While British Columbia's position and views already have been made known to you from time to time, it is now considered wise to summarize them so as to present a clear and composite picture.

It was realized fully last August that there was an urgency for the Governments of Canada to take counsel so that the strength of the Dominion could be mustered to deal adequately not only with post-war reconstruction problems but also with those problems which, on repeated occasions, have been alleged to arise from certain inherent weaknesses in our federal structure or from the existing distribution of fiscal authority.

The magnitude of the problems confronting the Dominion has impressed itself deeply in the minds of our people. They recollect the frustrating days of the last depression. They still suffer from the tragic impact of the war. However, the success that has attended the management of Canada's war economy has given them a hope that, in a national way, much can be done in times of peace to control the effect of disturbed cycles; to banish the fear of unemployment and social insecurity; to achieve an ever-rising standard of living; in fact, to win the peace.

That the fulfilment of these objectives requires co-operative effort is manifest to all. Also obvious is the fact that in a relative, yet equally positive manner, the functions of all provincial governments have, as has been the case with the Dominion, expanded in scope and broadened in character, and that their contributive share to the over-all objective is indeed great.

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Fully cognizant of the complexities involved and the vastness of public needs, British Columbia expressed itself last August as being ready to explore all avenues of approach and to assist in the common solution by submitting constructive suggestions.

There was, at that time, a full appreciation of the objectives of the Dominion, the increased number of questions of joint concern and of the new trends in public finance. Further, it was realized that if these matters were to be handled effectively in a Federal system they would require a co-ordinated fiscal effort by the various governments concerned.

It was our opinion that the basic question would resolve itself into how effective recognition could be given to the interdependence of all Canadian governments, while, at the same time, preserving the constitutional and fiscal privileges of the several parts.

We expressed our belief that it was an indispensable feature of responsible government that the Provinces should raise the bulk of their revenue by conventional tax methods. Assurance was given, however, that, if urgent fiscal need warranted it, we would be prepared to consider some form of co-operative method in certain revenue fields which were originally exploited solely by the Provinces and, from 1919 onwards, independently by the Dominion and the Provinces.

British Columbia's willingness to cooperate in solving problems that affected Canada's general welfare and safety has been demonstrated again and again. That it had a realistic appraisal of future trends is evidenced by the statement filed during the August meeting.

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The original proposals which the Dominion presented to this Conference were such as to give British Columbia cause for uneasiness and apprehension. When the current tax agreement was entered into, this Province enjoyed a yield of more than $12,000,000 from its income and corporation tax levies. These tax fields were surrendered, as a war measure, in exchange for a fixed grant of an equal sum. Also, as a war measure, the Province relinquished an annual subsidy of $750,000.

The said proposals contained an offer to the Province of $12 per capita grant related to gross national production and population, or an irreducible minimum of $9,814,300, on the condition that the Province vacate the income (except in mining and logging profits), corporation, and succession duty fields of taxation; and that it forego the statutory subsidies provided under the B.N.A. Act.

In so far as the volume of provincial income was concerned this meant that, based on the year ended on March 31, 1941, the Province was required to surrender; subsidies then amounting to $1,624,560; the value of the fixed tax agreements' grants of $12,048,367; and succession duties of $888,860; or a total of $14,561,788, which was equal to $17.55 per capita and for which only $12 per capita was offered in exchange. This would have meant a cash loss of $4,747,000 and in addition that indeterminate amount represented by the natural expansion in yeild from the taxes to be surrendered, and estimated to amount to many millions of dollars.

A loss of such proportions could not be entertained by British Columbia because we are far from balancing our budget under present conditions as has been shown by the figures submitted to the recent legislature when current

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expenditures exceeded revenue by nearly $6,000,000.

After close expert study of the economic implications of the August financial proposals, and of the related suggestions concerning social security and public investment, the Government concluded that these financial proposals were inadequate. The position of this Government was made clear in a statement presented to the Co-ordinating Committee on November 26, 1945. It was then stated that we were in full agreement with the objectives underlying the Dominion's proposals — namely, social security and high level employment and at that time it was forcibly shown that the adoption of the August financial proposals would have an adverse effect upon the budgetary position of this Province. The subsequent studies of the Dominion-Provincial Economic Committee fully confirmed this contention.

Because we were satisfied that alternative financial arrangements could be devised which would not be inconsistent with the goal of full employment, the Government laid before the Co-ordinating Committee five conditions which we considered might fairly be applied as a test to any suggested financial arrangements. These were as follows:

(1) The arrangement should be capable of implementation without amendment to the B.N.A. Act.

(2) In any transfer of Provincial tax fields to the Dominion the compensation to be paid to a Province in any year should never be less than the yield which the affected provincial taxes would have produced, if they had been levied by that Province, at the tax rates in force when the arrangement was signed, or when the Province last collected the tax.

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(3) That any financial arrangement should provide for a thorough review of the agreement, and its possible amendment or cancellation at the end of three years.

(4) That where financial transfers from the Dominion to the Provinces are provided, the payments should be determined by an objective formula which may be applied to any or all Provinces.

(5) That where financial transfers from the Dominion to the Provinces are concerned, wherever necessary, suitable arrangements should be made to compensate for variations in the price-level and changes in the population.

In accordance with these suggested criteria, we have contended that the existing statutory subsidies might very well be left untouched in any general readjustment. We have stated our willingness to recommend that for a three-year period the Province refrain from imposing income and corporation taxes, provided we are compensated by a sum at least equal to what we would collect if we were to impose these taxes at the rates in force previous to the wartime agreement. If there is general unanimity, we have stated our willingness to consider foregoing succession duties on the same basis for a three-year period.

It is quite obvious that at this time no one can foretell accurately what revenues might be secured from the imposition of these provincial taxes during the next three years. It is also clear that difficult problems would arise later if estimates of the provincial revenue were prepared from the statistical records of the Dominion Government. Because of these real difficulties, the

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Government has stated its willingness to consider reasonable interim compensation payments from the Dominion which could be adjusted later when more precise calculations could be made.

In the course of the discussions which have occurred since last August, reference has been made to the duplication of taxes which now exist with respect to gasoline, pari-mutual amusement and certain other revenue fields. While it is appreciated that this is a problem which has been magnified by war conditions, we believe that a solution for it will require a cooperative effort on the part of both Dominion and Provincial Governments. The present understanding extended by the Dominion not to increase the Federal taxes in these fields during the life of a three-year agreement -- except in the event of a national emergency is, in our opinion, not sufficient. We recommend to the Dominion that further consideration be given to the proposal that these sources of revenue be left exclusively to the Provinces, especially in view of the fact that the amount involved is small when compared with the total Dominion revenue.

With reference to the effect of the proposals on our budgetary position, a substantial degree of misunderstanding has existed concerning our fiscal requirement. This was due mainly to the fact that, during the past few years, substantial revenue surpluses had accrued to the treasury. The facts of the case are, that these surpluses, in effect, represented public services and projects, chargeable to income account, which because of war conditions, had to be postponed until labour and material were readily available

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Permit me, at this juncture, to outline briefly the budgetary provisions for the current fiscal year in order to clarify fully my preceding remarks.

Revenue collections for the year ending March 31 next are estimated to yield a total of $42,152,000. The total of our current expenditures chargeable to income amounts to $47,639,000. It was therefore necessary to offset the deficit in current income by an appropriation of $5,550,000 from former revenue surpluses. No capital expenditures are included in the aforesaid estimates.

A programme of capital expenditures for roads, bridges and buildings has been arranged to commence this year. This programme will cost more than $30,000,000, which sum will have to be secured through further loans by the Province.

As a result of these a further expansion in current costs is anticipated during subsequent years. These costs include the maintenance of the new capital works and the care of the patients in our new institutions.

The problem of providing adequately for the conservation and protection of our forest resources has been met substantially, but additional provisions still are necessary.

Our municipalities have pleaded, during many years past, for financial aid so that real property might enjoy some relief from an excessive tax burden. Considerable assistance already has been extended by the Government's assumption of a greater portion of the cost of education, but additional fiscal aid is anticipated as the result of the findings of a Royal Commission presently engaged in surveying Provincial-Municipal relations. As an interjection

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it is desired to point out that the large increase in our current costs is the result of better forest protection and conservation measures and the assumption of a much greater portion of the cost of education.

These additional expenditures are altogether apart from the obligations which would be assumed under the proposed agreement, or which might have to be met in the event of a depression. Of particular significance in the latter category are the health insurance provisions and relief to unemployables and indigents.

The people of British Columbia already have expressed their wishes regarding health insurance and in the near future appropriate measures will have to be taken to provide them with such benefits. What their extent might be at first cannot now be determined. However, there is no doubt that a considerable part of their cost will have to be borne by the Government. Under the Dominion proposals, the provincial share would amount to more than $9,000,000 and no scheme of registrations could possibly raise that sum.

Relief to indigents or unemployables is already costing the Province large sums notwithstanding the fact that unemployment is not now a problem of serious concern to the treasury.

When considering provincial expenditures it should be borne in mind constantly that very few of them can be pared down during adverse economic cycles without serious and harmful results. If the Dominion proposals are adopted, the very nature of them will make it imperative that provincial services be maintained at their full level lest their reduction aggravate further the downward trends incidental to a depression.

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It is obvious, therefore, that ample revenues must be constantly at the disposal of provincial governments and that the source of these revenues be elastic enough to meet all contingencies.

It is realized, of course, that there are areas in the Dominion which do not enjoy the balanced economy others do, or which do not possess a wealth of natural resources sufficient to provide fully for services in a manner comparable to their more fortunate neighbours. It is our opinion that these areas merit special consideration. Whenever their services fall below a level compatible with proper national standards, adequate fiscal relief should be extended by the Dominion. The measure of that relief should be determined by that authority.

At this juncture, it is desired to point out that modified financial proposals were submitted on January 31, 1946, and that these would have the following effect:

	Payments under 1941 Tax Agreements plus statutory subsidies and 1939-43 average succession duty collection.	Amounts which will be paid in 1946 on basis of average GNP and population of 3 preceding years.	Improvement in Cash Position
		(Millions of Dollars)	
P.E.I.	$1.1	2.0	.9
N.S.	4.2	9.9	5.7
N.B.	4.8	7.5	2.7
Que.	32.1	56.8	24.7
Ont.	44.0	64.2	20.2
Man.	8.0	11.8	3.8
Sask.	8.3	13.7	5.4
Alta.	8.2	13.2	5.0
B. C.	14.2	18.1	3.9
	124.9	197.2	72.3

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It is our belief that once the main outline of a generally acceptable Dominion-Provincial financial arrangement has been developed, it will be possible to make rapid progress in this Conference in the discussion of the various social security and public investment measures which have been brought to our attention and in which we are vitally interested. In order that the position of this Province, however, be clearly understood on these issues, I shall repeat some of the opinions we have previously expressed.

In the case of old age pensions, it is our opinion that the scheme now in force has a number of weaknesses. The amount of the pension -- which in British Columbia is supplemented by a monthly cost-of-living allowance of five dollars -- is too low. The eligible age of seventy years is too high. It is not a contributory scheme. The pension must be administered on a Means Test basis.

To remove these weaknesses, we believe that a contributory scheme on a national basis should be brought into force.

The present Dominion proposals, in our view, fall short of a complete solution. To provide old age assistance for people from 65 to 70 years of age, under the conditions suggested by the Dominion, it would still be necessary for British Columbia to retain a retain a residence clause, as well as the Means Test provision. Nor is the problem of the old age pensioner, who is asked to subsist on a thirty-dollar monthly pension, solved by extending such a pension freely to all persons 70 years of age and over.

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With reference to health insurance, I may say we are anxious to see the early development of a well-rounded preventive and curative scheme which will provide the best possible care at the least cost to our citizens. The financial assistance offered by the Dominion Government to aid in the planning and development of an adequate provincial scheme should be very helpful in this connection.

In so far as the health grants are concerned, we are gratified to find that the Dominion Government is now willing to remove some of the uncertainty which has often surrounded conditional grants-in-aid in the past by its proposal to make them statutory. Whether it will be possible for the Province to accept these grants and to offer the public a free service in the required new cases (mental health, T.B.) will depend in part upon the financial agreements made at this Conference, upon the available supply of medical and hospital facilities, and upon the increased demand which may arise for these public health services.

We have noted with interest the Dominion's suggestions regarding unemployment assistance. It is greatly to be hoped that during the life of a three-year agreement, because of the Dominion's contemplated full employment programme, there will be little occasion to resort to this type of assistance. In so far as it may become necessary to use it, we believe that such questions as the definition of an able-bodied person, the treatment of self-employed persons, farm labour and other related matters ought to be decided in a mutually satisfactory manner.

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Turning now to the field of public investment, I should like to say that the Government of British Columbia is quite ready to cooperate in the accumulation of a shelf of desirable public works which might be placed under construction at strategic periods in the business cycle. The proposals to provide planning and timing grants are in principle at least, a very welcome indication that the Dominion will attempt to use public investment as a counter-cycle device. It is not quite so clear to us, however, that the Dominion has fully perceived the financial position of the provinces which will commonly arise under threatening depression conditions. It is certain that in a period of declining public revenues, few local or provincial authorities will relish the prospect of financing new capital works in the ordinary way. Indeed, only one governmental authority has the monetary and fiscal means at its disposal to meet a deficit-financing problem of this nature, namely the Dominion. We have understood that one of the primary reasons for considering a tax agreement at this time was that it would assist the Federal Government to carry out the financial policy necessary for full employment. If this is so (as the White Paper and the Green Book of 1945 seem to imply), then the Dominion should clearly accept the major and not the minor proportion of the cost of public works which are launched deliberately on a counter-cycle programme.

May I now, once again, assure this conference of our earnest desire to cooperate fully in attaining a solution to our several problems and reach a satisfactory agreement. We are confident that the counter proposals we have submitted are not only fair but just. There are sacrifices involved

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thereby. These, however, may yet prove the means of determining, during the next three years the value and wisdom of the Dominion policy and enable the appraisal of trends and factors upon which judgment concerning future Dominion-Provincial relations can be formed.

The discussions, so far, have more than proved the fact that during the past there has been a lack of co-operative effort and joint counsel. They have likewise proved a lack of a mutual understanding of individual problems, and have brought to our attention other domestic needs which, as yet, have not been covered fully.

This, we believe, demonstrates clearly the need for constant joint counsel and collaboration during the proposed three-year trial period, through the medium of a co-ordinating council. By this means, at the appropriate time, we may deal more objectively and expeditiously with such proposals as may then be recommended. It is our considered opinion, however, that there are certain basic principles of government which must be defined clearly before those proposals are discussed; among them a definite allocation of revenue sources.

In conclusion, I will now repeat my final remarks on this subject to the British Columbia Legislative Assembly on February 26, 1946:

> "Briefly our position is that we will recommend for a three-year trial period that the Province refrain from imposing income and corporation taxes, provided we are compensated by a sum equal to what we would collect if again we

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"imposed similar taxes to what were in force previous to the war tax agreement. The alternative to this is that we proceed to collect income and corporation taxes at rates current before the war. Should we be obliged to do this, the Dominion Government by the terms of the present tax agreement must reduce their taxes accordingly, but not exceeding 10 per cent on corporation incomes. Consequently, our re-entry into these taxing fields would not mean increased taxes for the taxpayers. Should this step be necessary, we would ask the Dominion Government to collect the taxes on our account so that there would only be one collecting agency."

It is most significant that my government's recommendations, concerning the Dominion proposals, received the unanimous approval of the House and were received generally with unqualified support from the press and the people of our Province.

British Columbia, therefore, is prepared to enter into an agreement with the Dominion Government to forego the collection of taxes in the field referred to on the conditions outlined.

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DOMINION-PROVINCIAL CONFERENCE (1945)

SUBMISSIONS BY THE GOVERNMENT OF THE

PROVINCE OF ONTARIO

The main purpose of the Dominion-Provincial Conference (1945) is to place the Dominion and the provincial governments in the best possible position to use their combined powers for the most effective advancement of the welfare of the people of Canada and the strength of one national economy. In seeking to attain that objective, our constitutional background must be recognized, and the special considerations which greatly affected the form of constitution under which Canada became a nation must always be borne in mind.

In making its submissions to the Conference, the Government of the Province of Ontario proceeds upon the assumption that the future strength of Canada and the welfare of all its people will depend upon the measure of co-ordination and continuing co-operation which can be established between all governments in Canada and the agencies of those governments. While recognizing that each provincial government owes its primary responsibility to the people of its own province, we fully recognize the dependence of the people of every province on the strength and vigour of the whole nation for their continuing welfare and prosperity. We are also convinced that the strength of our national structure very largely depends upon the strength, independence, and self-reliance with which each provincial government is able to undertake its own allotted tasks. These principles are stated at the outset so that it may be clearly understood that our proposals are made in the belief that they should be equally acceptable in every part of Canada and are in no instance put forward with the thought of giving any special advantage to those who live in the Province of Ontario. The ordinary constitutional relationship between the Dominion and provincial governments has been changed very greatly during the war as the result of the wide powers assumed by the Dominion Government under the War Measures Act and other emergency legislation. In many fields of exclusive provincial

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jurisdiction, the Dominion Government has taken over full authority. Under the Emergency Transitional Powers Act, the Dominion Government continues to occupy extensive areas of provincial jurisdiction. That being so, the readjustment of legislative authority as between the Dominion and provincial governments will be a progressive and continuing process, and obviously will not be completed in one stage.

The first and most urgent question is the allocation of taxing powers which must follow the termination of the tax agreements of 1942. As the ability of any government to undertake its responsibilities depends upon its power to obtain the revenue required to carry out its responsibilities, the subject of taxing powers as affected by the 1942 agreements will be dealt with first.

On March 27th, 1942, the Government of Ontario entered into an agreement with the Government of Canada which provided that, for the duration of hostilities and the next full fiscal year following the year in which hostilities ceased, the Provincial Government would forego its right to impose personal and corporation income taxes in return for fixed annual payments. Similar agreements were entered into between the Government of Canada and the government of each of the other provinces. Hostilities having been declared to have come to an end on September 6, 1945, the agreement between the Government of Canada and the Province of Ontario will terminate automatically on March 31, 1947. Quite apart from other details of taxation and other agreements which may be reached at this Conference, it is essential for the orderly conduct of the business of government, that the Dominion and provincial governments decide at the earliest possible date what will happen in these two extremely important fields of taxation after the termination of the existing agreements.

Along with other proposals placed before the Conference last August, the Dominion Government proposes that, under a new agreement, the provincial governments continue to remain out of these fields of taxation in return for certain annual payments on a fixed basis. As this involves a fundamental principle, in no way related to the present adequacy or inadequacy of the payments proposed, it is desirable to examine what effect the acceptance of this proposal would have upon the position of the provincial governments and legislatures.

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Under Section 92 of the British North America Act, the Provincial Governments were given the right to impose direct taxes for the purpose of carrying out the legislative and administrative responsibilities conferred upon them. Under Section 91, the Dominion Government was given the power to impose any form of taxation for the purpose of carrying out its legislative and administrative duties.

No serious problem arose as a result of this possibility of conflict in taxation, until 1917. While it is contended that there is no limitation upon the right of the Dominion Government to impose any form of direct taxation, succeeding Dominion Governments up to that time had confined their taxation to the indirect field, and when it was considered necessary to impose a personal income tax in 1917 because of the demands of war financing, the then Minister of Finance, Sir Thomas White, expressed his regret that it should have become necessary to enter this field, and the expectation at that time clearly was that the Dominion Government would withdraw from it after the war, leaving the field of direct taxation once again, exclusively, to the provinces, as it had been since 1867.

There was very good reason for leaving this field open to the provincial governments. They had been given wide sovereign responsibility in many of the most important fields of legislation affecting the prosperity and welfare of the people of Canada. After all, there is only one group of taxpayers in Canada. They are the combined total of the people who live in the nine provinces, together with a small number of people who live in the northern part of Canada, outside of the organized provincial areas. If the provincial governments were to assume their full responsibility for health, public welfare, education, agriculture, highway construction, lands, forests, mines, labour relations, municipal affairs, and so on, then obviously it would be necessary for them to have the power to impose the taxes necessary to raise the money for the purpose of carrying out those responsibilities, under the supervision and subject to the approval of the provincial legislatures. That principle was accepted without question as a basic necessity for the effective functioning of our Federal System.

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When it was proposed in 1942 that the provinces should abandon their two most important sources of direct taxation, this was done with the assurance that it was to be for the duration of the war emergency and only for that period. There were obvious reasons why the provinces could do this for the duration of the war and for the next fiscal year thereafter, which did not apply in time of peace. The provincial governments had stopped all avoidable construction and made it clear that they would curtail development expenditure as much as possible. Under those circumstances, their budgets were established at an approximately fixed level, and annual payments could be computed to provide the necessary revenue within the fixed limits which the provincial governments had themselves determined.

But a very different situation arises with the end of the war. As supplies and manpower become available, it is not only possible but absolutely necessary for the provincial governments to increase their expenditures very greatly if they are to proceed with development work which is essential for the orderly expansion of production and extended use of all our resources. The amount of money spent in any year on such activity must be measured by the judgment of the members of the provincial legislatures, or they cease to be independent legislative bodies. It is axiomatic that the power to tax is the power to govern. It is for that very reason that there is a standing rule in every parliament and legislature within the British Commonwealth that private members cannot bring in money bills, or present resolutions which would have the effect of increasing the expenditure approved by the government.

If the provincial governments, and in turn the provincial legislatures, were to abandon their most important sources of direct taxation in return for an annual payment on a fixed basis, they would place themselves in a legislative strait-jacket from which they could only escape by abandoning still further powers in return for added payments at some date in the future.

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There is much more to be decided at this Conference than the adequacy of the payments proposed by the Dominion Government to meet the financial needs of the provinces for the immediate future. In Ontario, the annual expenditure by the Government on public services of every kind has increased steadily throughout the years. The prosperity of our people has increased also. A large part of the expenditures goes directly to the advancement of production and results in increases in employment. That process will continue. The more highly organized and the more productive any group of people become, the more public services they require to support their daily needs, to increase their opportunities for trade and commerce and generally to gain access to undeveloped resources. If the provincial governments placed themselves in such a position that they were only able to expand their activity with the approval of the Dominion Government, they would become little more than local administrative commissions of the Dominion Government, and the provincial legislatures would cease to possess anything but the form of administrative responsibility.

No matter what the intention may be, the almost inevitable result which would follow the acceptance of such an arrangement would be the ultimate abandonment of the Federal System in favour of a Unitary System of government in Canada. The steady whittling down of provincial rights of taxation would produce a limitation of legislative independence which could only have the effect of rapidly increasing centralized power of the Dominion Government.

The question to be decided is not merely whether the provincial governments are prepared to abandon their most important taxing powers, with the certainty that it would become necessary for them to abandon still more powers as time goes on; the fundamental question to be determined is whether or not the time has come to abandon the Federal System, in fact if not in name, in favour of a centralized Unitary System of government. It is well therefore to review the distinctive attributes of the true Federal System which Canada adopted in 1867, and to consider the relative advantages of the Federal and Unitary Systems, recognizing the universal desire that Canada face the future with that form of democratic government best suited to its needs and special problems.

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Federal government in Canada was established to further the same broad purposes which characterize federalism elsewhere in the world, especially in democratic countries such as the United States and Australia. Profound changes in Canada's national stature and economic position in the world must still be assessed with due regard to those objectives.

The primary and simple purpose of the Fathers of Confederation was to conserve the autonomy of the provinces in local matters, and at the same time create a national government which would promote the common interests of all provinces and be able to deal with such public business as was of a distinctly national character. Here as elsewhere, democratic federalism was designed to embrace many in one and one in many. It was not intended, however, to merge local characteristics in one uniform pattern. This simple purpose was precisely stated in the judgment of Lord Watson in Liquidators of the Maritime Bank vs. Receiver-General of New Brunswick in the following words:

> "The object of the Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to create a Federal Government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy."

It must be remembered also that there were special considerations in the minds of those who framed the British North America Act which must not be disregarded in reaching a decision today, no matter how much the general circumstances throughout Canada have changed. This was stated very clearly as recently as 1932 in the Aeronautics Case in the judgment of Lord Sankey as follows:

> "Inasmuch as the Act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered in the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original

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contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of Sections 91 and 92 should impose a new and different contract upon the federating bodies."

Those special considerations are still present today. Any attempt to disregard them could only result in failure to reach that measure of agreement which is desired by every government represented at this Conference. Federation was made possible in Canada only by the assurance that within its range of legislative competence each provincial legislature would be fully responsible for policy and answerable to its own electorate for the preservation of certain traditional rights and privileges which those provinces were not willing to submit to the overriding authority of a government and parliament in which their own representation would in each instance constitute a minority. The division of legislative competence was made rigid in many fields in order to secure traditional rights from the possibility of usurpation of power by any Dominion Government and parliament no matter what its political complexion might be.

Besides those traditional loyalties, which were a potent factor in determining the particular form of federation

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adopted by Canada, the architects of Canadian union chose federalism as the form of government most likely to insure efficient administration over the large and sprawling territories which spread from the Atlantic to the Pacific, north of the United States. It is also important today to remember that the government leaders from Upper and Lower Canada had practical experience in the preceding twenty-five years in the operation of a legislative union, and in the light of that experience they were the strongest advocates of the administrative superiority of the federal system. They looked upon it as a system which would insure the most intimate relationship between the government and the people and, hence, would be most likely to escape the ills of a centralized and unwieldy bureaucracy. It is significant that they gave to the provincial governments jurisdiction over education, municipal institutions, the development of natural resources, and property and civil rights, thus enabling the provincial governments to remain responsive to the divers notions, needs and traditions of the people living within their provincial boundaries. Provincial government was to remain a constitutional shield for local democracy in the provincial legislatures and the municipal councils.

This statement of the underlying considerations which led to the adoption of our own particular form of federalism is not intended to convey the suggestion that the British North America Act is beyond all improvement or that we should be hampered in our national development by an outmoded constitution if we became convinced that such were the case. The wisdom of the Fathers of Confederation has been amply demonstrated throughout the past seventy-nine years, but, even so, it is only proper for us to ask ourselves if our constitution has outlived its usefulness and the time has come for us to turn to some other form of constitutional government. Those who remain faithful to old dreams sometimes find that only the dream remains. If the evidence were

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clear that some other form of democratic government would be better suited to the needs and aspirations of the Canada of tomorrow, then there would be no reason why the consideration of such a fundamental change should be delayed.

If we were confronted with exactly the same problem as faced the Fathers of Confederation - the writing of a national charter suited to Canada's needs - what form of government would be chosen? Surely we would come to the conclusion that nothing has happened to alter the logic of a federal structure in a state of such area and diversity, although the pace and character of modern economic and social developments, especially the consolidation of economic power, do call for adjustments which will be referred to later. Although they are not economic islands, separate from one another, it still remains true that the provinces constitute, and should continue to constitute, like the states of the American Union in the words of Justice Holmes, "insulated chambers" for legislative experiment, wherein different ideas and attitudes have free scope within the competence of the provincial legislatures.

The provincial governments must cope with the problems of diverse soil, topography, climate, and human sentiment. Indeed, owing to the remarkable advances in scientific technique since 1867, the responsibility of provincial governments in directing the development of natural resources has increased enormously, and in the future will increase still further. The natural resources throughout Canada are so heterogeneous, and the modes of development in different provinces vary so much that administrative supervision in limited areas is essential for their most effective utilization.

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What may be prescribed by public policy for the best use of coal and minerals in Nova Scotia may not be equally wise in Alberta. Conservation will necessarily have a different meaning in British Columbia from what it has in Saskatchewan. The problems connected with the production of electric power in Manitoba are very different from those of Quebec. Ontario has large and divers resources in its forests, base metals, precious metals, its lakes, fertile lands and secondary industries. In every province more co-ordinated direction of such resources will be needed in the future, and only provincial administration can effectively provide it because of proximity and immediate interest. In this field, it would appear that there is convincing evidence that the obligations and authority of provincial governments must expand rather than contract.

It is an inescapable fact that the development of all natural resources is fundamental to the economic advancement and improved standard of life for the people in any area. It is also true that the economic life of a province is at the mercy of powerful international forces against which it can never achieve insulation. Similarly, it is subject to the profound influence on its affairs of the tariff and monetary policies of the Dominion Government. Nevertheless, in a continental state, such as Canada, federalism provides the most flexible administrative system.

None of the provinces is so densely populated that the focusing of public attention upon the affairs of its own government is too seriously hampered. While the areas covered by some of the provinces are very great, the activities of their governments are reasonably close to the people, and for that reason subject to more constant and direct supervision. The legislative ingenuity of a single province is tested in experiment to the advantage of all, without the dangerous consequences which might follow its application to the business and life of the whole nation. Administration can also be readily adjusted to special local circumstances. The leading Canadian provinces are substantial regions in themselves whose needs in many matters of development can only be determined by local thought.

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Ontario, with its 412,000 square miles is considerably larger than Texas, the largest state in the United States, with 265,000 square miles, or California, the second largest, with 158,000. The development of the resources of this huge territory can best be directed by those with personal knowledge of its own problems. Long ago, Lord Bryce pointed out that federalism may, to some extent, diminish the collective force of a nation, but it diminishes also the risks to which size and internal diversities expose it, especially the risks of a centralized administration of resources.

No single national opinion is possible in a continental state on the details of local development, but the existence of nine provinces operating as active legislative entities stimulates the free play of opinion on policy, fosters a friendly rivalry in political ideas, and by protecting diversity gives greater vitality to the whole democracy. At the same time provincial governments in Canada can relieve the strain on the national government and permit it to deal more promptly and effectively with matters of national and international concern. It also reduces the strain on the administrative departments of the national government and prevents them from becoming top heavy, inflexible, and unwieldy as a result of too great an accumulation of administrative responsibilities.

It is a simple but well established truth that the closer democratic government is to the people, the more efficient it becomes and the more responsive it remains to the changing needs of the people. A leading constitutional authority in the United States has aptly remarked that, "in the expansion of governmental services, there is a line beyond which centralized administration cannot go without falling by its own weight. A federal division of powers, in accordance with American tradition, may aid in the avoidance of a too highly centralized administration and offer an opportunity for political and economic experimentation." It is true that in a country with the relatively small population of Canada, the central administration would be less complex and cumbersome than in the United States, but it would be no less exposed to the same difficulties in preserving an intimate contact with the outlying areas. Territorial magnitude alone would impose a very serious burden upon a centralized administrative system.

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Canada experiences certain problems by virtue of three facts implicit in our federation. Some of these problems are of growing complexity. They are:

1. The greater fiscal power of the national government through its general taxing power and its control over customs and excise and monetary matters.

2. The inability of the provinces to deal separately with such national problems as general unemployment and other matters which are reflected upon the provinces by reason of Dominion legislative action. The facts stated in this paragraph and preceding paragraph are sometimes used to challenge the survival of the Federal System in Canada.

3. The marked disparities between the provinces in area, resources and population, despite their equal legal status, which obviously complicate the operation of our federation.

These were among the major considerations in the minds of the members of the Royal Commission which inquired into Dominion-Provincial relations prior to the outbreak of war. But none of these presents any insuperable difficulty under a Federal System in which there is effective and continuing co-operation between the Dominion and provincial governments. Assuming that there is a common desire to work in the best interests of all of Canada, each of these questions can be settled simply by agreement or by amendment to the basic constitution. In these fields the closest collaboration between the Dominion and provincial governments is imperative. The Federal System can meet all these problems by becoming in fact as well as in name a fully co-operative partnership. The needs of those provinces with taxing power below that required to maintain services at a proper level must be assisted by the whole partnership. These problems raise no argument against the effectiveness of the Federal System. They are a challenge to the elected representatives of the ten legislative bodies in Canada to use their combined power, under a plan of intimate and flexible co-operation, which will make full use of the administrative advantages of decentralization and the economic advantages of centralization by consent to such extent as becomes necessary from time to time.

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Even if it were possible to ignore completely all the reasons which led to the adoption of a Federal System in Canada in 1867, there would still be one compelling reason why we should adopt the Federal System at this particular time, if it were our task to start with a blank sheet and draft a completely new constitution. Those reasons are similar to the reasons which led to the adoption of the Federal System in the United States more than a hundred and fifty years ago, but now they are supported by new and overwhelming arguments in favour of the acceptance of this form of government. When the constitution of the United States was drafted, its authors were deeply concerned with the possibility that no matter what form of democracy they might adopt it could be destroyed as other democracies had been destroyed by the usurpation of power within the framework of a democratic constitution. Jefferson and the other leaders of that day constantly emphasized their belief that decentralization of the control of local and personal rights, under the administrative jurisdiction of the state governments, was the surest way to make certain of the continuance of the form of democracy they sought to create.

Later in 1860, when the constitution of the United States was under such a severe test, Abraham Lincoln refused to accept the arguments of those who called for greater centralization, and asserted his conviction in these words:

> "The maintenance inviolate of the rights of the States, and especially the right of each State to order and control its own domestic institutions, according to its own judgment exclusively, is essential to the balance of powers on which the perfection and endurance of our political fabric depend."

Then to come to more recent years we find that great leader of democratic thought, Franklin Roosevelt, emphasizing the dangers of too great centralization in the following words:

> "To bring about government by oligarchy, masquerading as democracy, it is fundamentally essential that practically all authority and control be centralized in one Federal Government ..... The individual sovereignty of our states must first be destroyed."

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These authorities have been quoted because the constitution of the United States has been more thoroughly studied and has been placed under heavier strain than that of any other existing federal government in the world. The arguments apply with equal force in Canada. In fact they apply with greater force than ever before. We have seen, almost before our eyes, democracy after democracy destroyed in many countries by too great centralization of power.

Without suggesting any present likelihood of such a course being followed in Canada, the dangers exposed by such extreme cases are serious enough to guard against them, even if only as a remote possibility at some future date. The effective control by the provinces of the budgetary as well as the legal requirements of the administration of local affairs is the surest safeguard against the loss of those civil and property rights which lie at the root of our system of democracy.

Arguments for greater centralization, or for a Unitary System of government, usually are put forward in the name of efficiency. But even if efficiency were so achieved, it might be bought at too high a price. In almost every case where the Federal System has been placed under dominating central control, or where the Federal System has given way to a Unitary Government, no matter under what disguise, despotism in some form has followed sooner or later, if for no other reason than the difficulty of attempting to maintain a true democratic system while trying to operate centralized government within the original federal structure.

But experience does not prove that greater centralization does, in fact, increase efficiency. On the contrary, there is ample evidence from practical experience that the closer government is to the people the more efficient it is, and the more that local matters are dealt with locally, the more speedily and efficiently they can be dealt with.

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There is a very important reason, moreover, why personal income and corporation tax powers should be returned to the provinces. When the 1942 agreement was being drafted the possibility of that agreement leading to a future surrender of taxing powers was fully discussed, and for that reason the preamble of the Ontario agreement contained the following words:

> "Whereas the Province shall not, by agreeing as hereinafter provided to desist from imposing certain taxes during the term of this agreement, be deemed to have surrendered, abandoned or given over to the Dominion any of the powers, rights, privileges or authority vested in the Province under the provisions of The British North America Act, 1867, or any subsequent Act of the Parliament of the United Kingdom, or otherwise to have impaired any of such powers, rights, privileges or authority."

The intention of those who entered into that agreement could hardly be stated in more explicit terms. But the agreement went still further. The Dominion Government not only acknowledged in this preamble that the provinces were not to be deemed to be surrendering any of their ordinary taxing powers, but it went further and gave a positive undertaking to permit the Province of Ontario to re-enter the field of personal income and corporation taxes. This undertaking is contained in Section 20 (1) of the agreement between the Dominion and the Province of Ontario. It reads as follows:

> "The Dominion shall have the sole right to levy taxes on personal and corporation incomes of the calendar year ending on the 31st day of December nearest to the date of the termination of this agreement, and with respect to personal and corporation incomes in the following calendar year undertakes to reduce its rates of taxes by such an amount as will enable the Province again to use the income tax and corporation tax fields, and in particular the Dominion undertakes to reduce its rate of tax on corporation incomes by at least ten per centum of such incomes."

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This undertaking should be fulfilled for several reasons. First is the fact that it is regarded as essential, if the provincial governments are to assume their full responsibility, as has been stated already. Second, and equally important, is the fact that it would seriously affect the confidence which could be placed in any future agreements if so positive an undertaking were not carried out in accordance with its terms.

There has been some suggestion in public comments upon this question that the situation has so changed since March 1942 as to make what appeared quite possible then impractical today. Such is not the case. It should be recalled that in March 1942 the military prospects of the United Nations were at almost their lowest ebb. German forces were on the offensive in North Africa. They had also extended their forward lines far into Russia. The Japanese were sweeping through Asia. British naval strength was at its most precarious point of the whole war. In order to assist and encourage the Government and Parliament of Canada to wage total war against the Axis powers, the Provinces agreed temporarily to suspend the collection of revenue from certain taxes. The emergency has now ended. We have achieved overwhelming victory in a shorter period than we had reason at that time to expect. The Dominion is in a much better position to return to the provinces their taxing powers than was anticipated in 1942 when the agreements were made.

We do not question that the proposals of the Dominion Government have been put forward in the belief that they would provide a remedy for the existing defects and maladjustments in the Canadian economy, but it is evident after reading the printed submissions handed to us by the Dominion Government, the later correspondence between officials of the various governments, and the reports of the deliberations of the Dominion-Provincial Economic Committee, that many of the proposals were advanced without sufficient information as to how they were to be implemented.

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Solutions to many extremely difficult problems were advanced with what now appears to be too easy and assurance of their success. It is, of course, recognized that the proposals were stated to be no more than a basis of discussion, but, since those proposals were put forward, different members of the Dominion Cabinet have made unqualified public statements that the Dominion Government would do certain things which could only be done if the proposals were accepted without change.

For that reason, it is necessary to examine the proposals as they stand, and, in doing so, it would obviously be unwise to gloss over difficulties which have not yet been satisfactorily solved by any nation, and to assume too readily that they can be banished by the suggested process of re-arranging the distribution of taxes and administrative functions between the federal, provincial and municipal governments.

It is unlikely that any one will deny that our Federal System needs readjustment. We must organize our combined system of government in such a way that it can best prevent a recurrence of the heartbreaking unemployment and distress of the nineteen thirties and will most effectively deal with the economic and social consequences of six years of devastating war. But these experiences must make us doubly sure that the remedies we apply are actually going to be capable of solving the problems we face. Unemployment, distress, poverty and insecurity are not a special affliction of the Federal System of Government. The terrible consequences of the depression of the nineteen thirties were felt with even greater severity in many countries where the people had concentrated vast powers in the hands of their central governments. There is no reason to assume, therefore, as something already proved, that we can tackle the problems we face more efficiently under centralized financial and administrative powers in the hands of the Dominion Government.

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The Canadian provinces have gone through trying times, but, in remembering events of which we must do all we can to prevent a recurrence, we should also remember the impressive gains that have been made in living standards, in the development of natural resources, in the improved and more extensive use of farm lands, and the expansion of educational facilities and social services. These services have advanced greatly under strong provincial and municipal governments. In Ontario, we are proud of the high standard of technical training and the productive skills displayed during the war years by three-quarters of a million of industrial workers. They work under conditions which are constantly being improved by provincial laws. We may point to one of the largest and most efficient hydro-electric developments in the world, which has advanced to this position with the direction and financial assistance of the Provincial Government. We may also point with some measure of satisfaction to the present position of the Provincially-owned and operated Temiskaming and Northern Ontario Railway which has played an important part in the development of the northern section of our Province. These, and other activities undertaken and sponsored by the Ontario Government, such as the construction of 57,000 miles of surfaced roads, have all had their share in increasing the productive capacity and the economic strength of Ontario, and in turn of Canada. A similar story can be told in every other province. It was from this provincial background, largely created by the provincial governments, that the nation was able to mobilize its resources so quickly for war and to establish a record of production and achievement of which every Canadian can feel justly proud.

Not only has our national success been largely due to the past efforts of various departments of provincial governments, but those departments have greatly increased their experience under the added pressure of the war years. No convincing argument has been presented to support the contention that the Dominion Government could deal more efficiently with these services than can existing departments of the governments which have been dealing with them for many years. On the contrary, it seems only too evident that

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increased centralization would, in a large degree, destroy that measure of flexibility which is so necessary in adapting public services to changing local needs. In a country of such vast distances, with its racial, political, economic, and geographic factors, it seems evident that the greatest measure of efficiency will be achieved by the highest possible measure of decentralization under as great a measure of uniformity of policy and practice as can be attained by consultation, co-operation, and agreement. Five years ago, in November 1940, Dr. H. A. Innis, the head of the Department of Political Economy in the University of Toronto, made the following statement:

> "The civil services in the provinces concerned with the social services have improved beyond recognition since the beginning of the depression and further improvement will take the line of further co-ordination of administration of the social services. It is probable that the provinces and the municipalities have shown greater capacity for administrative improvement than the Federal Government. Local administration is immediately concerned with local problems, and burdens of taxation have contributed powerfully to efficiency in an exceedingly difficult administrative problem."

In our opinion these comments apply with even greater force today because, in the very nature of their heavy war responsibilities, the departments of the Dominion Government have had less opportunity than ever to keep in touch with local conditions throughout the country. For that very reason, the tendency should be to rely more and more upon the provincial departments, with their long years of training and experience in those fields of governmental responsibility, and remove from the Dominion Government such local affairs as have come under their administrative responsibility because of the emergency created by the war.

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The Dominion Government proposes that the provincial governments should enter into an agreement under which they would forego the imposition of personal income taxes, corporation taxes and succession duties, leaving the Dominion Government the full and exclusive access to these revenue sources. The general effect of abandoning the first two of these forms of direct taxation has already been discussed. The effect of the acceptance of this proposal will now be discussed in relation to the compensating payments suggested by the Dominion Government. For the surrender of these three most flexible taxes and for the statutory subsidies now provided, the Dominion Government offers to guarantee to the Government of Ontario a minimum annual payment of $45,500,000 and to make certain grants-in-aid for social services, including health insurance and old age assistance, conditional upon the Province increasing expenditures on those services. In examining the effect of these proposals it is necessary to consider their result after full implementation of the health proposals, although it is stated that the latter are to be introduced gradually. Only in this way can the full effect of the proposals be understood. Applied to Ontario's budget for the fiscal year 1945-46 and assuming that the general subsidy provided by these proposals is based upon a gross national product of $10,730,000,000, the subsidy from the Dominion Government to the Province of Ontario would be approximately $61,000,000. Upon the basis of the 1945-46 budget, the result of this would be a $15,000,000 deficit for the Province of Ontario. If the gross national product were reduced from the wartime high to a point where the minimum subsidy were to be paid, then the Provincial deficit upon the basis of our budget for the current year would be $30,000,000. It will be seen therefore that, so far as the Province of Ontario is concerned, the proposed financial arrangements do not even meet the wartime requirements of our budget, to which must be added the cost of the Dominion proposals relating to health and welfare.

The term "wartime requirements" is used because during the war the construction of new highways and public works and other provincial developments have been restricted to the very minimum. It must be

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remembered that these expenditures were at a very low level in the basic year used for the purpose of arriving at the figures in the Dominion Government proposal. If normal expenditures were undertaken by Ontario, the above deficit would be further increased by at least $12,000,000.

Now that we are approaching more normal times, heavy additional expenditures for these purposes must be made and the result of the acceptance of the Dominion Government proposals would be a very heavy deficit. The additional money required to meet this deficit could only be raised by taxes in a field which would have been very severely limited by the agreement of the Province to vacate the fields of personal income tax, corporation tax, and succession duties, and to forego statutory subsidies.

The expansion of educational and other facilities, which have been curtailed by the demands of war, would also have to come from that limited remaining field of taxation.

It is true that the payment of a minimum subsidy of $45,500,000 for the relinquishing of these sources of taxation which brought in two-fifths of the total Provincial revenue in 1940-41, seems to be a very substantial sum in itself. But it only represents approximately the amount we received in 1940-41 from these sources and the Dominion statutory subsidy. The amount is much less than we would have received in subsequent years based upon the same rates as applied in 1940 and 1941.

At Confederation, the provinces surrendered their rights to impose customs and excise duties, as well as other forms of indirect taxation in return for subsidies which ranged from nearly 50% of the provincial budgets of Ontario and Quebec to 92% of the provincial budget of New Brunswick. Today those statutory subsidies, supplemented though they have been by automatic increases and subsequent amendments to the original agreement, represent only a small fraction of provincial revenue. In the Province of Ontario, for instance, the statutory subsidies amount to less than 3% of the Government's revenue. There is no reason to assume that the situation regarding the present Dominion

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proposals would be any different in the long-term result than has been the case with those subsidies agreed upon at Confederation. Even if the amount were adequate today to meet provincial requirements, it is not only possible but almost certain, that we would run into further difficulties in a comparatively short time. We recognize that the subsidy increases in accordance with the gross national product, but there is no allowance for increased production in any one province based upon its own efforts. There is also the possibility of inflationary prices; but lessened private employment and a resultant lower national product would leave the provinces with a static revenue to pay higher prices and wages. The difference is, that unlike our position after Confederation, we would have no important fields of taxation to which the provincial governments could turn.

There is another very important weakness in the financial proposals of the Dominion Government. On page 8 of the printed "Proposals of the Government of Canada" we read this statement:

> "The modern governmental budget must be the balance wheel of the economy; its very size today is such that if it were allowed to fluctuate up and down <u>with</u> the rest of the economy instead of deliberately <u>counter</u> to the business swings, it would so exaggerate booms and depressions as to be disastrous."

Nevertheless that is the very result which the acceptance of the Dominion Government's financial proposals would produce on provincial budgets, for the Dominion proposes to pay the provinces a subsidy which fluctuates in direct relation with the business cycle. The Federal Government would encourage the provincial and municipal governments to initiate and expand public works projects in depression, with the Federal Government contributing twenty per cent of the cost and the provinces and the municipalities bearing the lion's share of eighty per cent. This would require loan financing by all governments, but unlike the Dominion Government, the provinces and their municipalities would not have the flexible tax sources and buoyant revenues, even in periods of prosperity, to retire the debt they had created in depression by undertaking unemployment relief projects. This is particularly true of the Province of Ontario where the Dominion's proposals do not permit a balanced budget, let alone retirement of provincial debt. Failure to reduce debt when coupled with the provinces' loss of their progressive taxes would have a damaging effect on provincial credit.

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The Dominion Government proposes that the provinces finance their share of the cost of health insurance by "a registration fee to be paid by or on behalf of every person, who has attained his sixteenth birthday and whose normal place of residence is in the province or area where benefits are provided....."(1) But any one who has had experience with the collection of a poll tax will understand the difficulty of collecting a registration fee which is not related to earning capacity, or to whether the registrant is employed, an old age pensioner, or a student without personal earning power.

The Dominion Minister of Health and Welfare, as well as certain Dominion officials, have also stated that the Dominion Government intends to finance its share of the cost of health insurance or old age pensions by a Social Security Tax levied on all incomes, without exemption. While the amount to be levied in this way was not definitely stated, nor was this special tax in fact mentioned in the printed "Proposals," the figure which has been mentioned in discussion is five per cent. This would be in addition to present income taxes and the registration fee or poll tax to be levied by the provinces. This would mean that if the provinces relinquished their personal income and corporation taxes and succession duties, the tax field left to them would be further crowded and confused by the Dominion Government introducing its special income levy. Moreover, it should be remembered that the remaining limited tax field left to the provinces includes revenue from the sale of alcoholic beverages and the gasoline tax, the revenue from both of which may decline by reason of factors over which the provinces exercise no control.

The subsidies the Dominion Government proposes to pay the provinces for surrendering their progressive direct taxes increase in accordance with gross national product per capita, but the provincial governments would not be able to keep informed regarding the numerous adjustments and changing estimates which are used in

(1) Proposals of the Government of Canada, P.32

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compiling this figure. Having regard to Ontario's increasing industrial and other production, it is certain that the revenue from personal income and corporation taxes and succession duties will increase more rapidly than the increase in the suggested subsidy payment to the Province based on gross national product per capita as estimated by the Dominion Government. This is so for two reasons:

(1) Personal income tax and succession duty rates are progressive. As income and estate values increase, they become subject to higher rates of tax and the revenues therefrom tend to rise more rapidly.

(2) In the past, the profits of corporations have risen in greater ratio than their gross production.

The Dominion Government proposes that we should enter into a temporary agreement for three years so that the effect of such arrangements could be explored. Past experience teaches that such temporary agreements have a habit of becoming permanent. Moreover it might become extremely difficult, if not impossible, to restore the position of the provinces after a three-year period had elapsed if unsatisfactory arrangements were made now. Meanwhile the provincial technical organization would have disintegrated to a considerable extent. We are in the immediate transition stage and insofar as it is humanly possible the agreements made now should be agreements which will be workable over a long time. The Ontario Government is reluctant to enter into any agreement for a limited term, which would not appear to be satisfactory for the longer term.

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To summarize our objections to the Dominion's proposals:

1. The Ontario Government cannot accept the proposition that a concentration of financial and administrative power under the Dominion Government provides a satisfactory solution to Canadian economic and social problems. Countries with unitary forms of government have suffered at least as badly in depression as countries with the Federal System.

2. Provincial fiscal autonomy can only be preserved by each provincial government having power to impose its own taxes and to raise such sums of money as it deems to be necessary for the efficient carrying out of its administrative functions.

3. Each province should be left in a position to increase its tax revenue by use of flexible and productive revenue sources without recourse to appeals to the Dominion Government.

4. There should be alternative sources of revenue available to the provinces should alcoholic beverage profits and gasoline tax revenue decline by reason of factors outside the control of the provincial governments.

5. Financial stringency under the Dominion proposals would exert pressure on the provinces to resort more extensively to consumer taxes which have been generally regarded as nuisance taxes. This would not only increase tax collection costs but tend to restrict the flow of trade by establishing interprovincial tax barriers.

6. The payment of large unconditional subsidies to the provinces violates the principle that a government which is autonomous within its assigned jurisdiction should be charged with the responsibility of raising the money which it spends, subject to the approval of the legislative body.

7. The Dominion Government's proposed subsidies for the relinquishment of provincial tax sources are based on an index of gross national product which involves certain arbitrary adjustments and estimates that might be difficult for the provinces to check.

8. The Dominion's subsidies are inadequate. When the cost of the proposed health services is added to the Ontario Government's curtailed 1945-46 budget, the result is a deficit of

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$15 million. Normal expenditures on highways, developmental services and education would increase this deficit by a very large sum.

9. The Dominion subsidy to Ontario based on gross national product per capita will not rise as rapidly as the Province's revenue from direct taxes owing to the effect of progressive tax rates.

10. Decentralization of services provides the best assurance that the flexibility, vigour and efficiency of public administration will be preserved.

11. A short-term agreement is proposed, but continuation of the centralized power to levy personal income and corporation taxes and succession duties for another three years would operate against a reversion to provincial taxes in these fields. The bargaining power of the provinces in the matter of the periodic sale of their tax powers is not constant. It would become weaker with the passing of time. As the method of centralized levying of taxes took deep root, it would become difficult for the provinces to resist the pressure of the Dominion to accept whatever terms were offered. This would be especially marked if the sale of the taxes coincided with a time of rising unemployment and economic distress.

For the reasons stated above, the Ontario Government finds itself unable to approve of the proposal of the Dominion Government that it surrender its progressive tax powers. The Ontario Government is not prepared to place the economy of the Province of Ontario in such a position that the government of that Province would be compelled either to impose uneconomical and vexatious forms of taxation or to be continually appealing to the Government at Ottawa for further financial aid.

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PROPOSALS OF THE GOVERNMENT OF THE PROVINCE OF ONTARIO

These proposals are discussed under the following headings:

I Dominion-Provincial Economic Board

II Dominion-Provincial Co-ordinating Committee

III Personal Income and Corporation Taxes and Succession Duties

IV Tax Fields to be Left to the Provinces Exclusively

V Foreign Exchange

VI Public Investment

VII Welfare

VIII Health

IX Right of Set-off

While the proposals are set out under the separate headings, they constitute one integrated plan and should be read together in that light.

Section I

Dominion-Provincial Economic Board

The Government of Ontario recommends the formation of a Dominion-Provincial Economic Board which would be composed of technical advisers to be appointed by the Dominion and each of the provincial governments. It should be a permanent body which would assemble and digest all national, provincial, municipal and international statistics bearing on the problems of the Dominion and the provinces.

The Economic Board would advise regarding uniform tax legislation and examine jurisdictional tax problems. It would promote closer collaboration between Dominion and provincial administration. It would disseminate information to all governments on taxes, economic trends, inter-governmental affairs and investment policies.

This Board could include representatives of the Statistical Bureaux of the Dominion and each of the provinces, and of the Research Department of the Bank of Canada.

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Section II

Dominion-Provincial Co-ordinating Committee

From the present Dominion-Provincial Conference should be formed a Co-ordinating Committee, composed of the Prime Minister of Canada and the premiers of the various provinces or their nominees. The duties of this Co-ordinating Committee would be:

(a) to continue discussions with a view to arriving at a solution of many outstanding matters which cannot be determined at this Conference and which obviously cannot be dealt with in a limited period;

(b) to determine from the information supplied by the Dominion-Provincial Economic Board the amount of the Adjustment Grants, as outlined in Section III of these proposals entitled, "Personal Income and Corporation Taxes and Succession Duties";

(c) from information supplied by the Dominion-Provincial Economic Board to recommend the timing of public investment projects, outlined in Section VI of these proposals entitled, "Public Investment";

(d) to act as a continuing channel of information between all the governments of Canada.

Success in the development of our country, the attainment of high levels of employment and increased welfare and security are dependent upon the co-operation of our people and all our governments. In Canada, the Government of the Dominion and the governments of the provinces both have functions prescribed by the constitution. Conditions, however, arise from time to time which require change. A co-operative spirit is needed in both the Dominion and the provincial governments. We have had several Dominion-Provincial Conferences since Confederation. One lesson which we have learned from them is that co-operation can best be brought about by a thorough understanding of the problems which confront us. These

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problems are many. Their solution will contribute to the efficiency of government, to the avoidance of duplication and overlapping and the achievement of uniformity.

It is plain that the present Conference cannot deal finally with many of the matters which are properly subjects for Dominion-Provincial consideration and agreement. Many examples could be given of the need for continuing study. A case in point is the subject of Agriculture referred to in the "Proposals of the Government of Canada." Concerning the expansion of agricultural services, the "Proposals" read:

> "The Dominion is anxious to work out the best possible basis of co-operation with the provincial governments in order to eliminate unnecessary duplication and to achieve a co-ordinated increase in activities where expansion is desirable." (1) Under the heading of Marketing there are these words:
>
> "It is apparent that the Dominion and the provincial governments are agreed as to the need for some action which will clarify the control and direction of activities in this field. Under these circumstances, it would appear that the conference should give some consideration to this matter with a view to achieving the desired control."(2)

A similar suggestion is made under the heading of Conservation Programme:

> "It is proposed that the Dominion and provincial governments work out appropriate arrangements for the extension of agricultural conservation and development activities across the Dominion."(3)

Many other examples arising in connection with labour relations, public investment policy, social security and other matters could be given. The solution of these problems depends as much on a genuine co-operative spirit as upon the means available for getting things done.

(1) Proposals of the Government of Canada, P. 18.
(2) Ibid P. 18
(3) Ibid P. 18

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Section III

Personal Income and Corporation Taxes and Succession Duties

We submit for the consideration of the Dominion and the other provincial governments an alternative plan to deal with corporation and personal income taxes and succession duties and subsidies. In brief the plan is:

1. The Dominion shall levy corporation and personal income taxes under its own acts, but not succession duties.

2. The provinces shall levy corporation and personal income taxes at their own rates, but under acts uniform with the Dominion.

3. The provinces shall levy succession duties under uniform acts.

4. The Dominion shall collect corporation and personal income taxes as agent of the provinces; the provinces shall collect succession duties.

5. Ten per cent of the provincial corporation taxes, personal income taxes and succession duties shall be placed in a fund, to be known as the The National Adjustment Fund, for division among the provinces in the form of Provincial Adjustment Grants on the basis of fiscal need to be determined by the Dominion-Provincial Co-ordinating Committee.

6. A re-adjustment of provincial corporation income tax revenues would be provided so that the advantage of head office location in some provinces would be shared by all provinces.

7. The Dominion would continue to pay subsidies as provided by the B.N.A. Act, 1867, and amendments.

This plan preserves all the advantages of single corporation and personal income tax collection as proposed by the Dominion Government, leaves the provinces with the power to levy income taxes in conjunction with the Dominion, and reserves succession duties to the provinces.

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A tax plan affording such eminent advantages could not however be carried through without a measure of compromise on the part of the provinces. Each province would have its own tax act and would exercise control over its own rates of taxation. The several provinces, however, would be required to adopt uniform corporation and personal income tax acts modelled on the Dominion act, and to authorize collections to be made by the Department of National Revenue. Provincial succession duty acts would also be uniform.

Prior to the 1942 tax agreements, the provinces of Ontario, Quebec, Manitoba and Prince Edward Island had personal income tax acts in force based on the Dominion Income War Tax Act, and the taxpayer made but one return to the Department of National Revenue. This method of centralized collection of provincial personal income taxes with separate uniform acts and different rates was tested successfully. We propose therefore that all provinces re-establish personal income taxes on this basis.

The Ontario Government's proposal that there be uniform succession duty acts in all provinces would eliminate certain anomolies and injustices which have resulted from multiple taxation imposed under two or more different succession duty acts. Even under a uniform act, the application of succession duties must take into account variations in the local laws of each province relating to property and personal rights under land, inheritance, marital and other laws. Moreover, over the course of several decades the provincial governments have developed highly experienced and efficient administrative staffs for the collection of succession duties. The Government of Ontario, therefore, considers it desirable that the collection of succession duties continue to be carried out by the ministers and administrative personnel of the provinces.

The succession duty plan proposed by Ontario will have all the advantages derived from simplification. A single return would be made to the government of the province in which the deceased was domiciled. The succession duty administrative department of such province would assess the entire estate regardless of the situs of any property, and in doing so would apply the rates of any other province to property situated

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in such other province. It would collect the entire duty for all provinces concerned and pay to each province the amount of the duty collected on its behalf. Where the domicile is not in any province of Canada, the province to which the estate representatives elect to apply for assessment of duty and transfer of assets would assess, on behalf of all provinces concerned, the entire duty on property situated in that or any other province.

The same centralized administrative procedure used for the collection of provincial personal income taxes would be employed for the collection of provincial corporation taxes. Corporations carrying on business in more than one province would be relieved of the trouble and expense of making computations for several provincial returns. A corporation doing business in nine provinces would only be called upon to familiarize itself with one provincial tax act, for all would be the same. It would file only one return and make only one tax payment. A corporation would report its sales in the several provinces of Canada and in foreign countries, the sales being reported on the basis of the residence of the purchaser. In computing its tax, the corporation would divide its net taxable income in proportion to the reported sales in the various provinces and apply the rate of tax levied by such provincial governments to the amount of the net taxable income apportioned to each province. The company's tax payment would be made to the Department of National Revenue, and the revenue would be credited to the accounts of the respective provinces. While corporations would be called upon to record their sales by provinces, most companies which carry on business in more than one province already maintain such records and this would not add to their work. The complaint of most national corporations has been that there were nine returns, nine different sets of calculations, and nine payments. Under this proposal there would be only one set of calculations and only one return. Banks, railways, express, telegraph and insurance companies do not come under this plan, but they would file only one provincial return with the central collecting agency, allocating the base upon which the tax was levied as they have done formerly under provincial tax acts in force prior to the 1942 tax suspension agreements.

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It has often been charged that certain tax benefits accrued to Ontario and Quebec owing to the relatively large number of corporations which found it advantageous to locate their head offices in these provinces. Corporations having their head offices in Ontario and carrying on business in another province have always been subject to taxation by that province on the business they carried on there. Ontario has allowed such companies to deduct from the taxes otherwise payable to Ontario the amount of taxes paid to other provincial governments, provided that the deduction from the Ontario tax should not be greater than if computed at Ontario's rates.

Prior to the 1942 tax agreements, the Province of Ontario taxed the net income from foreign sales of corporations having their head offices in Ontario. Ontario did not tax the net income derived from export sales of any company whose head office was situated in Manitoba or any other province. Similarly, Manitoba taxed the net earnings from foreign sales of corporations having their head offices in Manitoba, but not the net income from export sales of corporations with head offices situated in other provinces. This provincial law of corporation taxation meant that Ontario and Quebec, and some other provinces in lesser degree, enjoyed a relatively larger corporation tax source than other provinces owing to the concentration of head offices. Under the plan Ontario proposes for the centralized collection of corporation taxation with uniform, separate acts and different rates, if desired, all provinces share in the taxation of corporation net income, whether earned on domestic or foreign sales, according to the sales of the company in the Canadian provinces. This plan should go a long way in solving a difficult problem which has been the source of much criticism in the past.

It is further recommended that 10% of the revenue of each provincial government from personal income taxation, corporation taxation and scuccession duties be placed in a pool to be known as The National Adjustment Fund, and, to the extent required, the pooled revenue would be appertioned among those provinces which are unable to provide a national minimum of social services. The amount of the Provincial Adjustment Grants would be determined by the Dominion-Provincial Co-ordinating Committee upon the recommendation of the Dominion-Provincial Economic Board. Grants would be made only on the basis of need, and they would be periodically reviewed and adjusted in conformity with the changing requirements of the

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several provinces.

This proposal would in no way interfere with the direct expenditures of the Dominion Government, but it is considered that the pooling of provincial tax revenue should make it unnecessary for the Dominion Government to grant fiscal-need subsidies to the provinces. As provincial revenues from personal income and corporation taxes and succession duties are adjusted to full scale post-war production, this National Adjustment Fund contributed by the provincial governments should amount to an annual contribution of at least $20 million. These figures compare very favourably with the Dominion Government's additional special grants of $5.5 million paid to six provinces before the tax agreements came into force and to the $9.0 million which is now paid under the tax agreements to certain provinces under their debt option clauses and loss of revenue provisions and in fiscal-need subsidies. In 1940 the Royal Commission on Dominion-Provincial Relations recommended national adjustment grants of $14.9 million to six provinces. When it is remembered that all those provinces, except Manitoba, now receive amounts payable by way of Family Allowances in excess of the amount contributed in taxes to a greater extent than the benefits recommended by the Commission in 1940, it will be seen that this fund should be more than adequate to provide fiscal-need subsidies having regard to the recommendations of the Dominion-Provincial Commission as recently as 1940.

If Ontario's plan be adopted in principle and its details worked out with the Dominion and other provinces, certain modifications may emerge. It is believed, however, that it is along the lines suggested here that a solution to our Dominion-Provincial tax adjustment problems will be found.

The above plan is conditional upon acceptance by all the provinces. It contemplates the provinces paying their fair share of the cost of the centralized collection of corporation and personal income taxes.

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Section IV

Taxes To Be Left To The Provinces Exclusively

Although ministers in past Dominion Governments have admitted that personal income and corporation taxes and succession duties belong to the provinces, we believe that the first two should be shared by both the Dominion and the provinces. As already stated, the Ontario Government submits, however, that the Dominion Government should vacate succession duties and certain other direct taxation fields. The Dominion Government has access to all fields of taxation, direct and indirect, and also enjoys exclusive jurisdiction over banks, banking and the issuing of money. The provinces are restricted to direct taxation and with their wide duties and functions must have revenues which are adequate to enable them to discharge their full constitutional responsibilities. The Dominion Government therefore must leave certain of the direct taxation fields exclusively for the provinces if they are to have the taxation sources with which to function effectively. This point of view has been widely acknowledged and indeed asserted by both Dominion and provincial leaders in the past. When the Dominion Income War Tax Act was introduced in 1917, the then Minister of Finance emphasized that the measure was being introduced only because of "manifest public necessity" and acknowledged that the Dominion Government was invading a field "to which the provinces are solely confined for the raising of their revenue." In fact he went so far as to say that this Dominion taxation was a temporary measure only. From Confederation onwards a tacit understanding existed to the effect that direct taxation should be reserved for the provinces.

At this time it is not sufficient to deal only with the three taxes referred to in Section III. In addition, ample direct taxation fields must now be reserved for the provinces. The Dominion Government should vacate the following fields: succession duty, gasoline tax, amusement tax, race track pari-mutuel tax, security transfer tax, electricity tax; and effectively recognize priority of provincial taxation on mining and logging operations. Moreover, the Dominion Government should refrain from invading further direct taxation fields now or in the future.

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During the recent war, the Dominion Government introduced succession duties for the first time, although the Government of Ontario had enjoyed the exclusive occupation of this field continuously since 1892. As succession duties bear a direct relationship to "property and civil rights", they have always been regarded as a form of taxation reserved for the provinces. In many cases the creation of large estates, which are the major source of the Province of Ontario's succession duty revenue, parallels the depletion or using-up of natural resources. As has been pointed out, the conservation, replacement and development of our natural resources is a provincial responsibility. Succession duties enable the provinces to recoup part of the expenditures of the provincial governments on the development of their natural resources and to provide funds for protecting and conserving those resources and opening up new areas for development.

The Dominion Government also imposed taxes for the first time on gasoline, amusements and race tracks. The Federal Government's tax on gasoline is particularly open to objection in view of the large expenditure and investment by the provinces for highways and roads, and the dependence of the provinces on revenue from the gasoline tax to finance highway costs. The Dominion's taxes on security transfer, amusements and race tracks are considered by Ontario to be an invasion of the provincial tax field and to have contributed to unnecessary duplication in the Canadian tax system. The Dominion Government should discontinue these forms of taxation.

The Province of Ontario also takes exception to the Federal Government's tax on electrical energy consumed by residential customers. By advancing loans to the Hydro-Electric Power Commission and by subsidizing rural power lines, the Government of Ontario since 1909 has contributed materially to bringing the benefits of low cost electric power to the consumers of Ontario. The effect of the Federal Government's tax on electrical energy is to hamper the Province in these efforts to obtain wide distribution and high consumption at low cost. The electricity tax should be discontinued by the Dominion Government.

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Finally, the provinces have long contended that provincial taxes on mining and logging operations, even when levied on profits, are essentially a royalty, and that such taxes should be deductible before the calculation of the Dominion's corporation tax. The Government of Canada has agreed in principle to this submission and the Government of Ontario approves.

Summarizing these proposals, the Government of Ontario submits that the Dominion should vacate the following tax fields:

(a) Succession duties;

(b) Gasoline;

(c) Amusement;

(d) Race track pari-mutuel;

(e) Security transfers;

(f) Electricity;

and further refrain from invading additional direct taxation fields now or in the future, and effectively recognize priority of provincial taxation on mining and logging operations.

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Section V

Foreign Exchange

The Foreign Exchange Control Board of Canada was created by an order of the Minister of Finance on September 15th, 1939, authorized under the provisions of the War Measures Act. The Board has power to fix the rates at which foreign exchange, in such currencies as the Board may designate, can be purchased or sold. The buying rate of 11% and the selling rate of 10% established on United States currency on September 16th, 1939, have remained constant during the war.

In these circumstances, it is urged that the Dominion Government make available to provincial and municipal governments the foreign exchange required to meet their external obligations at parity of exchange. To obtain this agreement, the provinces and municipalities should accept a ruling whereby future provincial and municipal borrowing would be restricted to Canadian currency.

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Section VI

Public Investment

At the first meeting of this Conference, the Ontario Government expressed its belief that the highest possible measure of co-operation should be established between the Dominion and Provincial Governments in the development of their resources and the maintenance of all types of production. It approved of the idea of holding back public construction and public investment during the period when private investment and private production can provide the opportunities for employment which assure gainful occupation to our people. Such timing of public investment should be based upon an analysis of all the economic and other factors which determine the anticipated course of the business cycle. It must be presumed that every government would find the figures equally convincing at the same time.

Having regard to what has already been said about the centralization of authority, it is submitted that this situation can best be met by each of the governments acting independently on carefully prepared plans with the advice and recommendation of the Dominion-Provincial Economic Board and the Co-ordinating Committee.

It need hardly be said that the Conference can only proceed on the assumption that each government will be actuated in its decision by an equally impartial approach to the solution of our combined problems. That being so, it would follow that if the reports of the above bodies indicate the desirability of a particular course at a particular time with sufficient clarity, then each government would act similarly upon their findings.

The timing of public works and other activities calling for public investment could be brought about just as effectively upon the advice of the above Board and Committee without delegating

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to the Dominion Government the responsibility for extremely important decisions within the sphere of exclusive provincial jurisdiction. Decentralization in dealing with these problems will be a very great advantage because the scope of the undertakings will make prompt decisions in regard to each project much easier if the decisions remain in the hands of the experts of the branches of the provincial governments which have been dealing with these matters for years.

It seems obvious that decisions as to when, where and to what extent activities should proceed at a given time in the forests, in the mines, in the construction of highways, in conservation of soil, and in practically every aspect of production can be made very much better by those who are constantly in touch with these very subjects. Without the building up of a wholly unnecessary duplication of staff in Ottawa, there simply would not be the official experience available to make appropriate decisions in these matters.

It would seem desirable that an adjustable amount be contributed by the Dominion Government to work of this kind between a minimum and maximum figure depending upon the actual need instead of using an arbitrary figure in each case. There would seem to be no reason why the Dominion Government should make as high a grant to some revenue-producing or self-liquidating projects as to other projects which would provide no prospect of direct financial return. The decision as to the amount, within fixed proportions, could be settled by the Economic Board and the Co-ordinating Committee.

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Section VII

Welfare

The question of responsibility for public welfare services is brought under review by the broad social security legislation the Dominion Government has passed during the war. The Unemployment Insurance Act, the Family Allowances Act, and an Act Creating a Department of National Health and Welfare, make it necessary to decide upon the clear allocation of responsibility for social security measures. The purpose of these measures is two-fold: to provide an element of security for the beneficiary, and to increase the stability of group income and employment. A social security program operates as an income levelling agency. Since the Dominion Government implemented its family allowance legislation, the rather unusual situation has arisen that the Dominion Government pays family allowances and some of the provinces pay mothers' allowances. It is submitted that the present provincial services, including mothers' allowances, children's aid, public assistance for unemployables and other approved provincial public welfare services, should be financed by the Dominion Government to the extent of 75 per cent of the cost, the provinces to bear the remaining 25 per cent and the cost of administration. A vital factor to be considered in the re-alignment of welfare services between the Dominion and the provinces is that they require considerable local supervision and care. For that reason, the administration of such services would properly come under the jurisdiction of the provinces.

The Dominion's proposals for old age pensions fall into two divisions. First, as part of its general proposals, the Dominion Government proposes that it finance and administer the payment of old age pensions of $30 per month regardless of means to all men and women aged 70 and over in Canada. Second, it proposes that the provincial governments administer the payment of old age assistance (or pensions) of $30 or less per month to persons aged 65 to 69 who are in necessitous circumstances. The payments would be made under Dominion-Provincial agreements broadly similar to those now in existence for old age pensions, but with certain changes designed to liberalize conditions of payments. The provinces would bear 50 per cent of the cost and the Dominion the remaining 50 per cent.

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The Province of Ontario agrees that old age pensions should be extended to all citizens over 70 years of age without a means test, but disagrees with joint Dominion-Provincial contributions to pensioners under the age of 70 with a means test.

It is recommended that old age pensions should be paid to all citizens over 65 without a means test. It is recognized, however, that heavy expenditures are involved in this proposal, and it is therefore suggested that the extension to cover all persons over the age of 65 should be made as soon as the Dominion finds that it has the necessary financial resources.

The Ontario Government contends that the Dominion Government should assume the full financial responsibility for public assistance of the employable unemployed. The Dominion's printed "Proposals" state:

> "As a part of the general arrangement with the provincial governments, the Dominion Government now proposes to establish a practicable and comprehensive system of assistance to able-bodied unemployed persons as soon as possible, rather than waiting until the need for it actually arises." (1)

There are, however, important qualifications to the Dominion's acceptance of this financial responsibility. For instance, the Dominion's brief contains these statements:

(a) "The plan proposes acceptance of Dominion responsibility for unemployed employables, and provincial and local responsibility for unemployables, but it is recognized that this division presents problems of definition in some individual cases, and that in operating practice the only final test of employability is ability to get and hold a job." (2)

(b) "A person who ceases to be employable would not be eligible for unemployment assistance. In the absence of more specific evidence of unemployability, a person who has remained on assistance for a period of two years, without being able to obtain or keep employment other than of a casual nature, would be declared ineligible and transferred to the responsibility of the provincial government and municipality."(3)

(1) Proposals of the Government of Canada P. 42
(2) Ibid P. 43
(3) Ibid P. 44

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(1) Proposals of the Government of Canada P. 42
(2) Ibid P. 43
(3) Ibid P. 44

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Under these definitions a large proportion of the cost of unemployment assistance to persons actually employable would fall on the provinces and municipalities.

The Government of Ontario submits that public assistance for unemployed employables should be a Dominion responsibility. In the case of unemployables, the province would bear 25 per cent of the cost together with the cost of administration, the balance being paid by the Dominion Government.

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Section VIII

Health

The Dominion proposals under this heading in regard to benefits to be extended, the costs involved and the present limitations of hospital and personnel facilities of the provinces have been given careful consideration. It has become obvious from an examination of the proposals themselves and particularly from the deliberations of the Economic Committee that this subject requires a great deal of further study and preparation of essential facts. The Ontario Government recommends that this should be undertaken at once. This whole question could well be one of the first subjects referred to the Dominion-Provincial Co-ordinating Committee.

While the Dominion Government has suggested that it intends to finance its contribution to health insurance by a social security tax, it proposes that the provinces finance their share of the cost of health insurance by the collection of a fee or tax to be paid by every person over sixteen years of age. This, as has already been pointed out, is in effect a poll tax which is not related to earning capacity or to whether or not the taxpayer is employed. The provinces would experience the utmost difficulty in underwriting health insurance services financed by such an unsatisfactory form of taxation.

It is also apparent that the Dominion's program is dependent upon the hospitals and trained medical, dental and nursing personnel available in the provinces. In Ontario, present facilities are taxed to capacity. That is doubtless true elsewhere. Before embarking on so extensive and costly a health program a thorough study should be made. Sound foundations in the form of adequate hospital facilities and trained personnel are essential. This will require time and very large expenditures on the part of the provinces. The Province of Ontario has already taken action on the above and is prepared to collaborate with the other provinces and the Dominion in the furthering of these objects.

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Section IX

Right of Set-off

The Ontario Government recommends that in any agreement made with the Dominion Government there should be no right of set-off of debts owing to the Government of Canada by the provincial governments against any payments to be made by the Dominion Government to the provinces.

Conclusion

There are many important problems facing the people of Canada today and many new ones which will arise in the future. They can all be faced with confidence if there is effective co-operation between the Dominion and provincial governments. But there is one particular problem which is primarily that of the Dominion Government and which will have a profound effect upon the level of employment throughout every part of Canada. Experience in the past has shown that our national income moves in very close conformity with the dollar value of our export trade. In pre-war years, Canada's two best customers, the United Kingdom and the United States, purchased nearly eighty per cent of our total exports. A high level of employment in Canada depends directly upon the extent to which we can maintain these markets and, if possible, expand them. All Canadians have reason for great concern about the present restrictions on exports to both these markets, particularly to the United Kingdom. It is an essential part of any broad national plan for the maintenance of employment that the Dominion Government should make every effort to stimulate our trade in export markets wherever they may be found. On the part of the provincial governments and our people generally, every effort should be made to maintain steady production and improve quality. A whole-hearted measure of co-operation is needed from all governments and all the people of Canada to meet vigorous competition from all nations for export business throughout the world.

As was said at the outset, these submissions have been presented, with the acceptance of the basic principle, that while

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each provincial government owes its primary responsibility to the people of its own province, the welfare and prosperity of the people of all provinces depend upon the strength and vigour of the whole nation. With a spirit of co-operation, understanding, and mutual good-will, this Conference can lay the foundation for Canada's greatest period of expansion and prosperity, without many fundamental changes in the constitutional structure upon which has been built a strong and confident nation.

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FINANCIAL ARRANGEMENTS BETWEEN THE DOMINION AND THE PROVINCE OF PRINCE EDWARD ISLAND

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Financial Arrangements Between The Dominion and The Province of Prince Edward Island

INTRODUCTORY

The Province of Prince Edward Island continues to believe that under the existing relations between the Dominion and the Provinces, this Province has not been and is not receiving a fair or adequate share of assistance from the Dominion Government. We also believe that the so called "National" Tariff Policy has worked to the great detriment and disadvantage of Prince Edward Island as compared with the larger central Provinces. On the other hand, by force of the most drastic economies in provincial administration, by doing without a great many services enjoyed by other Provinces of Canada, by maintaining other services on a modest, and even niggardly scale and by exploiting every feasible source of taxation and revenues, the province is still faced with an ever increasing public debt.

The Province of Prince Edward Island will endeavour to show the urgent necessity of, and the right to, substantially increased Dominion assistance for the public services which the Province is obliged to carry on and expand.

HISTORICAL

The Maritime Provinces were induced to enter Confederation on the strength of two main representations:

(1st) That an intercolonial railway be built;

(2nd) That in general and specifically as a result of the building of that railway, the Maritime Provinces were to share in the internal commerce which the creation of the Dominion was intended to promote.

The first promise was fulfilled, but the second, which was to be corollary to it, has almost completely failed. Instead of finding markets in Upper Canada and the West, The Maritime Provinces, especially Prince Edward Island, have lost in large measure the commerce they had at the time of Confederation. Shipping has declined, manufacturers have withered away in face of large-scale production of the upper provinces, the financial institutions of the Maritimes have themselves gonve to the larger centres, and the most enterprising part of the population has been steadily migrating. Prince Edward Island has lost her natural markets because of the tariffs and freight rates imposed upon her from the national point of view, but have not shared in the markets created by such tariffs, and thus, for this Province, it has been in large measure all loss and no profit.

We, of this province, are strongly of the opinion, that the prosperity and wealth of Canada should be distributed more evenly than it has been in the past.

Prince Edward Island entered Confederation upon the understanding that it would receive from the Federal Government such subsidies as would enable it to carry on the public services allotted to the Provincial Government without resorting to direct taxation. Very shortly afterwards, the Province was forced to resort to direct taxation and notwithstanding this it is unable to continue to provide for the existing services without an increase of revenue. As a result many of the necessary public services

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are altogether neglected, and many others are not adequately provided for.

Furthermore, this Province has no sources of revenue from public lands, natural resources and large corporations, and can only increase its revenues from two sources:

(1) A further increase of direct taxation upon the farms of this province in face of a shrinking population.

(2) Increase of subsidy from the Federal Government.

It is useless to talk of further taxation upon a diminishing population. What is necessary for the financial redemption of the province is to improve existing conditions, not to make them more burdensome.

In the Duncan Report (page 9) it is stated —

> "The outstanding fact, it seems to us, is that the Maritime Provinces have not prospered and developed, either in population or in commercial, industrial and rural enterprise, as fully as other portions of Canada."

That statement was made twenty years ago and still applies as far as Prince Edward Island is concerned.

FISCAL NEED

With regard to Dominion-Provincial financial relations "fiscal need" of the provinces should be, and in fact, has been the dominating factor in determining the amount of Dominion subsidies since Confederation.

Sir Wilfrid Laurier, then Prime Minister, stated in Parliament in 1907 as follows:

> "Why was the basis in 1864 for the allotment of 80 cents? I have searched for the reason and the only one I can find is this, that a calculation was made by the Minister of Finance of the various provinces, according to statement by Col. Grey, by Mr. Brown, by Dr. Tupper, by Sir Leonard Tilley, by Mr. Shea and others, and they came to the conclusion that this would be a fair basis upon which to meet the wants of the provinces. That was their judgment and in 1906 we took as a basis of judgment of the Ministers of the several provinces assembled with us, who told us that, according to their experience, this was the amount they needed in order to carry on their public affairs. They had no other basis than that."

Forty years ago "fiscal need" was the determining factor in granting subsidies to those provinces unable to give adequate services to its people on the basis of equality throughout the whole of Canada. So why not now?

The principle of fiscal need must be applied to all provinces but in the application of it, the fiscal need of each province should be considered separately. The fiscal need of one province may be quite different from the fiscal need of another province.

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The following statement is taken from the Jones Report on Nova Scotia's Economic Welfare within Confederation, December, 1934:-

> "The fundamental weakness of the original fina ncial arrangements between the Dominion and the Provinces lay in their assumption that the expenditures of the province would be determined in the main by growth of population rather than by the acceptance of new governmental responsibilities.....
>
> Moreover it has become increasingly necessary to adopt the financial arrangement between the Dominion and the Provinces to certain important changes that have taken place, under the influence of tariff policy, in the relative taxable capacities of the Provinces."

Further the Jones Report states:-

> "Subsidies should be determined upon the basis of impartial study or in accordance with some arrangement which will permit of automatic adjustment at comparatively brief intervals..... possibly the year following the publication of each decennial census."

(Fiscal need of the Provinces should be the criterion in determining subsidies).

> "We believe that the whole financial relationship between the Dominion and the Provinces should form the subject of close investigation in the light of the changes that have occurred in the economic situation in the course of a generation."

Even a generation ago Prince Edward Island was able to give to its people adequate service and a fair source of income sufficient at that time to cope with the plane of living existing in the period and to meet their obligations in the way of taxes to the government. But, as time progressed and modern improvements in social and educational services took over plus the era of the automobile demanding costly improved highways, the revenue of the government raised through taxation was soon seen to be so inadequate that the people of the province either had to be taxed beyond their earning power, or the federal government requested to supplement the province with substantial increases in subsidies. Otherwise, the province would be faced with large recurring deficits. The latter was the result as shown by the Public Accounts of the province regardless of its "frugality" and despite the efforts of the government of the day to achieve and carry out the various demands made upon it by the people in keeping up with the standard of service given by the governments of the other provinces.

Today the granting of a subsidy or special allowance to this province will not compensate the Province of Prince Edward Island for the loss suffered by the province due to the non-fulfilment of the terms of Confederation. Due to its size and its declining population, Prince Edward Island has not progressed to the extent visualized and hoped for by the Fathers of Confederation. The reason is that trade and tariff policies, steamboats, transportation, freight rates and advancement of essential services demanding a severe strain on the pocket of the taxpayer have resulted in a retardment of progress rather than and advancement upon the economic life of the province.

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DUNCAN COMMISSION

In 1926, a Commission was appointed to report to the Government of Canada upon the grievances of the Maritime Provinces.

As a result of the findings of this Commission (Duncan) some of the grievances were adjusted and the long standing disability in which the Maritimes had been placed was alleviated to some extent by the interim subsidy award paid by the Federal Government and its confirmation and increase by the White Commission.

This Province did not accept the Duncan and White Commission findings as the final settlement of the fiscal relations that then existed nor did the province accept it as full settlement of all future demands for fulfilment of our various claims.

AUDIT BOARD

In October 1930, the Audit Board of Canada at the direction of the Treasury Board made an Interim Report to the Prime Minister as to the equitable re-assessment of the claims of the Maritime Provinces by virtue of the Duncan Report. The following is an extract:-

> "The Provinces of Nova Scotia and Prince Edward Island showed deficits in their Public Accounts for the last fiscal year, and the Province of New Brunswick showed a slight surplus. We are sure that if they made expenditures upon other public welfare services proportionate to that of other provinces of Canada, these adverse financial results would be far greater."

These large annual deficits are due to the inability of the economic resources of the province to meet the requirements of public expenditures needed to support that type of economic life that is regarded as the common heritage of Canadian communities.

WHITE COMMISSION

On February 9, 1935, the Report of the Royal Commission on Financial Arrangements between the Dominion and the Maritime Provinces was transmitted to The Right Honourable R.B. Bennett, Prime Minister of Canada.

The Commission consisted of three members, The Right Honourable Sir Thomas White, Chairman, Honourable J.A. Mathieson and Mr. E. W. Nesbitt.

The Honourable Chief Justice Mathieson did not concur in the remommendations of the Commission Report, and filed a Memorandum of Dissent which read as follows:

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MEMORANDUM OF DISSENT

Honourable John A. Mathieson, C.J.

I find myself reluctantly compelled to dissent from some of the opinions expressed, and the conclusions arrived at, by the majority of this Commission.

The Report minimises the importance of "fiscal Need" as a guiding principle in determining the amount of subsidy which provinces are entitled to receive from the federal government in support of provincial governments and legislatures.

From early days one first requisite to granting additional aid by the Dominion to a province was proof of "fiscal Need" arising from causes for which the province was not responsible.

Such proof would, of course, not be required where the claim rested on damages as for breach of the Confederation Contract, or for compensation for the alienation of Dominion lands to other provinces.

There is no doubt that when the financial terms of union were first being considered, one controlling principle accepted was that in return for the surrender by the contracting provinces of their principal sources of revenue -- the customs and excise -- the Dominion was to grant such subsidies as would enable these provinces to carry on their local administration without resort to direct taxation. The records of the negotiations preceding confederation, and of the statements officially made by prime minister, ministers of finance and other leading statesmen then and since that time, are replete with declarations to that effect. I shall quote but three.

On March 25th, 1907 (Hansard 1906-7, vol. III, p. 5292), Sir Wildrid Laurier said:-

> "Lower Canada would not have entered Confederation if, as a consequence, she had been obliged to resort to direct taxation to levy the revenues necessary to carry on her domestic affairs. What was true of Lower Canada was equally true of the maritime provinces. Nova Scotia, New Brunswick, Prince Edward Island would not have agreed to enter Confederation if, as a consequence, direct taxation had to be resorted to..... Therefore it is not to be wondered at that when the provinces represented at that conference agreed to surrender to the central government the exclusive power of taxation by way of customs and excise, they should at the same time have stipulated as a condition precedent that a certain portion of the revenue thus collected should be returned to them, and a portion sufficient to permit them, without having recourse to direct taxation, to carry on their provincial affairs."

and on March 25th, 1907 (p.5322), Honourable W.S. Fielding said:-

> "The provinces existed before the Dominion, the provinces had to be brought together in order that the Dominion might be formed, and the provinces had the right to determine the terms and conditions upon which the Dominion should be created."

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and again (p.5323):-

> "When the provinces were asked to become parts of a great Dominion they had the right to stipulate the terms and conditions upon which they would enter, and they determined that they would not accept the principle of direct taxation. They determined that they must receive out of the federal treasury a proper proportion of those customs and excise duties which they were called upon to surrender. The principle of avoiding direct taxation, of raising money not only for the purposes of the Dominion but for the purpose of the provinces as well by indirect taxation, was recognized by the provinces from the beginning, had to be recognized from the beginning, one is justified in saying; otherwise, the provinces would not come together..... It is not reasonable to suppose -- as has been suggested in the discussion today -- that the provinces entered Confederation with the expectation that they should be called upon to resort to direct taxation, in a general form, for the purpose of maintaining their provincial governments and provincial legislatures."

and in the same debate (p. 5310), Sir George Foster said:-

> "Unless compromise had been resorted to and the smaller provinces had been provided for so as to relieve them from the necessity of facing immediate and even approximate taxation, we would today be a string of disunited provinces without confederation."

It is a fact difficult to explain that by degrees this fundamental principle has been departed from in practice. These provinces have ceased to rely upon Dominion subsidies alone for many of their necessary public services and through the years have steadily increased in area and amount in the exercise of their provincial taxing power until it practically covers, in the Maritime Provinces at least, the whole provincial field, while the Dominion Government has also invaded the provincial field, notably in the case of income tax, and still the provincial deficits grow.

There has been a long drift from the firm anchorage which the Fathers of Confederation thought they had secured.

Some other notable developments have taken place in Confederation. The fields of taxation surrendered by the provinces to the Dominion have proved prolific sources of revenue, far in excess of what the "Fathers of Confederation" could have anticipated or even dreamed; while, on the other hand, the rigid limitations imposed upon the amount of subsidy to be granted to each province, in return for the surrender of its fruitful and expanding source of revenue, has left the Maritime Provinces, in particular, in a position of financial embarrassment that urgently requires a remedy.

The Report greatly minimises, if it does not quite repudiate, the relevance of the question of "Fiscal Need", when it says the provincial premiers "endeavoured to show that the respective Provinces have fulfilled the condition of this test, namely, that the functions which the Provinces were discharging were necessary, that such functions were being economically carried out and that each province had exhausted available sources of revenue." The Report objects to the acceptance of such evidence as a justification for such financial assistance as might be required to meet these needs. The objection is upon this ground, namely, "The Government of the Dominion

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would have to sit in judgment upon the question as to whether the provincial administrations have, or have not, been economical; whether or not a Provincial Government had exhausted all available source of revenue; and whether all the functions which it was exercising were necessary in the degree to which they were being exercised." The Report continues, "Under our political system, from which the spirit of strong partisan bias can never be wholly excluded, grave abuse through favouritism towards individual provinces, and consequent discontent on the part of other provinces whose governments were not so favourably regarded, would surely follow the acceptance of even this modified test of 'Financial Need' in the case of Provinces seeking further subsidies in aid from the Dominion Treasury." With all due respect, let me say that it was to obviate such objections and to answer these questions that the Duncan Commission and this Commission were appointed and empowered.

There can be no advantage in re-arguing or stating more fully now the questions which were so ably presented by the representatives of the Maritime Provinces before this Commission and so strenuously opposed by counsel, for the questions referred to this Commission remain undetermined by this Report, and that the increase of subsidy proposed will give but partial and temporary relief. The lapse of more than eight years since the Duncan Report went into effect granting provisional subsidies only, has witnessed such necessary increase in government expenditures in the case of all the Provinces as will quickly absorb the present proposed increases, and still leave them in a position to compel diminution of necessary expenditures on provincial services, or a further increase of provincial debt or of local taxation, or of all three combined.

These old British Colonies that formed the Atlantic bulwark of British North America, after bearing their full share of the cost of Canadian organization and development, should not be treated with less justice and consideration than is being accorded the Provinces whose lands they helped to purchase, to protect and equip for settlement.

The evidence produced before this Commission showed from early days a total absence of equality in the treatment of the different provinces in Canada, both in regard to money grants by way of subsidy and in the gifts of vast areas of Dominion lands to some Provinces without any uniform plan and without any compensation to provinces that did not share in the partition of the common property.

It was made clearly to appear on this inquiry that one of the major problems facing Canada today is the devising of some general plan for the adjustment of Dominion and provincial financial relations.

The practice which has existed from early days of dealing with single provinces or groups of provinces without due regard to the interests of all, may bring about a condition of grave unrest not free from danger to Canadian unity.

I wish to join in my expression of appreciation of the courtesy and competent assistance of Mr. Payne, Secretary of this Commission, also of my old friend, Mr. MacCormac, of the Parliamentary Library, whose many kindnesses now and in former days I recal with gratitude.

Ottawa, February 16, 1935.

BASIS OF PRINCE EDWARD ISLAND DEMANDS

Prince Edward Island's demands are based primarily upon equitable and national grounds, so that the health and welfare of all the people of our Dominion may ensue. Equity provides for a just regulation of the mutual rights and duties of men living in a civilized society.

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EQUITY AND JUSTICE

At the 1912 session, Parliament, in response to representations from the province of Prince Edward Island, provided an increase of $100,000 in the annual subsidy paid to that province, by Chapter 42 of the Acts of 1912. The Minister of Finance, Mr. White, stated this was an additional subsidy to the province of Prince Edward Island not appropriated in any particular way but simply a lump sum as an additional grant, and given "after considering the claims so advanced on the part of Prince Edward Island, and having regard to its financial condition and its diminishing population and the entire situation."

Sir Wilfrid Laurier, then Leader of the Opposition, stated in relation to this measure:

> "The one reason only which has impressed me — and it is not a constitutional reason, it is not a legal reason, it is simply a reason of equity — is the fact that Prince Edward Island has not profited by Confederation. For some years past it has been largely losing its population by reason of its connection with Canada, and it is going backward instead of forward. Its trade has been diverted from its natural channel — perhaps I should not call it the natural channel but a channel of trade which has been created — and in the process of many years the trade of the Island has suffered. That is the only basis upon which a reason could be founded by my honourable friend for his action."

Honourable Mr. White, Finance Minister, in replying, said:

> "There is one claim which I think Prince Edward Island has put forward very strongly and which I do not believe can be controverted. Prince Edward Island is one of the four provinces of the Confederation that have had no public domain. The others are Alberta, Saskatchewan and Manitoba. These provinces are contained within public domain. They have no minerals.. That province (Prince Edward Island) was granted at the time of the Union for certain public lands the annual sum of only 50 cents per head. Now my right honourable friend (Sir Wilfrid Laurier) in 1905, when he constituted the provinces of Saskatchewan and Alberta placed those provinces on a basis of $1.50 per head in lieu of public lands, and we have recently placed Manitoba on the same basis upon the grounds of equity and justice."

Mr. White further stated:-

> "In looking over this case of Prince Edward Island I have become enthusiastic about it, and I say that Prince Edward Island, from the date of union has been hardly treated, and I believe that her dwindling population is, to a very large extent, due to the fact that she has been deprived of the subsidies to which she was justly and reasonably entitled from the Dominion since Confederation. I hope to show to the satisfaction of the House that this grant is not only justified, but abundantly justified. I hope that a new era will dawn for the province of Prince Edward Island when it gets this enlarged subsidy."

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This Confederation of ours in a partnership, and it cannot be successful if one of the partners fails to share adequately in the common benefit of all.

The Province of Prince Edward Island is not complaining of the benefits enjoyed by the other provinces but wishes to emphasize that its demands as a partner of this Canada of ours must not be ignored and the conditions peculiar to this province must be given consideration by the rest of Canada.

COMPARISON WITH OTHER PROVINCES

Referring to the Rowell-Sirois Commission's Report, it is stated:-

> "Statistical comparison between a unit with a total population of about one-tenth that of Toronto metropolitan area and say, the Province of Ontario, are of little value or significance. For many purposes Prince Edward Island must be considered quite separately. But if a comparison is to be made with other provinces, the most striking feature of Prince Edward Island's provincial and municipal revenue system is the relatively large amount derived from federal subsidies -- more than three times the per capita average for all provinces."

> "Total provincial and municipal revenues from within the Province, on the other hand, are only one-third as much as the per capita average for all provinces, and not one of the chief taxes or groups of taxes is up to the average."

In this Report it is stated --

> "There are, of course, special circumstances which account for this and such a comparison in itself cannot be taken as evidence that Prince Edward Island is undertaxed."

The Report further states:

> "In spite of the fact that Prince Edward Island is the most perfect geographical entity of any Canadian province, it does not form a satisfactory unit from the point of view of public finance, and particularly for raising revenue. The manifest inability of a small agricultural economy, possessing no taxable surplus, to raise revenues and to finance service on the same scale as in the rest of Canada was recognized from the first in the special debt allowance, and subsidy in lieu of land, provided when Prince Edward Island entered Confederation. Much of Prince Edward Island's financial history since then has been one of subsidy claims and adjustments, and special increases in 1887, 1901 1911 and 1935 maintained the subsidy as much the most important source of revenue.

> "As a result of the relatively large proportion of the revenue provided by the fixed subsidy and of the small proportion derived from such normally fluctuating sources of public domain, liquor control and progressive taxation, the Island Government's revenues are exceptionally stable but also inelastic."

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PROVINCIAL GOVERNMENTS SYMPATHETIC TO THE SMALLER PROVINCES

A conference of representatives of the governments of the provinces, including the premiers thereof, was held at Ottawa on the 7th June, 1926, all the provinces excepting Alberta being represented. After considerable discussion and an expression of opinion given by the representatives of the provinces, the following resolution, designed to consider sympathetically the financial arrangements in respect to the smaller provinces, and particularly the three Maritime Provinces, was unanimously passed:

> "That this conference expresses its sympathy with those provinces which, by reason of conditions peculiar to them, have not progressed as anticipated, and urges upon the Federal Government that it should favourably consider affording relief to each of such provinces in a form that will ameliorate these conditions."

FRUGALITY IN EXPENDITURE

Prince Edward Island having almost reached the limit of revenue that is available from taxation, with existing resources in industry and population, and having in mind its increasing social obligations is confronted with the possibility of being unable to achieve and maintain the minimum standard of governmental services recognized in other provinces as essential.

No better analysis of Prince Edward Island's inability to cope with rising expenditures let alone embark on a gigantic scale of public services is better presented than the review made by and reported on by the Rowell-Sirois Commission. The report reads in part:-

> "In keeping with the rigid and limited character of governmental revenues, provincial and municipal governments have performed their functions with great frugality and economy. The small area and population of the Province have made it possible to dispense with an extensive municipal organization, but on the other hand, there are certain basic essentials of provincial government which must be provided. Even when the overhead costs of these are kept at the possible minimum level they are uncontrollable and relatively high in relation to the small population....."
>
> "It is clear that standards are inadequate and below the average in many cases....."
>
> "Expenditures on education are some 40% below the national average per capita and expenditures on public welfare (other than relief) 60% less..."
>
> "Expenditures on agriculture and development of other resources are low, in part owing to the lack of any public domain, but this may be one of the field in which enforced economy has been costly in view of the necessity of utilizing and co-ordinating the Island's limited resources to the maximum possible advantage."

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Summarizing the Island's position, the Commission reports as follows:-

> "Expenditures have been economically administered and the Island's credit and prospects of financial stability are good. On the other hand, there is little prospect under the present system of the Island Government being able to bring the standards of governmental services to real equality with those in the rest of the country."

We feel that we should not be penalized for our frugality.

MODERN IDEAS CALL FOR GREATER EXPENDITURE

Consideration must also be given to the urgent demands which the advanced thought of modern times imposes upon the province in such matters as education, health and welfare services, administration of justice, rural electrification, mothers' allowances, the development of agriculture, and the care of highways. The cost of highway construction has been increasingly felt and has added very heavily to our provincial outlay. These expenditures must be made, even at the cost of a steadily expanding debt, in addition to providing for interest on capital expenditures, and sinking funds. Increased expenditures cannot be avoided unless we are content to allow the province to lapse into indifference to the modern spirit of enterprise and development.

The province has not been able to do anything like as much in educational work as modern conditions demand and as it must do if it is to meet competition of other provinces for our teachers. Teachers require larger salaries; competition requires that the acts and manufacturers be considered in the light of modern science; the conditions of agriculture require greater knowledge and skill.

Other necessary services, such as the care and treatment of tuberculosis, mental health, child welfare, etc., have not had the full and adequate service that is being demanded by the public due to the inability of the province financially to expand these services.

The financing of old age and blind pensions has required the province to delve into its limited revenues and, under the proposed scheme, the cost to the province will be greater.

The province has no mothers' allowances, cost-of-living bonus, or technical training for the general public as an integral part of the school system.

The amount available from subsidy for the purpose of provincial administration in the larger provinces is now relatively one of their smaller items of revenue, but in the smaller provinces, necessarily limited in population, the subsidy grant must form a relatively large proportion of the provincial revenue.

PRESENT AND PROPOSED SUBSIDY TOTALLY INADEQUATE

From the time of Confederation this Province has registered its dissatisfaction with the subsidy arrangements and demands have been made repeatedly upon the federal government for better terms, a more favourable consideration of subsidy allowance and other adjustments of provincial claims.

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The subsidies paid in the past to Prince Edward Island and the amount now offered are totally inadequate to provide a sufficiency of revenue to enable the government to deal satisfactorily with the varied interests entrusted to their charge and to meet the steadily increasing obligations necessary to maintain efficiently the government services which modern requirements have enlarged to a degree not anticipated at Confederation or even fifteen years ago.

The subsidy granted years ago cannot be realized at this stage. The fiscal need to be considered at the present time must be the need of today and anticipated future obligations. It is an expanding, not a static concept; current need, not historic need, must be the determining factor.

It is contended that apart from the adjustment of any special claims between the Province and the Dominion, increased subsidies must be provided, based on the principle of fiscal need and not population.

The best index of the actual fiscal need of the Government of Prince Edward Island can be obtained by the compilation of a model budget of minimum reasonable expenditures which will enable the Province to carry out the Dominion Health and Welfare programme (exclusive of health insurance) and leave sufficient revenues available to at least approach a reasonable average standard set in education and other services by other Provinces.

C O N C L U S I O N

We believe that, when our position has been examined by the other provinces and by the Dominion, when they thoroughly understand and appreciate the extent to which our expenditures have been curtailed in the past to ensure sound financing, and when they are convinced of the Province's inability to cope with the ever-expanding services with limited revenues, there will not be any fear of discrimination.

Whether or not the Dominion proposals are accepted, this Province urges the establishment of some form of Federal Council which in the future would control or advise upon all matters of financial relations. Such a council should comprise representatives of each of the provinces as well as of the Dominion.

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MR. PRIME MINISTER and GENTLEMEN:

The Saskatchewan Government desires to make its position clear with reference to the amended Dominion proposals as presented to this conference. As I stated last August we are prepared to surrender to the Dominion Government the sole right to levy personal income and corporation taxes and succession duties, but we feel that the grants made to the Provinces in lieu of these taxes should be based on the fiscal needs of the various provinces.

That there should be grants of some kind payable by the Dominion to the Provinces seems to have been conceded at the time of Confederation, and ever since, and this conclusion seems all the more obvious if the chief sources of revenue through taxation are to be surrendered by the Provinces to the Dominion. It seems equally obvious that these grants should be on the basis of fiscal need.

It was a declared purpose of Confederation as expressed in the British North America Act that the identity of the provinces should be preserved and it is difficult to see how this can be accomplished unless these provinces are in a position to discharge their obligations up to the prevailing concept of social services. In this regard it may be worth noting that in the course of the Confederation Debates, Honourable A.T. Galt made the following significant statement:

> "I now propose, Sir, to refer to the means which will be at the disposal of the several local governments to enable them to administer the various matters of public policy which it is proposed to entrust to them, and it is evident that unless ample provision is made in the arrangements, great danger will arise that the machinery whereby the local wants of the people are intended to be met will speedily become impaired, causing complaint on the part of the inhabitants of the respective localities and involving considerable danger to the whole machinery of government."

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Summarizing the matter of the purpose of subsidies, Dr. R. A. MacKay, Professor of Political Science in Dalhousie University, has written as follows:

> "It thus seems clear that fiscal need was the paramount consideration behind the subsidies provided in the British North America Act 1867 and that the principle of equality of treatment as between the provinces and the question of the adequacy of financial return for lost taxing powers had to give way to fiscal need."

It may therefore be assumed that subsidies were originally paid on the principle of satisfying the fiscal needs of the provinces and the fact that a mistake was made in calculating them largely on the basis of population does not affect the argument now being made. Nor does the fact that the needs of the provinces have vastly increased since 1867, largely through an expanding concept of social services, alter the argument. Indeed the argument is strengthened as the obligations of the provinces become greater. Moreover, it is here submitted that in a country such as Canada, claiming nationhood, with matters of finance virtually under the control of the central government, it is unthinkable that human beings should be prejudiced by the accident of living in one part of the country rather than another.

The conclusions reached above were forcibly expressed in the Sirois Report after extended study by the Royal Commission on Dominion-Provincial Relations. In Vol. II, page 109, the following appears:

> "The taxes recommended to be left exclusively to the Dominion applied in a large part to income and wealth which is national in character, in substantial measure the product of national policies and which cannot be identified with purely local effort or local needs. Nevertheless, under the present system the bulk of this income and wealth is concentrated in a few localities. Consequently, a few provincial governments are in very favourable positions in respect to reserves of taxation, and others in very inferior positions."

To this view we subscribe and in our province we are under no illusions as to the part that certain national policies have played in the concentration of national wealth in certain areas. We do not criticise these policies. But if trade, commerce, the tariff, monetary policy, and so on, are to be dealt with nationally, the nation should see to it that the citizens of no area fall below the national average in the matter of social and educational services.

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It is a matter of great regret to this Government that the Dominion has apparently abandoned the Sirois Report. That report took the position which we endorse, namely, that the proceeds from the Income, Corporation Taxes and Succession Duties is not the wealth of the provinces, but the wealth of the nation and should be distributed so as to make possible a minimum standard of social services throughout this Dominion.

Not only were the original proposals of the Dominion Government not based on fiscal need, but the modifications which have taken place since last August have moved even further away from that basis. Under the present modified proposals, Saskatchewan will receive about 20% more money while some other provinces will receive almost 100% more. We are not objecting to what other provinces get, but we are pointing out that the basis of fiscal need has been largely abandoned in arriving at these subsidies, with the result that Saskatchewan is in a relatively worse position than it was before, even though it is being offered a slightly larger grant.

The discussions which have taken place since last August make it abundantly clear that there is need for a complete reallocation of taxing powers as between the Dominion and Provincial Governments. It is equally clear that such a reallocation cannot be worked out completely between now and the expiration of the present Dominion-Provincial Tax Agreements. For that reason the Province of Saskatchewan is prepared to accept the Dominion Government's offer as it now stands for a trial period in the hope that during the next three years a more satisfactory formula can be devised. We are prepared to accept the present proposals, not because they are based on fiscal need, but because with all their defects they represent a greater recognition of fiscal need than anything else which seems to be obtainable at the present time.

In saying that we will accept the Federal Government's offer, I want to make it perfectly clear that we will continue throughout these discussions to press for a recognition of

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fiscal need. If this cannot be done by a further modification of the proposed subsidies, I shall continue to stress the need for an emergency grant to meet such crises as drought, crop failure and agricultural relief. The fact that the four Western Provinces still owe millions of dollars to the Dominion Government for relief given during the hungry thirties is proof that we are not in a financial position to meet any economic crisis which might arise. The proposed subsidies will enable most provinces to operate, although it will not eliminate the inequalities in the services given, but the proposed subsidies will not enable the provinces to finance through a period of crop failure or low prices. In periods of low income, not only are the obligations of governments vastly increased through demands for various types of relief and public works, but government revenues decline with dramatic suddenness. The provision of an emergency grant, such as that proposed in the Sirois Report, seems to be the only solution. We will continue to press upon the Dominion Government the need for making an emergency grant available as a partial recognition of the element of fiscal need in Dominion-Provincial Agreements.

In accepting the modified Dominion proposals, there is one point I must make crystal clear. The Federal Government has refused to give up the right of set-off in any agreement which it signs. The Federal Government holds several million dollars worth of Treasury Bills from four of the Provinces represented here -- Saskatchewan is one of them. I think it is apparent to everyone that we could not sign an agreement under which the Dominion could withhold our entire subsidy, or a substantial portion of it, by applying it against the Treasury Bills which they now hold. The right of set-off with regard to future obligations we can agree to, but we would require an undertaking that the Federal Government would not make demand for these relief obligations except under the terms of an agreement which we are prepared to negotiate with them.

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So that there will be no misunderstanding, I want to put it on record that when we say we will accept the Dominion proposals in their amended form, we are referring not only to the cash subsidies proposed but also to the Health Insurance, Old Age Pensions and other proposals contained in the Federal Government's brief of last August. We consider these offers of assistance in establishing certain social services as an integral part of the Dominion offer and to us they are as important as the cash subsidy. Any modification or reduction in the social welfare proposals would force us to reconsider very seriously our acceptance of the Dominion Government's offer. But with the cash subsidy now outlined and the proposals of last August combined into a single entity, we are prepared to surrender to the Dominion Government the sole right to levy Income, Corporation Taxes and Succession Duties for a period of three years.

While we are prepared to accept the Dominion proposals in principle, I should like, before I sit down, to call attention to certain features concerning which I believe there should be further discussion in committee. The first of these concerns the position of the self-employed.

BENEFITS FOR THE SELF-EMPLOYED

The Federal Government's proposals to the Dominion-Provincial Conference on Reconstruction involve relieving the provinces of the burden of unemployment relief by providing either unemployment insurance or unemployment assistance to all employable unemployed persons. Under the Dominion's proposals, however, the provincial governments would still be responsible for the relief of all groups of self-employed persons who suffer loss of income. The Saskatchewan Submission of January 1946 pointed out that this division of responsibility discriminates seriously against the predominantly agricultural provinces whose burden of unemployment relief may be

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relatively light, but who may have to provide relief for very large numbers of farmers in years of drought and crop failure. In its January Submission this Province contended that if the Dominion is to give equal treatment to all the provinces, it must guarantee to the self-employed who suffer loss of income from causes beyond their control a measure of economic security at least comparable to that which it proposes for employees in trade and industry. The Government of Saskatchewan suggested that this might be achieved by (a) a guaranteed floor under prices and (b) a crop insurance scheme or, in the alternative, an extension of present benefits under the Prairie Farm Assistance Act.

The Dominion has already taken the first step toward a guaranteed floor under prices by its Agricultural Prices Support legislation. If this legislation is fully implemented and is combined with Federal marketing boards, similar to the Canadian Wheat Board, for all grains, livestock and livestock products, protection of the farmer who manages to produce a crop is reasonably well assured. But for the farmer who suffers a total or partial crop failure, additional assistance is required. The Government of Saskatchewan contends that this problem is as much a national responsibility as unemployment relief. A national scheme of crop insurance financed by contributions from the federal and provincial governments and from all farmers in Canada would be the ideal solution. Failing such a scheme, a substantial extension of P.F.A.A. benefits is absolutely essential if our farmers are to be guaranteed protection against loss of income even roughly equivalent to that projected for industrial employees. In this submission we propose to demonstrate that present P.F.A.A. benefits fall far short of unemployment benefits and to suggest the lines along which such farm benefits should be revised.

Our basic premise is that the Prairie Farm Assistance Act is good as far as it goes and benefits not only the western

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farmer, but Canada as a whole since a stabilized western economy is necessary for the economic welfare of the country. Our present proposals are designed solely to indicate how P.F.A.A. can be made a more effective instrument for the stabilization of western agriculture.

Unemployment Benefits vs P.F.A.A. Benefits

Unemployment insurance benefits range from $4.08 to $14.40 a week depending on the rate of contribution by the worker and whether or not he has dependants. The dominion proposals would provide unemployment assistance at 85 per cent of these rates to all uninsured workers (and to those insured workers whose benefits had been exhausted), steps being taken at the same time to bring as many workers as possible directly under unemployment insurance. Unemployment insurance benefits paid continuously for a period of 52 weeks would involve payments ranging from $212.16 to $748.80. While few, if any, workers at present draw these benefits for a whole year, the possible yearly payment is the only appropriate figure to use for comparison with the assistance required by farmers under P.F.A.A. since a farmer who suffers a crop failure needs assistance for the full twelve-month period, that is until his next crop is marketed.

Unemployment insurance statistics show that far more workers are at present qualifying for benefits at the upper end of the scale than at the lower end. In 1943, for example, the average daily benefit paid was $1.84 which would be equivalent to $574.08 for a year of 312 working days. In 1944 it was $1.91 equivalent to $595.92 a year and in 1945, $1.95½ equivalent to $609.96 a year. In December, 1945, and January, 1946, the latest months for which figures are available, the average daily benefit was $2.05 which would amount to $639.60 on a yearly basis. It is evident, therefore, that unemployed insured workers have been receiving

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on the average, during the past three years, benefits which on a yearly basis would range from $575.00 to $640.00. Unemployment assistance would provide them with 85 per cent of these amounts.

The present benefits paid to farmers under the Prairie Farm Assistance Act fall far short of these amounts. The maximum amount payable to any farmer under P.F.A.A. is $500, but careful examination of the record shows that the highest average payment for complete crop failure in any province in any of the six years since the Act went into effect was under $400.

It is neither suggested nor implied that farmers who suffer only a partial loss of income should receive the same benefits as unemployed workers. It does, however, seem reasonable that farmers with a complete crop failure should receive no worse treatment than the unemployed. Yet farmers in the three Prairie Provinces have received an average of only $369 per year and those in the lowest yield category of an "emergency year" only $250 per year in the past six-year period.

In order to obtain unemployment benefits presently equivalent to $640 a year, workers contribute from 12 to 36 cents a week or from $6.24 to $18.72 a year. A rough estimate of the average contribution per worker can be made by dividing the number of persons in insurable employment at April 1, 1943, into the total employee contributions for the fiscal year 1943-44 and the same can be done for 1944-45 figures. The results show an average contribution per worker of $16.50 in 1943-44 and $15.57 in 1944-45. We recognize that these contributions are only approximate since the number insured at April 1 in any year may be unduly low or high and a number of persons may be insured for only part of the fiscal year.

Under the provisions of the Prairie Farm Assistance Act, western farmers contribute one per cent of the value of

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all grain marketed. During the past six years the average annual contribution per farm operator (using 1941 census figures for farm operators) was $13.11 in Saskatchewan and approximately $10.80 in the three Prairie Provinces. This is not far below the average employee contribution under unemployment insurance. Certainly the amount by which it is below does not appear proportionate to the amount by which average P.F.A.A. benefits are below average unemployment benefits.

It is an interesting and significant fact that during the past six years farmers' contributions through the one per cent levy have paid for 42 per cent of the total benefits paid out under P.F.A.A. In Saskatchewan contributions through the one per cent levy have covered about one-third and in Alberta about one-half of the payments made; in Manitoba contributions have exceeded benefits.

With respect to unemployment insurance it is interesting to note that employee contributions amount to only about 45 per cent of the total contributions by workers, employers and the government (1943-44 and 1944-45 figures). The employer's contribution is part of his cost of production and as such will usually be passed on to the consumer; consequently it is not very different from the Government's share -- it is paid by the people at large. But the main point here is that if the workers are expected to pay only 45 per cent of unemployment insurance, farmers should not be expected to pay a higher proportion of P.F.A.A. benefits. It should also be pointed out that the government alone will pay the entire cost of unemployment assistance, so that the workers' share of the total cost of unemployment insurance and unemployment assistance will be much less than 45 per cent. Thus the farmers' present contribution to P.F.A.A. by no means compares unfavourably with the workers' contribution to unemployment relief.

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The federal government bears the administrative costs of both P.F.A.A. and unemployment insurance. Administrative expenses of P.F.A.A. have never exceeded half a million dollars and were as low as $186,767 in 1944-45. Unemployment insurance costs, on the other hand, outside of the first year of operation have never been less than $4½ millions and averaged a little over $5 millions during the past two years. Per capita costs are also much higher for unemployment insurance than for P.F.A.A. In 1944-45, for example, the cost of administration per insured worker as at April 1, 1944, was approximately $2.30 while the cost of administration of P.F.A.A. per farm operator in the three Prairie Provinces was approximately 63 cents.

P.F.A.A. Benefits Offer Inadequate Protection

It is frequently asserted that a farmer's cost of living is lower than the industrial worker's, since a farmer produces at least some of his own food. This is more true of the Eastern than the Western farmer, and, in turn of the Western farmer on a small unit in the park belt than of the large specialized wheat farmer of the Palliser Triangle where most crop failures occur. Moreover, a farmer has other expenses which the urban worker does not have. The worker needs only his two hands to earn his living but the farmer must have seed, feed, fodder, gasoline, machinery and equipment before he can earn a cent. If he has no crop, he must obtain money for his production expenses of the next year from some source -- usually either by credit advances or relief in the form of agricultural aid from governments. If P.F.A.A. payments are to take the place of relief, they must provide the farmer with enough to cover his minimum out-of-pocket expenses as well as a minimum subsistence.

Intensive studies made by the Department of Farm Management of the University of Saskatchewan during the period

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1929 to 1940 show that out-of-pocket costs of production vary according to the size of the farm and the yield per acre. It is quite apparent from these studies that the absolute minimum required for such out-of-pocket expenses -- exclusive of any provision for depreciation or replacement of buildings and equipment -- by a relatively small wheat farmer (one-half to three-quarter section unit) in a year of complete crop failure would be at least $500.

Cash living costs for farm families were also studied by the Farm Management Department over the same period. These studies indicate that even in the depths of the depression, few farmers in the wheat-growing areas could manage with less than $400 to $500 for cash living expenses and undoubtedly very large numbers were not spending enough to maintain health adequately. It must be emphasized that these figures represent actual expenditures rather than scientific estimates of the amount needed for proper maintenance of health and welfare.

From the Farm Management studies, therefore, it seems abundantly clear that $500 for living expenses and another $500 for farm expenses is a rock-bottom minimum for the average prairie farmer. We submit, accordingly, that in view of the total amount of assistance required by the average farmer in a year of crop failure, an increase in the maximum payment under P.F.A.A. to $1,000 for farmers with a complete crop failure would not be unreasonable. Corresponding increases in the schedule of payments for farmers with a partial crop failure and adjustment of the minimum payable to the small farmer would involve no special problems.

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Other Proposed Changes in P.F.A.A.

(a) Automatic Operation

As was pointed out in the Saskatchewan Submission of last January, there are a number of other aspects of the present Prairie Farm Assistance Act which, in our opinion, operate to reduce its value as a farm security measure. For instance, we submit that the discretionary power given to the Governor-in-Council to bring the Act into effect in any year should be removed and the Act be automatically operative in the same way as the Unemployment Insurance Act.

(b) Required Minimum Number of Townships

The P.F.A.A. requirement that a minimum number of townships in each province must suffer a crop failure (5 bushels per acre or less) before the highest rate of benefit is paid in the province causes considerable hardship and inequity and has no parallel in the Unemployment Insurance Act. Under the latter, benefits are paid on the basis of individual need and are not withheld as in the case of P.F.A.A. until the problem reaches a certain magnitude. The view that the federal government should not be expected to assume full responsibility for a crop failure unless it is sufficiently widespread to affect 171 townships in Saskatchewan is no longer acceptable now that the federal government has offered to assume full responsibility for guaranteeing a job or an income in lieu of a job to all employables. In equity, the Dominion should also stand prepared to guarantee a minimum income to all self-employed persons who suffer loss of earnings through causes beyond their control. Any other course means discrimination in favour of the industrial provinces.

We submit, therefore, that equal treatment for the self-employed implies abandonment of any required minimum number of townships and combining the crop failure and emergency year provisions of the Act into one scheme under which farmers would receive adequate aid on a scale varying with their yield.

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(c) The Unit for Determining Eligibility

It has been widely advocated that P.F.A.A. should be placed on an individual farm basis instead of on a township basis as at present. The chief argument against the individual farm basis is the administrative difficulties. While we appreciate the administrative problems involved in adopting the individual farm as the unit for determining eligibility for benefits, we are of the opinion that the fullest possible consideration should be given to this problem and every avenue explored by which the Act might be made to approach more closely to an individual farm basis.

(d) Increased Levy

If the benefits under P.F.A.A. are to be substantially increased, as has been requested above, it will undoubtedly be urged that the one per cent levy on all grain marketings should also be increased in order to preserve a proper ratio between disbursements and collections. What the proper ratio is we do not presume to say. It has been shown above that the one per cent levy paid for 42 per cent of disbursements in the past six years. It is admitted that most of this period was marked by better than average prices and yields so that in more normal times collections under the one per cent levy might be expected to be a somewhat smaller part of the total cost of the scheme. However, with workers contributing directly only 45 per cent of total contributions to the unemployment insurance fund and nothing towards unemployment assistance, and with the administrative costs of unemployment insurance averaging from three to four times as much per head as the costs of P.F.A.A., we do not feel that the farmer should be expected to pay an unduly large proportion of P.F.A.A. benefits.

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There is evidence, however, that farmers in the areas which have benefitted at any time under the P.F.A.A. are prepared to pay a higher levy in order that the benefits may be increased. Thus, the Saskatchewan Association of Rural Municipalities at its last annual convention held in Saskatoon, March 13-15, 1946, passed the following resolution: "That the Crop Failure Bonus be increased to $5.00 per acre and that the maximum be $1,000 and the assessment two per cent, and that payments be made on an individual basis." Two per cent appears to be a reasonable levy, particularly in view of the fact that most workers contribute rather less than two per cent of their wages to unemployment insurance.

It is suggested that, should the Federal Government feel it desirable, sufficient statistical data is now available to permit the introduction of a simple zoning system, leaving the northern and north-eastern areas of this Province under the present one per cent levy, which is sufficient to cover the known risk, at the same time providing a higher rate for the more significant wheat-growing areas subject, particularly to periodic drought. The situation appears to be roughly comparable in Manitoba and Alberta. If that is so it may be possible to divide the whole of the three Prairie Provinces into two simple zones with the entire Palliser Triangle taking the higher premium and the less variable areas retaining the present one per cent levy.

It should, perhaps, be emphasized that, while the present recommendations of the Province of Saskatchewan would involve a doubling of benefits, a general increase in the levy to two per cent -- or even introduction of the simple zoning system described above -- would leave the ratio between disbursements and collections virtually unchanged. Admittedly, the ratio -- and the Dominion's contribution under P.F.A.A. -- may be changed by variations in economic conditions, but this is equally true with respect to the heavy burden of responsibility which the Dominion has announced it is prepared to assume for unemployed workers under the proposals respecting unemployment insurance and unemployment assistance. We do not feel the Dominion can, in terms of simple economic justice, decline to do less for the equally exposed and vulnerable agricultural population of the Prairie Provinces.

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We should like to state that our present recommendations respecting increased benefits and protection for the farmer under the Prairie Farm Assistance Act do not exhaust our ideas of what should be done by Governments to bring some measure of stabilization to the agricultural economy of Saskatchewan. Our present recommendations should be read as supplementary to all that we said in our January Submission about the vital necessity of price stabilization, floor prices, control of marketing, irrigation and extension of P.F.R.A. and what has been said both before and since with respect to averaging farm income over a number of years for income tax purposes.

Other Proposals

Old Age Assistance

In the matter of old age pensions and assistance, Saskatchewan is not entirely satisfied with the Dominion proposals. Nevertheless these proposals are much better than no proposals at all. I heartily endorse that feature which removes the means test in the case of persons seventy years of age and upwards. This is a move in the right direction. I feel, however, that I should repeat the opinion of the Saskatchewan Government that the means test should be removed in the case of persons in the 65-69 age group. Our reasons for holding this opinion have been set out in detail in our written submission to the Conference. It is also our firm opinion that the Dominion should assume full responsibility for the payment and administration of old age pensions in both age groups. The centralization of administration should prove both convenient and effective and the payment from Dominion funds would go a long way in the direction of meeting the fiscal needs of many of the provinces.

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Public Investment

I should like also to make a few observations concerning the public investment programme. We have been disappointed that the scheme has not been initiated before this, at any rate in our own province. We have been disappointed as a government and many municipal bodies have expressed dissatisfaction that no announcement has been made concerning the availability of planning grants. We are also of the opinion, and have so expressed it in our general submission, that several details in the plan should be changed, such as the method of timing and the size of the grants to be made by the Dominion. We are optimistic that these details can be adjusted satisfactorily in committee. It seems to one also that the success of the public investment programme will depend more on the good sense shown by the governments, both Dominion and provincial, after the agreement is signed than on the form of the agreement itself. A lot of good sense and a lot of the spirit of co-operation will be required if the intent of the scheme is to be realized in practice. After all the signing of the agreement is merely an event that will make action possible. I feel also that I must point out again that we count on the Dominion pursuing an active programme of public investment in socially useful projects not merely to take up the slack of unemployment but in order that there be less likelihood of a slack developing. I might instance the very valuable work of this nature done under P.F.R.A. which I hope may be extended with great vigor. In this connection I specifically urge that irrigation on the prairies is definitely a national matter and that the irrigation projects noted in our written brief should be proceeded with as a national public investment. Such an investment would go a long way in the direction of stabilizing not only the economy of the prairies but the

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economy of the entire nation. Such a development might well avert or soften many a national emergency resulting from extensive drought - an emergency which might well come this very year if present weather conditions in the west continue.

Constitutional Changes

And now may I say a few words regarding the constitution and its possible amendment. You will recollect, Mr. Chairman, that in our written submission we urged that certain amendments should be made to the British North America Act, not with the idea of destroying the federal principle but with the idea of making it workable so that it will not destroy itself, always keeping in mind that the only excuse for the existence of governmental agencies, federal or otherwise, is the satisfaction of human wants and needs.

Among our proposals was a suggestion that an amendment should be procured making it certain that legislative jurisdiction can be delegated, from the Dominion to a province, or vice versa. We are glad to note that the same suggestion is contained in the Dominion proposals, and we are hopeful that the other provinces will agree. Such an amendment would introduce an element of flexibility into our constitution which is badly needed and would make co-operation among the various agencies of government much easier.

So far there has been little disposition to go further in the matter of constitutional amendment and yet it seemed evident in our discussions that all of us felt that the present situation is not satisfactory. Nor will it be satisfactory after an agreement based on the Dominion proposals is effected. The Dominion proposals are good and offer excellent prospect of a tentative solution. Of course most solutions are only tentative and I suggest that this one be recognized as tentative from the beginning.

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I suggest that during the currency of the agreement - and very early during its currency - we get right down to the problem of constitutional adjustment; that the problem be approached not merely as a matter of clarification but as a matter of adjustment, so that in the case of wants that may best be satisfied by local action the necessary power be given to the provinces, including the necessary fiscal power; and so also that national powers and responsibilities may be adequate to the needs of a growing nation. And in making such adjustments we should guard against the possibility of a paralysis of action where action may be needed. Among the matters that should receive attention are marketing and labour problems. And I would wish to add that in our opinion the regulation of wages and the conditions of labour and the conciliation of labour disputes have become national in their implications and I hope fervently that it may not be necessary to wait three years before procuring an amendment giving legislative jurisdiction to the Dominion Parliament. The situation promises to be serious and in this as in certain other matters the powers of the Dominion are being paralyzed under the present constitution, and this paralysis is not good for the people of Canada.

So, Mr. Chairman, the Province of Saskatchewan is prepared to conclude a tentative agreement on the basis of the proposals of the Dominion, and may I say that I do not share the fears of the Premier of Ontario concerning the payment of subsidies by the Dominion to the Provinces. No doubt in an ideal society every governmental agency would have available sufficient funds with which to supply the services it felt to be desirable. But such an ideal is rarely if ever found and certainly is never likely to be

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found in a federation such as Canada where almost inevitably the taxable wealth will be largely concentrated in small areas. Now I want to give notice that I shall never cease to urge that in a country which calls itself a nation it should never be tolerated that the services - social, educational, health - enjoyed by the human beings in the less favored areas shall be less extensive than those enjoyed in those areas where wealth has been concentrated. In this I believe I have the support of the vast majority of Canadian people. How can this injustice be avoided without the payment of subsidies? I think I can give one answer to that question and it is this: it will be done by the Dominion exercising her unlimited powers of taxation and supplying the services to the people directly. That is how you will get centralization. So instead of a system by which, in part, the Dominion raises the money and the province spends it, you will have a system in which the Dominion will raise the money and spend it too. And I suggest, therefore, that unless we want extreme centralization we had better make adequate provision for the financial stability of the provinces by subsidies or otherwise.

In conclusion I wish to refer to one other matter. As a compromise the Federal Government has made two suggestions. The first is that in return for getting out of the gasoline tax field the Federal Government should withdraw its offer to assume 50% of the cost of paying old age pensions to persons 65 to 69 years of age and who are in need. Let me say most emphatically that such an alternative is not acceptable to us. Even if the Dominion discontinued its 3 cent a gallon tax on gasoline we are convinced that we could not realize sufficient from this source to enable us to care for those in need who belong to the 65 to 69 year group. In the first place I doubt that we could add 3 cents a gallon to the price of gasoline

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as a permanent feature of our economy. Furthermore in Saskatchewan gasoline used by the farmer on his farm has always been tax free; and this would mean that half of the tax now collected by the Dominion from gasoline would not be available to us. For these reasons we have no desire to barter the gasoline tax field in exchange for the government's offer to pay 50% of the cost of caring for our needy old people who are in the 65 to 69 age group.

The second alternative proposed by the Federal Government is that they shall vacate the amusement tax field but as compensation they suggest withdrawing their offer of a public health grant to the province. Here again we must refuse this compromise. In Saskatchewan the amusement tax field was given to the municipalities in lieu of the latter vacating the income tax field. We do not feel that the Provincial government can take from the municipalities this field which they have enjoyed for many years. Therefore we would prefer to have the health grant left as a part of the federal government's offer to the Provinces. And besides, we would like to feel that human beings will enjoy proper health services.

May I say a few words about the request of certain provinces that the Dominion get out of some of the minor tax fields I have mentioned. As far as Saskatchewan is concerned these tax fields yield very little revenue and some of them would bring us no revenue at all. I am not therefore interested in having the Dominion leave these tax fields exclusively to the Provinces. It is for that reason that I can make the appeal which I am about to make to the Federal government.

It seems to me that there are two reasons why the Dominion might give serious consideration to granting the provinces all or some of the tax fields asked for. In the first place these are very minor fields of taxation. In comparison with the tremendous amounts of money which are

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involved in the personal income and corporation taxes, the revenue from these minor tax fields is very small indeed. It seems to me that the surrender of these minor fields is a small price to pay for an agreement which can mean so much to the future of Canada.

There is a second reason why the Dominion might well reconsider this matter and that is that all the things they want to do in the matter of maintaining full employment and high national income can be done without having these tax fields. With complete control of corporation taxes and income taxes, the Dominion can use taxation as an economic balance wheel without having access to the minor tax fields asked for by some of the provinces.

None of us here can expect to get all the things we think our provinces are entitled to. We have all had to give way from time to time in order to make an agreement possible. Since Saskatchewan is not asking for these taxes, I feel that I can very properly urge the Federal Government to make some concession to those provinces who are asking for these tax fields. It seems to me that, having found a basis of agreement on the two major taxes and succession duties, we ought not to let this conference be shipwrecked on matters which are after all unimportant in the light of the great issues which are here at stake.

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DOMINION-PROVINCIAL CONFERENCE
AGENDA PROPOSED BY THE GOVERNMENT OF ALBERTA

A. PURPOSES OF CONFERENCE:

1. To appraise the Post-war situation and determine what should be done to prepare adequately for it to the end that after the war the Canadian people will be assured the highest possible standard of living and a full measure of social and economic security.

2. To ascertain if the human and material resources and the productive capacity of Canadian Industry are sufficient to make this physically possible.

3. To determine how it can be made financially possible to every Canadian Citizen.

4. To decide the right and proper allocation of responsibility as between the Federal and the Provincial Governments for the implementation and administration of Post-war programs and proposals.

B. MATTERS REQUIRING SPECIFIC ATTENTION:

1. The rehabilitation of our returned men.
   (a) The policy of demobilization.
   (b) Allocation of responsibility re care and rehabilitation of returned men and those now engaged in war industries.
   (c) Post-war employment opportunities.
   (d) Land settlement program.
   (e) Care of those unable to secure gainful employment.

2. Post War Public Works -
   (a) Categories - (1) Transportation.
   (2) Public Buildings, etc.
   (3) Irrigation.
   (4) Rural Electrification.
   (b) National Public Works Projects.
   (c) Provincial " " "
   (d) Joint " " "

3. Post War Social Services -
   (a) Health.
   (b) Education.
   (c) Child Welfare.
   (d) Pensions.

4. Agriculture -
   (a) Post War markets.
   (b) Floor Prices.
   (c) Policy re production.
   (d) Crop Insurance.

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5. Post War Industry -
   (a) Conversion of war industry to peace time industry.
   (b) Industrial Expansion.
   (c) Labour Relations.

6. Post War Immigration -
   (a) What policy is proposed?
   (b) Right of Provinces to be consulted in matters relating to Immigration.

7. Constitutional Matters:
   (a) Dominion vs Provincial fields of jurisdiction -
      (1) Post War policy re taxation.
      (2) Post War policy re Provincial fields now occupied by Dominion Government under War Measures Act.
         e.g. (a) Labour
              (b) Price Control.
              (c) etc.
   (b) Survey of Constitutional Powers -
      (1) Clarification and re-alignment of powers under B.N.A. Act.
      (2) Appeals to Privy Council.
      (3) Procedure for amending Constitution.

8. Finance -
   (a) Methods proposed to finance -
      (1) Rehabilitation of returned men.
      (2) Those unable to secure gainful employment.
      (3) Post War Social Services.
      (4) Post War Public Works.

   (b) Allocation of financial responsibility as between Dominion, Provincial and Municipal Governments -
   (c) Post War re-financing of public debts -
      (1) Dominion.
      (2) Provincial.
      (3) Municipal.

C. <u>PROCEDURE:</u>

1. Plenary Session -
   Statements from Dominion Government and from governments of each Province.

2. Business Sessions of whole Conference to deal with each of the subjects included on the Agenda -
   (a) Presentation and discussion of respective viewpoints.
   (b) Conclusions and decisions.

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3. Committees -
set up to work out details relating to the subjects on the Agenda after they have been decided upon in principle by the general Conference.

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C183272

Ottawa, January 17th, 1944.

Memorandum for the Prime Minister

re: Dominion-Provincial Conference

1. To prepare for a conference there might be a Cabinet Committee and an Interdepartmental Committee reporting to it. A member of the Cabinet Sub-Committee might act as chairman of the Interdepartmental Committee and be charged with direct responsibility for all preparations. Attached to him there might be Alex Skelton, because of his previous experience, knowledge and great ability, and a small group of others. Some of these might be obtained from the armed services. Dean Vincent MacDonald, Assistant Deputy Minister of Labour might be available. Major G.S. Challies, N.D.H.Q., Lt. J.H. McDonald of Naval Headquarters, occur to me.

2. The Interdepartmental Committee should deal with three matters

(a) financial arrangements between the Dominion and the provinces;

(b) changes required in the B.N.A. Act;

(c) reasons in support of the foregoing.

3. The material prepared by the Interdepartmental Committee might be referred to the Economic Advisory Committee for approval and then be submitted to the Cabinet Sub-Committee and the Cabinet. From this there should emerge at the earliest possible date a general indication of what the government wanted to get from an Inter-provincial conference.

4. Simultaneously the Bank of Canada or some accountant like J.S. Thomson would be asked to bring Dominion and provincial figures and statistics up to date.

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5. Drafts would be prepared of amendments to the B.N.A. Act to deal with all possible points.

6. Everything possible should be done to avoid putting the Dominion on one side and the provinces on another. The provinces should be encouraged to take the initiative.

7. The chairman of the Interdepartmental Committee and Skelton should visit the provinces and discuss the situation with them. They should try to get the provinces to propose matters for the agenda and to suggest amendments themselves. They should

(a) secure the provinces' agreement to the financial figures;

(b) give the provinces a brief of the reasons why constitutional amendments are required;

(c) discuss informally with the provinces the lines of possible amendments;

(d) discuss with the provinces the agenda for the conference.

8. Simultaneously a campaign should be carried on to develop public interest in the subject.

9. Subjects to which consideration should be given are

(a) finance;

(b) economic controls required in immediate post-war period;

(c) social welfare;

(d) employment services;

(e) housing;

(f) treaty implementing power;

(g) future transference of specific powers between the provinces and the Dominion by agreement;

(h) amendment of the constitution.

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10. It might be arranged with some of the provinces, even Quebec, to propose the enactment of a Canadian Constitution with the power to amend in Canada and complete safeguards respecting minority questions. Two-thirds of the B.N.A. Act is "spent".

11. As soon as some such plan as the foregoing is decided on, it would probably be advisable to have informal and confidential discussionswith Messrs. Garson and Godbout to discuss the general scheme and the best way to approach it and time the various steps.

Brooke Claxton

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PRIVY COUNCIL

CANADA

C183275

Ottawa, January 22nd, 1944.

Memorandum for the Prime Minister

re: Dominion-Provincial Conference

1. The political situation in Quebec and the fact that the previous conference met on the basis of the Sirois Report, now five years old, make careful preparation more important than ever, particularly as adjustments are urgently needed. At least four months should be allowed.

2. There might be a Cabinet Sub-Committee and an Interdepartmental Committee reporting to it. A member of the Cabinet Sub-Committee might act as chairman of the Interdepartmental Committee and be charged with direct responsibility for all preparations. Attached there might be Alex Skelton, because of his experience and ability, and a small group of others.

3. The Interdepartmental Committee should prepare recommendations for financial arrangements between the Dominion and the provinces and changes required in the B.N.A. Act.

4. The material prepared by the Interdepartmental Committee might be referred to the Economic Advisory Committee and submitted to the Cabinet Sub-Committee and the Cabinet. From this there should emerge at the earliest possible date a general indication of what the government wanted to get from a conference.

5. Everything possible should be done to avoid putting the provinces against the Dominion and the provinces should be encouraged to take the initiative in suggesting matters for consideration.

6. At the right time a member of the government or the chairman of the Interdepartmental Committee, and Skelton, should visit the provinces and discuss the situation with them. The need for action (already felt by many people) should be brought home with articles and speeches.

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7. Subjects to which consideration should be given are

(a) financial arrangements;

(b) economic controls in postwar period;

(c) unemployment assistance, children's allowances, contributory old age pensions and health insurances;

if the time seemed right the conference might also consider

(d) treaty implementing power;

(e) method of amending the constitution;

(f) delegation of specific powers by the provinces and the Dominion by agreement;

(g) labour legislation, control of production and prices, federal works, housing, etc.

Brooke Claxton

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C Confidential

MEMORANDUM FOR THE PRIME MINISTER: C183277

re. Dominion-Provincial Conference

Mr. Heeney has now received replies from all the provinces except Quebec. From these replies it is clear that the earliest time at which a conference could be held is late April.

From a federal standpoint that should be quite soon enough in view of the preparatory work required. Of course, it is still possible that Quebec will not be prepared to consider a conference until after the provincial elections. In any event, it would presumably be desirable to start preparatory work as soon as possible.

Attached is a memorandum from Mr. Claxton suggesting steps desirable in the way of organization. This was prepared in response to your direction after the receipt of Mr. Drew's letter.

The logical membership of the Cabinet Committee would seem to be:

The Minister of Justice
The Minister of Finance
The Secretary of State
The Minister of Labour

and, if appointed by that time:
The Minister of Reconstruction and
The Minister of Social Welfare.

The Cabinet Committee might itself decide who should be included in the interdepartmental committee. You suggested that the Parliamentary Assistants might be associated in some way. They might represent their Ministers in the interdepartmental committee.

J.W.P.

February 1, 1944.

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January 31

DOMINION-PROVINCIAL CONFERENCE

Replies from Provinces:

Province	Reply received	Comments re attendance
Alberta	January 19	Yes - suggest holding conference in April.
New Brunswick	January 17	Yes - suggest holding conference during next four or five weeks, but with reasonable notice will plan to attend.
Nova Scotia	January 17	Yes - suggest holding conference before the end of February.
Prince Edward Island	January 22	Yes - but could not attend if conference if it took place before March 15th.
Saskatchewan	January 25	Yes - suggest end of March or a little later.
Manitoba	January 24	Yes - Legislature open in two weeks, suggest holding conference after prorogation, but would be prepared to adjourn legislature in order to attend. May 1 would be most convenient.
British Columbia	January 27	Yes - Suggest middle of March when Legislature prorogues.
Quebec	January 20	Yes - but will not be convenient to attend until a few months to come.

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Copy of draft to Skelton

C-100(a)

C183279 Jan. 31, 1944

Lists supplied by Skelton on telephone

B.C.: Mr J.V. Fisher of the Prov. Dept of Finance

Alta: Mr D. B. Barr of the Provincial Auditor's Dept.

Sask: W. Archer of the P — T — D —

Man: E.D. Ilsley of the Provincial Comptroller-General's

Ont: H.E. Brown of the P — I — D —

P Que*: W. C. Lower of the P — T — D —

N B: R. S. Fitzrandolph of the Comptroller-General's Office

N.S.: L.E. Percrill, the Provincial Auditor

P.E.I: H R Carruthers, Acting Provincial Auditor

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MEMORANDUM

Office of the Prime Minister

C183280

Ottawa, Feb 21/44

WLT

This is Flaherty's article.

Shall I ask JWP to arrange
an Echo in Free Press -
+ Bennett for same in Telegram Press
CH

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MEMORANDUM C183783

Office of the Prime Minister

Ottawa,

Mr C. Berry

The article is well written
but lack sufficient direct
value to warrant us keeping
space for it.

WLK

Dec 11 Returned
Court Studies of
materials
CH

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C183282

By Francis Flaherty
Press Gallery
House of Commons
Ottawa.

The basic problem of the coming dominion-provincial conference will be the creation of a workable basis for the co-operation of the provinces with the dominion in the fields of economic reconstruction and social security after the war. Within or associated with that basic problem are a host of other practical problems, the unscrambling of federal economic controls after the war, the re-adjustment of the division of taxes, division of responsibility in certain new fields of legislation, the degree of federal financial assistance to be given provincial and municipal works projects, the degree of provincial co-operation to be accorded in the planning and timing of such works.

When the representatives of the 10 governments meet in Ottawa they will as in the past find themselves constrained to discuss all these matters with an eye on Canada's strange and somewhat nebulous constitution which allocates certain powers to provincial legislatures, certain to the parliament of Canada, ~~xxx~~ leaves interpretation to the courts and fundamental constitutional changes to the British parliament.

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The constitution is strange because that vital written part of it which provides for the respective powers of the two sets of governments, the British North America Act contains within itself No provision for amendment. It is 77 years old and has been amended from time to time by the British parliament. It can be so amended again but in the intervening years a fixed rule has become established that the British parliament will amend it only at the request of Canada. Over the question of what authority in Canada is competent to make the request and whether the British parliament is bound to act on a request from the dominion should the provinces or some of them object constitutional authorities have been arguing for years.

The constitution is nebulous because when it was framed the activities of the state were limited and because the courts in interpreting the act and applying its terms to new fields of governmental activity have added to the statute a body of jurisprudence which is neither clear nor consistent.

At some stage in the conference the question of whether Canada should start over again and frame a new constitutional statute suitable to modern conditions or go on patching up the British North America Act with amendments and judicial interpretations is likely to arise. In many respects the constitution has been suspended for the duration of the war. This was not illegal as it provides for the exercise of emergency powers by the federal government but it has reduced the importance of provincial governments.

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With the end of hostilities the emergency powers lapse. Decentralization will be in order and will be demanded by the provinces and by public opinion but at the same time in the vital fields of reconstruction and social security a measure of centralized planning and financing will be desirable. Decisions must be reached as to whether that can be done under the present constitution with such amendments as are practicable or whether the whole thing should be replaced with a new document to take effect as from the end of hostilities.

There are two theories about the ~~xxxxxxxxxxxx~~ British North America Act which necessarily affect the approach to the problem. The compact theory is that the original provinces entered confederation under an agreement, did not surrender their former status but delegated certain powers to a new creature, the dominion and that no change can be made without their consent. The other theory is that the British Parliament, possessing supreme powers for legislating within the British Empire, delegated its powers to the dominion in part and to the provinces in part but clearly made the dominion the supreme creation. The compact theory has adherents among the legal authorities in some of the provinces but is not as widely entertained as the other. At the same time it is recognized that, even ~~xxxxxxxxxx~~ if there was no compact between the provinces which has enduring legal effect the union of the provinces would NOT have come about had not certain conditions been met in the British North America Act. There is not much agreement on what these conditions were but as a minimum they embrace what are known as "minority rights", the right to use either the French or English language in parliament and in the legislature and courts of Quebec, the

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use of French civil law in Quebec, the ~~xxxxx~~ right of instruction in English or French in the schools of Quebec and the rights respecting religious instruction in the schools of Quebec and Ontario and certain other provinces.

All authorities are agreed that this minimum of conditions established at confederation cannot or should not be changed ~~unless~~ with the consent of the provinces concerned. In both Ontario and Quebec until recently there was a disposition to look on the vesting of power in the British Parliament to amend the B.N.A. act as a protection of these minimum essentials. With the evolution of the relationship of the dominions to Britain, however, it is questionable if that is now the case. A majority in the Canadian House of Commons and Senate could probably secure any change in the B.N.A. act it wished regardless of the opposition of any province.

A general overhaul of the constitution then would probably consist in an agreement on a new statute which would redefine the powers allocated to the province and the dominion. This would undoubtedly involve a break-down of the provincial legislative field of "property and civil rights" to clarify the position on social security legislation and ~~xxxxx~~ a new arrargement for the division of taxes and financial responsibility along the lines, perhaps, of the 1940 report of the Rowell-Sirois Commission. There could be no assurance, however, that any new scheme reached would be permanently satisfactory and hence an overhaul would also involve establishing a proceedure by which the ~~xx~~ constitutional Act could be changed and changed in Canada, in accordance with the precedents already established by the other dominions, Australia, New Zealand and South Africa.

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When such changes have been discussed in the past the suggestion has been that a Constituent Assembly or convention should be given the task of working them out, including the nice questions of what amendments to the constitution in future should require the approval of all provinces, what of a majority and what of ~~th~~ one particular province. Wartime is scarcely the right time for such extended deliberations and, however, desirable far-reaching changes may be deemed by the conference it is unlikely to take the responsibility of initiating them itself or set in motion machinery which would work slowly over a period of years.

For what is involved in a patching up of the B.N.A. act to make possible the attainment of particular objectives the recent precedent ~~re~~ of unemployment insurance would provide a precedent. The first unemployment insurance measure was enacted by the federal parliament in ~~1935~~ 1935 and proceeded on the assumption that the dominion could act in the field under its power to impose both direct and indirect taxation. The courts thought differently, however, and held the statute unconstitutional on the ground that it invaded the provincial legislative sphere of "property and civil rights". In 1940 with the consent of all the provinces an amendment was secured to the British North America Act adding "unemployment insurance" to the group of subjects on which the dominion has power to legislate.

Before that consent was given, however, it is to be presumed the provinces were convinced that unemployment insurance was a good thing and that it could be operated to best advantage on a national basis.

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While the provinces surrendered their power to act in this field they did not do it blindly but in the light of rather precise information on the use the dominion would make of the power.

The new conference will consider a dominion proposal for compulsory contributory old age pensions. Presumably that also would require a constitutional amendment and before assenting the provinces will want and get full information on what is proposed. On the position regarding income taxes temporarily ceded by the provinces under a wartime agreement the most complicated negotiations will be involved if any permanent arrangement is to be reached either to leave the field to the federal government or to return part of it to the provinces under some arrangement which would assure a uniform total rate all across the country.

Much water has flown under the dam since 1940 when the Royal Commission on Dominion-provincial relations made its ambitious report backed by volumes of statistical and economic research. Some of the information on which the commission based its recommendations is out of date, economic conditions have changed, and some of its recommendations have been placed in effect. At the same time it is likely the report will be the basis on much of the discussion and some of the conclusions reached.

Here are its principal proposals with brief notes on developments in the interval:

The dominion to assume full responsibility for employable unemployed: already done in part through unemployment insurance.

The dominion to handle contributory old age pensions, if decided upon: One of the questions for the conference;

the dominion to take over all provincial debts:

No developments in the interval but the financial position of all provinces has improved.

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The provinces to forego the right to level corporation and personal income tax: done on a temporary basis and with compensation, future open for discussion.

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