

The Honourable Vincent Massey,
High Commissioner for Canada.

The Duke of Devonshire has been kind enough to come here this morning to give you a welcome on behalf of the Government. I do not think he needs any introduction, because we can go back to the regime of his father with such a deep appreciation of all he did for us.

His Grace The Duke of Devonshire,
Under-Secretary of State for Dominion Affairs.

I am here on behalf of my chief, Sir Thomas Inskip, who had a speaking engagement which he felt he could not very well break and I know that he is extremely sorry at not being here personally to welcome you. However, I am here as his substitute and I say that I am very glad to welcome you to this country. I have the best recollections of Canada. Canada is a country which gave to my father the five happiest years of his life and on his return to England he did have a very deep love and affection and a feeling of deep gratitude for the kind reception he got there.

I will not keep you more than a moment, but I do want to say how very keenly we welcome the presence of this immensely important and influential mission in this country. What results may attend your visit I do not know, but your visit is of vast importance and I have no doubt there are very great possibilities, and in fact they should be investigated by such a very representative and important a commission assembled in this room.

The High Commissioner tells me you are quite determined while you are here to attend to business only and not accept any invitations or hospitality. Well, in spite of that, I do hope that some of you will be visiting the Sheffield district when I should have great pleasure in showing you Chatsworth, because you should see something of the English countryside while you are here, and I could show you farming, horses and so forth, and should be very glad indeed to have the privilege of entertaining you who are visiting in that district during the course of your travels over here.

Once again, I want to apologize on behalf of my Chief for his absence today. He particularly wished me to say how sorry he was, but he did not like to break his engagement. His speech, which no doubt was read in the papers this morning, is of some importance because he is a man who weighs his words very carefully; he has a long legal training and I hope that his cheery word will be of some importance. We have had, as you all know, a period of prolonged and anxious strain. There are people who suffer from the jitters, they are alarmists, but I think you will find if you travel around England that the attitude of the people is one of sober resolution. We were very nearly on the edge of an abyss last September. We have been near to it ever since, but if, as we hope, we can avoid it, it will be due to the tremendous national effort which has been put forward, an effort which you gentlemen are helping very materially indeed. I think you will find that the atmosphere in this country is one of sober, grim resolution which we all hope we will attain, and therefore what we had to go through twenty years ago, if we have to go through it again, we must face anything to keep anything - that is important, very important, in order to keep liberty, justice and freedom alive in the world.

May I assure you on behalf of the Government how very keenly we look forward to your presence in this country.

The Honourable Vincent Massey.

Thank you very much indeed. Before calling upon the three representatives of the Fighting Services, I am going to ask Mr. Gurney, Chairman of the Mission, to say a word for their information as to its object.

Mr. E. Holt Gurney.

The background of the Canadian Manufacturers' Association consists of some three thousand manufacturers in Canada and represents more than 75% of Canadian production. For a long time now we have been conscious of the fact that because of geography and other reasons we have not been able to share in the general desire of being able to help the Mother Country. It was determined some time ago that it would be most useful to send abroad a group of people who could speak technically for the various activities which might be pursued in Canada in the event of emergency along arms lines. We saw our Prime Minister in Ottawa and we came over here with the approval of the Canadian Government and more than that, they were good enough to loan us General McNaughton, President of the National Research Council, and one of his colleagues, Mr. A. F. Gill, and Colonel Carr, Director of Mechanisation and Artillery, both of the Defence Department at Ottawa.

Now our purpose is simply this. We have come directly to work. We will break up in small groups. We wish to acquire knowledge of what manufacturers should have in the event of emergency, and we also want to acquaint you people with the facilities that we possess and what might be done, and finally we want to confer with you as to what is needed in the interests of the Empire. That is all.

I think it would be useful at this point if I ask some of the members to speak for a minute or two each, each man speaking for a division of Canadian industry, that is to say, when the man for example talks about steel he will talk on behalf of all the steel products and so on through the group. With that in front of you, you people may want to add or to modify plans for mutual interchange of information after you have given consideration to what these men have said. I am going to begin by asking Mr. Finlayson. Please do not be alarmed at the size of our deputation, as this process of making short speeches will be over in twenty minutes.

Mr. S. M. Finlayson.

COMMUNICATIONS

The companies which I represent either operate or control all of the communications within the maximum of Canada and the major proportion of the overseas communications that are related to our international system. These companies, in addition to operating both wireless cable and land line, also manufacture the requirements of these services. These companies have for many years been engaged in that type of work and a very important part of their ordinary civil function has been the supply of needs for government departments, both for ordinary public service use and the needs of the Division of National Defence in Canada. In that way, these companies have acquired very considerable background which I believe will make it much easier for them to cooperate with you in any scheme that may eventually be decided upon. In

addition to that, these companies have during the last three or four years made a very intensive effort to educate others into the needs of military and defence equipment, and to that end we have encouraged a very considerable number of our engineers to offer personally to become associated with the Canadian Army. By that means, we have been able to get something between 60 and 100 officers placed in the non-permanent forces in Canada who can operate in the control units and other units of that type. As a result, we have gained a very very considerable amount of information from what might be termed the users' point of view.

We now feel that we have at last the first glimmer of understanding what military requirements, and by that I include aircraft and naval needs, might be.

At the present time, we have available in Canada about one million and a quarter square feet of manufacturing space, which is only about 50% operative at the moment. We have as well half a million square feet that could be put to use virtually immediately and that space is very largely equipped for technical and other purposes, as used for the production of communication equipment. Our factories at the present time employ something like three thousand people who have all been well practised in the particular business to which I am dealing, and we believe there are firms of very excellent nucleus for any expansion that might be required. More latterly still, we have undertaken the manufacture and installation of specialised testing equipment of a type that is rapidly becoming essential, particularly for aircraft and naval purposes, and to a large extent also for military purposes where atmosphere controls moisture, and every need of that kind would be given attention.

In conclusion, I would like to say that I cannot stress too strongly our desire to assist in this job that we are here to do, and I would like you to feel that we are here to learn as much as we can and of adding to our present knowledge everything that is humanly possible, in order that when the time is ripe we might be in the best possible position to serve.

Mr. J. G. Morrow

STEEL

The steel industry of Canada has a capacity of $2\frac{1}{4}$ million tons annually in blooms, billets, bars and castings. About 800,000 tons can be diverted into shells. Three firms make the major portion of this tonnage. The steel is mostly basic open hearth.

The furnace equipment is up-to-date and compares favourably with similar equipment anywhere. Individual furnaces range to 175 tons.

Blooming mills are large up to 44 inch with ample heating capacity and with billet and bar mills for finishing.

These works can pour satisfactory shell steel within 24 hours and ship approved and tested bars within ten days.

Test houses are well equipped and staffed and controlled melting and rolling is regular practice.

Forgings could be made at the steel works, as in 1914-1918, if required.

Alloy steel of nickel chrome and molybdenum are in regular production for exacting forging purposes.

Gun steel, up to 4.5, we are confident can be made in Canada. The size of ingot, charge condition of melt, pouring, cooling, heating and forging, we are desirous of developing here with you. Making this steel at one works, forging at another, and machining and heat testing at another could, we believe, be worked out satisfactorily.

Independent laboratories, like the National Research Council, the Ontario Research Foundation, are available for use, so also is the Canadian Engineering Standards Association affiliated with the British Standards Institute, the latter for the translation of British Specifications into equivalent Canadian standards and practices.

On our own docks in Canada is a year's supply of ore, and coal, from our own native mines, assuring no interruption of operation, thus relieving Britain of ocean transportation. These steel works produce steel plates, sheets, tin plate, heavy and light forgings, spring rope and bolt wire, nuts, screws, for machines, automobiles, etc.

The steel industry of Canada puts its operators at your disposal for the production of steel if and as required.

Mr. H. G. Bertram.

MACHINE TOOLS

As representing the machine tool department of Canadian industry and as a manufacturer of machine tools, small tools and precision gauges, I am able to give you some details of the lathes planers, boring mills - shapers slotters, and special shell and gun manufacturing machinery which we are able to build. Suffice to say at this time that it covers a broad field from lathes to swing work 12" diameter to 36 x 40' boring mills weighing approximately 350 tons.

Small tools, jig fixtures and precision gauges are the regular product of some ten to fifteen companies with the possible exception of Whitworth Limited who make thread gauges. We have a constant temperature room with a Pratt and Whiting measuring machine with an accuracy of ten millionth of an inch.

The machine tool business has been marking time in Canada for the last three years and there is a surplus capacity available at this time. The album of photographs which I have brought with me will illustrate the designs we have to offer.

Mr. O. W. Ellis.

ENGINEERING

As it is well known to you already, Canada is one of the foremost primary producers of non-ferrous metals in the world today, but what may be less appreciated is the remarkable growth in this field since the Great War, a growth of the order of 2½ to 10 times for the non-ferrous metals of major importance. Of these, in 1937, the approximate output in tons was aluminium 20,000; copper 270,000 and for this metal there exists facilities for practically the entire output. Lead 205,000, nickel 112,000 and zinc 185,000. These figures will give an idea of the contribution which Canada should be in a position to make in the event of another major conflict.

Note should also be made of the facilities for the manufacture of non-ferrous alloys; 82 organisations, some however relatively small, nevertheless forming a nuclei of specialised knowledge, are engaged in the production of non-ferrous castings. Of these, five are equipped to produce die castings of aluminium, zinc and other white metals, and ample facilities exist for the manufacture and heat treatment of dies even of the most complicated design. Other non-ferrous alloys such as bearing metals, engage the attention of at least five important secondary metal producers.

Major General A.G.L. McNaughton

SPECIFICATIONS

Mr. Bertram and the other speakers have indicated the situation in Canada as regards our machine tool industry and our facilities for the production of precision gauges, and I think you will agree that of equal importance is the question of specifications and standards on component parts and semi-finished materials. This is a factor of major importance in respect of the organisation of productive facilities to meet the vast needs of the Defence Forces, as was clearly evident on the last occasion in which we had to develop the matter.

We have been fortunate in arranging meetings with the British Standards Institute, so that we can go thoroughly into this matter of bringing our specifications into accordance with specifications which have become of use in this country and to determine equivalent specifications, so that if we do strike the condition of emergency, which may or may not be in the near future, the business of having specifications ready for use will be settled. We would then avoid those long delays which we experienced in this matter on the last occasion, when we had to face the rapid turning over of our Canadian industry to meet army requirements. In the conversations which begin this afternoon, we hope to settle this problem which has been raised once and for all.

Mr. Philip S. Gregory

POWER

The electro chemical industries in Canada producing such basic materials as calcium carbide, chlorine, caustic soda, phosphoric acid and others are well established and since the Great War have made great strides. For instance, there are plants now in operation in Canada capable of producing over 60,000 tons of carbide a year and convert it into acetic anhydride, acetic acid, acetone and the other acetylene derivatives. The production of these materials and of other required chemicals can readily be expanded.

During the Great War, Canada produced its own propellants and explosives and is capable, once the requirements are known, of doing so again.

Power is an essential requirement of all industrial activities, and Canada is well equipped with power. During the past twenty years, installed capacity of the hydro electric generating stations in Canada have grown from 2,500,000 horsepower to over 8,200,000 horsepower, and fortunately, at the same time, the building of transmission lines has kept pace with the growth of generating capacity.

The major transmission systems of the provinces of Ontario and Quebec are inter-connected and there exist in Canada now a great net-work of transmission lines, a net-work having a total of over 66,000 miles of high voltage transmission lines, so that power may be transmitted from the generating stations in the various provinces to the points of utilisation. The policy of the Canadian power companies is to provide the power that may be required for industry well in advance of the needs, and as a result large quantities of power, several hundred thousand horsepower is available and can be transmitted over the existing transmission lines to operate new electro chemical plants or to supply the motive power for industrial expansion.

Colonel Noel Carr.

GUNS

As representative of the Department of National Defence, I am authorised to state that some 1,500 firms have been surveyed

and the results of the survey are available to your technical staff.

There can be no doubt that there is every indication that the Canadian potential covers a wide field of warlike stores. The one essential deficiency has been disclosed and that is guns. We believe, however, that this trip will overcome in a reasonable time this deficiency if we can confine the consideration of it up to and as high as 3.7 equipment, and if we do confine it to that point and it has already been studied in considerable detail, I believe that any gun of the lighter types could be realized from Canadian industry within a limited period.

Mr. G.T.M. Bevan.

MACHINE SHOPS AND SHELLS

I speak for the agricultural implement manufacturers and those other companies with machine shop facilities whose resources could be turned over for the production of war supplies. Many of these companies could, in case of emergency, commence the manufacture of small calibre shells, 3" to 4.5", with general purposes equipment, but it is obvious that this would not be economical and our present anxiety is to know what would be required of us in order that planning to that end may be made.

It will be remembered that in 1917 Canada produced a very appreciable proportion of the shells obtained by the British Government ranging in size from 18 pounders to 9.2", and it can be stated that those figures will be exceeded if a larger demand is made.

The large agricultural implement factories are also in a position to supply various commodities, briefly among which might be mentioned the following:-

- Partial manufacture and assembly of track vehicles.
- Wood munition boxes and wood boxes for supplies of all kinds.
- First aid stretchers.
- General automatic parts.
- Sheet metal parts.
- Petrol tanks.
- Grey iron castings.

Whilst, in the case of shells, the immediate output may be small, it may be said that the machine shops in Canada have a potential production capacity which can make them of real value to the empire.

Mr. Hugh Dalton.

SHIPBUILDING

In the 1914-1918 period, Canada produced 96 ships. About a dozen of these were steel ships of 8,800 tons deadweight capacity; the balance were ships of 4,600 tons deadweight, or their equivalent size in wooden hulls. About half of these ships were built of wood.

The total capacity of the country, if each ship had been built in one yard, complete, would not have been over 35 ships in this time, but a method was followed under which equipment for these ships was built all over the country and hulls and machinery were assembled in yards in British Columbia and in a yard in the East. We estimate that in similar time and because of added facilities now existing, this programme could be enlarged substantially in the event of another emergency.

But it has been suggested that Canadian yards would give a more effective account of themselves if a similar plan of assembly were adopted, but as well that ship construction should include sloops, trawlers, drifters and small craft, including speed boats for all purposes. Present facilities exist in Canada of engining practically all such craft.

Canada enjoys excellent geographic advantages for ship-building. The climates at both coasts, especially British Columbia, are equable, and protected waters make possible the establishment of launching ways at points which in no way interfere with either civil or war-time navigation.

Given designs which are required, no importation of expert help from the Old Country would be necessary. We would welcome this opportunity to see designs of types of vessels, either small or large, which might be required to build in the case of emergency.

Mr. J.E. Goodison.

COMPONENT PARTS AND TOOLING

Beyond the major industries represented in this mission today, stand many hundreds of small Canadian companies with plants equipped and personnel developed to supply innumerable special component parts as well as large quantities of tooling to other manufacturing plants, together with a wide range of products for home and export markets.

Co-ordination of these smaller plants could be effected in either of two ways, namely, through trade associations or by localities throughout the five Canadian manufacturing zones. These plants are capable of producing auxiliary supplies for Army, Navy and Air Force requirements, as well as turning out vast stores of component and replacement parts for the general production of armaments outlined today. Co-ordination of these secondary groups into decentralised units automatically stabilises the labour supply by spreading employment over many trades and communities.

In at least one Canadian city local industrial co-ordination is being carried out to determine definitely the war-time output of parts and tool equipment. These trained and flexible industrial reserves stand ready to demonstrate their ability to supplement the efforts of our primary industries.

Mr. E. Winslow-Spragge.

The previous speakers have put before you the substantial productive capacity of our country. They have also suggested some lines along which these facilities can be made to contribute, but all these productive capacities and all these facilities must remain dormant unless we can find some way to get organised. In the Great War, we had the Shell Committee and the Imperial Munitions Board as a unified body which enabled us to co-operate. We have not got in Canada those great organisations that you have here. We, in Canada, must get together if we are to make our weight felt and realising as we do the time now for preparation, realising that the need may come and feel as we do from coast to coast that our people are anxious to help, we have come here to offer our services and try and find out what you require, to try and find out what we can supply, but above all, I think, to try and see if there is not some way that we can get organised. For three years we have remained in a position of partial idleness in this matter, and we hope very much out of this mission may come some form of organisation that will enable us to do our part.

The Honourable Vincent Massey.

Thank you very much for this excellent summary of the business in regard to the various branch industries. Now, as you know gentlemen, we have the privilege of having with us representatives of the three Service Ministries concerned with matters of equipment, and taking in the order of seniority of the services I would ask Rear Admiral Fraser to speak on behalf of the Admiralty. As you know, he is Controller of the Admiralty.

Rear Admiral B.A. Fraser, O.B.E.
Controller of the Admiralty.

I am afraid I had rather short notice of this and I have not prepared a speech. I was extremely interested to hear all what the speakers have said in their different capacities, and very interested to hear all their views and what they can do and what the intention in Canada is.

As you know, from the naval point of view, we have been going on for a good many years using things on a fair basis and meeting our requirements. We are increasing our own naval capacity. At the moment, we have under construction in this country eight battleships, six aircraft carriers, twenty one cruisers, forty destroyers and some odd small craft. In addition to that, we have just taken up 120 trawlers. That effort, of course, does take most of our money, but the urgent need from a naval point of view if war should break out, is the difficulty of guns....that is a war potential that would be difficult to keep up. We have certainly all got to make an effort, to make some contribution should that sort of question arise, so as to ensure that there is a war potential should it be required. Of course, what we would like you to do is to build us a couple of battleships as soon as possible. However, that is not an easy problem. Our main naval requirements are those new ships.....mine sweepers.....

There are, of course, in the naval equipment many other requirements which at the present time we would be very doubtful whether you could meet, but I would be glad to know later on what you can do.

Mines is another question: I think two years ago we actually sent you over drawings of mines and a specimen mine, but I have not been able to follow up in the last day or two what actually happened to them, but we might want or certainly should want mines and sinkers in war potential, small ammunition anti-aircraft. There will undoubtedly be a shortage if a war comes, and I would very much like to know what your difficulties would be in the production of say a couple of million rounds of two pounder ammunition complete and that includes cartridge cases and shell fuses.

Nobody has mentioned, as far as I know, optical instruments, and I do not know what your capacity is for binoculars and telescopes.

I thank Mr. Massey for giving me the opportunity of this short talk, and I would say how very much I have been interested in hearing all your speakers and your views.

The Honourable Vincent Massey.

Thank you. I will now call on Sir Harold Brown who occupies the post of Director-General of Munitions Production, but still supplies the War Office needs.

Engr. Vice Admiral Sir Harold A. Brown, K.C.B.
Director-General of Munitions Production.

I welcome this opportunity of meeting all you gentlemen and I very much appreciate the motive for which you have come over here, to treat this matter in a businesslike manner and to see what our requirements are likely to be, and so on. That, I believe, is the object of this mission.

I would be very glad to help you in any way that may be possible, not only by giving you some sort of an idea of what our requirements are likely to be, as I think we have already done to some extent, but also by, I hope, going one step further in connection with educational orders. We have the greatest difficulty in providing sufficient orders, but as I have already intimated, I hope we shall be able to make small educational orders available for certain types of stores. There are, of course, other things which are rather outside my Department, but as far as lines come within my power of production I will try and make educational orders available, and am quite prepared to discuss with appropriate firms in order to create this war potential, which is our objective.

I understand that you will be forming sub-committees to get down to the different types of requirements, and if you will let me know the names of these small sub-committees as soon as possible, I will make arrangements with the firms where these articles are being made. I think that is the first consideration.

I am afraid there will not be very much doing between now and Tuesday next because of the Bank Holiday. We some times slip away and play golf, but after Tuesday I hope we shall be able to get down to it and arrange these committees.

I must say that I have the greatest confidence in what Canada can do. We have already placed small orders in Canada and in future any other orders will be placed out in the same way.

The main type of articles which we hope you will create are shells mainly 3.7" and 3.45", for which we hope to be able to make limited orders available; cartridge cases in a small way; gun liners and barrels. There is a very high consumption of gun liners. I hope you will be able to make a capacity for that work. Then, of course, there are tanks which will be war requirements and which again I hope to be able to place educational orders for. Machine gun carriers, which I think have already been in hand. That is a rough outline of what our requirements are.

I might say that it has always been the policy, since I have been at the War Office, quite definitely to work in co-operation with the Canadian Government, that is to say, to place orders with firms with whom they themselves would place orders for their own requirements, in order to avoid duplication of work and also to make economic production possible. We always have tried and will try to place orders to assist in that direction.

I do not think I have anything more to say, except that you will have my fullest co-operation and I am at your disposal any time you care to call upon me.

Mr. E. Holt Gurney.

I think we can undertake to strike committees right away and have them on your desk on Tuesday morning first thing. You have already been good enough to begin our education by arranging visits to certain plants. Would it be possible for the chairman of each committee to meet and talk over matters with his opposite official in your organisation? It would materially assist the committees in visiting plants in a more intelligent way.

Engr. Vice Admiral Sir Harold A. Brown, K.C.B.

I will be very glad to make the necessary arrangements.

Mr. E. Holt Gurney.

Thank you.

Air Marshal Sir Wilfrid R. Freeman, K.C.B., D.S.O., M.C.
Air Member for Development and Production.

First of all, I would like to say with my friends that I much appreciate the opportunity of meeting this mission, and I would like to add how much more I shall appreciate the mission if they help us out with some of our difficulties. As you know, we have started in a small way in Canada the production of aircraft, but that is not the whole story. We still need a better increase in production and if you can assist us we should be extremely grateful.

Now I feel that in this matter I might well say that I did not have very long notice of this meeting. I feel with Sir Harold Brown that the best thing is for us to get in contact with the various sub-committees of the mission and let those sub-committees really know what we are hard up for and for them to go round and actually see those articles manufactured, and for them to tell us whether they can or can not make them for us, and what plant they would require in order to turn out the equipment.

We, as I think you know, use the War Office as our agents for such things as ammunition, etc. The types of articles we are most interested in are, for instance, instruments which we much require and which we have to purchase abroad today, light alloys of which it is very difficult to get sufficient quantities and although Canada is doing a lot to help us in this respect, if they could do more we would be extremely grateful. I think we could see our way for giving perhaps small educational orders and it might be even possible to give production orders for those articles which we most want, if financial arrangements will permit.

If at any time any members of the sub-committees would like to see me or my staff, we shall be only too ready to meet them. I would be glad to put them in contact with a member of my staff or see them myself according to the particular item or article in which they are interested.

Mr. E. Holt Gurney.

Excellent. I think it would be well if we got to work on our sub-committees at once, and I will ask Mr. Winslow-Spragge to strike the committees, so that we get them in the hands of the British Government by Tuesday morning.

The Honourable Vincent Massey.

While these representatives are here, are there any questions you would like to ask on the statements that have been made?

Rear Admiral B. A. Fraser, O.B.E.

A point which I am afraid is rather a material one is how do your costs compare with British costs? You can perhaps compare them as you go around, as it is a very important point.

The other point is the machine tool line. There is no doubt about it that there is a shortage of machine tools in this country and I presume you would be prepared to produce machine tools at very short notice. The point I want to make sure of emphasising from a naval point of view is the necessity of getting these things quickly.

Mr. E. Winslow-Spragge.

To what extent will we have the advantage of being able to study your detailed costs? It is labour hours that I am thinking about. I do not know to what extent they are going to be considered private by firms we are visiting. If we could get that information, it would be of great assistance to us when we go home and consult our own work people and find out what we can do. My impression is that our times are good and frequently compare favourably with both American and British times and although our rates are a little higher than yours, I do not think our costs will be bad if we can work in anything like similar quantity.

Standard Period - 4 years prior to War

Excess Profits Tax Act called for taking all and later stated percentages of Excess Profits in excess of the average earned in the four year period.

Exceptions When the income ~~of~~ of a Tax Payer came from a business substantially different from that from which income came from in the standard period, an additional profit might be permitted for such additional business or portion of business.

Depressed
Beckwith

Business Classification Committee was appointed to hear appeals and to decide whether or not a business was substantially different.

Board of Referees was appointed to hear appeals that a Taxpayer had been given a tax under conditions which subsequently turned out to have been unfair and the decision of the board of referees as to whether the appeal was warranted and what correction should be applied was final and binding.

Financial Adviser

E. S. WINSLOW-SPRAGGE

"OLD BURNSIDE"

ALMONTE, ONT.

Business Classification Committee
Board of Referees

Business Classification Committee
Deputy Chairman

Dr. J. G. & P. G. ...
Treasurer
Deputy

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APPENDIX 1.

LIST OF MEMBERS
OF THE
MISSION
OF THE
CANADIAN MANUFACTURERS ASSOCIATION INC.
TO THE UNITED KINGDOM
AUGUST, 1939.

(a) (1) Arrived "EMPRESS OF BRITAIN" Southampton August 3rd.

- E. Holt Gurney, President, Gurney Foundry Company Limited,
Toronto, Ontario, Chairman, Ontario Research Foundation.
- H. G. Bertram, President, The John Bertram & Sons Company,
Limited, Dundas, Ontario.
- E. Winslow-Spragge, Vice-President and General Manager,
Canadian Ingersoll-Rand Company Limited, Montreal, Quebec.
- J. G. Morrow, Chief Inspector and Metallurgist, The Steel
Company of Canada Limited, Hamilton, Ontario.
- Guy T. M. Bevan, Chief Engineer, Massey-Harris Company
Limited, Toronto, Ontario.
- S. M. Finlayson, Deputy General Manager, Canadian Marconi
Company, Montreal, Quebec.
- John E. Goodison, Vice-President, The John Goodison Thresher
Company Limited, Sarnia, Ontario.
- Philip S. Gregory, Assistant General Manager, The Shawinigan
Water and Power Company, Montreal, Quebec.
- John M. Evans, The Shawinigan Water and Power Company,
Montreal, Quebec.
- J. T. Stirrett, Assistant General Manager, Canadian Manufac-
turers Association, Toronto.
- Hugh Dalton, Secretary, British Columbia Division, Canadian
Manufacturers Association, Vancouver, B.C.

(2) The following, authorized to assist the Mission, arrived
"Empress" of Britain", Southampton, August 3rd.

- Major-General A.G.L. McNaughton, President, National Research
Council, Ottawa.
- Col. Noel Carr, Director of Mechanization and Artillery,
Department of National Defence, Ottawa.
- A. F. Gill, i/c Codes and Specifications, National Research
Council, Ottawa.
- O. W. Ellis, Director of Engineering and Metallurgy, Ontario
Research Foundation, Toronto.

(b) Members of the Association or representatives who joined the Mission in England:

Harold Crabtree, First Vice President, Canadian Manufacturers Association, President, Howard Smith Paper Mills Limited, Montreal, Quebec.

A. R. Goldie, Director, Babcock-Wilcox & Goldie-McCulloch Limited, Galt, Ontario.

R. J. Magor, President, National Steel Car Corporation, Hamilton, Ont.

A. W. Fraser, " " " " Montreal, Que.

O. H. Anderson, " " " " Montreal, Que.

Victor Drury, President, Canadian Car and Foundry Company Limited, Montreal, Quebec.

Air Commodore R. H. Mulock, Canadian Car and Foundry Company Limited, Montreal, Quebec.

Victor G. Bartram, Vice President and General Manager, Shawinigan Chemicals Limited, Montreal, Quebec.

Morris S. Lambe, The Ottawa Car Mfg. Co. Limited, Ottawa.

I. B. Bullen, The Dominion Steel & Coal Corporation Limited, Montreal, Quebec.

J. H. McDonald, President, British Columbia Manufacturing Co. Limited, New Westminster, B.C.

David Pritchard, Canadian Industries Limited, Montreal, Quebec.

W. Lambert, Marine Industries Limited, Montreal, Quebec.

(c) Authorized to co-operate with the mission:-

J. C. Patteson, European Manager, Canadian Pacific Railway, London, England.

P. A. Clews, European Manager, Canadian National Railways, London, England.

Col. G. P. Loggie, Liaison Officer to the Ordnance Department, Canada House, London, England.

G. H. Ward, Secretary, The Canadian Chamber of Commerce in Great Britain Inc., London, England.

APPENDIX 2.

CANADIAN MANUFACTURERS' ASSOCIATION MISSION

to the
UNITED KINGDOM

REPORT OF MEETING

with

THE HONOURABLE VINCENT MASSEY
HIGH COMMISSIONER FOR CANADA

and

REPRESENTATIVES OF THE
THREE DEFENCE SERVICES
of the
UNITED KINGDOM

Canada House
Trafalgar Square,
London, S.W.1.

11.30 a.m.
Friday
August 4th
1939.

PRESENT

The Honourable Vincent Massey,
High Commissioner for Canada.

His Grace The Duke of Devonshire,
Under-Secretary of State for Dominion Affairs.

Engr. Vice-Admiral Sir Harold A. Brown, G.B.E., K.C.B.
Director-General of Munitions Production.

Rear Admiral B. A. Fraser,
3rd Sea Lord and Controller to the Navy.

Air Marshall Sir Wilfrid Freeman, K. C. B., D.S.O., M.C.
Air Member for Development and Production.

Mr. C. J. Stucke,
Assistant Director of Industrial Planning,
Ministry of Supply.

CANADIAN MISSION

Mr. E. Holt Gurney,
Chairman of Canadian Mission,
President, Gurney Foundry Co., Limited,
Toronto, Ont., and
Chairman, Ontario Research Foundation.

Mr. H. G. Bertram,
President, The John Bertram & Sons Company Ltd.
Dundas, Ont.

Mr. E. Winslow-Spragge,
Vice-President and General Manager,
Canadian Ingersoll-Rand Co., Limited,
Montreal, Que.

Mr. J. G. Morrow,
Chief Inspector and Metallurgist,
The Steel Company of Canada, Limited,
Hamilton, Ont.

Mr. Guy T. M. Bevan,
Chief Engineer,
Massey-Harris Co., Limited,
Toronto, Ont.

Mr. S. M. Finlayson,
Deputy General Manager,
Canadian Marconi Company,
Montreal, Que.

Mr. John E. E. Goodison,
The John Goodison Thresher Co., Limited,
Sarnia, Ont.

Mr. Philip S. Gregory,
Assistant General Manager,
The Shawinigan Water & Power Company,
Montreal, Que.

Mr. John M. Evans,
The Shawinigan Water & Power Company,
Montreal, Que.

Mr. J. T. Stirrett,
Assistant General Manager,
Canadian Manufacturers' Association,
Toronto, Ont.

Mr. Hugh Dalton,
Secretary, British Columbia Division,
Canadian Manufacturers' Association,
Vancouver, B. C.

Major-General A. G. L. McNaughton,
President, National Research Council,
Ottawa, Ont.

Mr. A. F. Gill,
l/c Codes and Specifications,
National Research Council,
Ottawa, Ont.

Mr. O. W. Ellis,
Director of Engineering and Metallurgy,
Ontario Research Foundation,
Toronto, Ont.

Colonel Noel Carr,
Director of Mechanisation and Artillery,
Department of National Defence,
Ottawa, Ont.

Mr. A. R. Goldie,
Director,
Babcock-Wilcox & Goldie-McCulloch, Ltd.,
Galt, Ontario.

Mr. R. J. Magor,
President,
National Steel Car Corporation, Limited,
Montreal, Que.

Mr. O. H. Anderson,
National Steel Car Corporation, Limited,
Montreal, Que.

Mr. Victor Drury,
President,
Canadian Car & Foundry Co., Limited,
Montreal, Que.

Mr. Victor G. Bartram,
Vice-President and General Manager,
Shawinigan Chemicals Limited, Council,
Montreal, Que., and
Vice-President,
Dominion Carbide Exporters Ltd.

Air Commodore R. H. Mulock,
Canadian Car & Foundry Co., Limited,
Montreal, Que.

Mr. Morris S. Lambe,
The Ottawa Car Mfg. Co., Limited,
Ottawa, Ont.

Mr. J. E. Simard,
Marine Industries Limited, and Artillery,
Sorel, Que.

Mr. A. W. Fraser,
National Steel Car Corporation,
Montreal, Que. Ltd.

Mr. J. C. Patteson,
European Manager,
Canadian Pacific Railway Company,
London, England.

Mr. P. A. Clews,
European Manager,
Canadian National Railways,
London, England.

Colonel G. P. Loggie,
Liaison Officer to the Ordnance Department, Ottawa.

Mr. Harry A. Scott,
Acting Chief Canadian Government Trade Commissioner
in the United Kingdom.

Mr. John H. English,
Canadian Government Trade Commissioner.

Mr. Leslie B. Brown,
Assistant Canadian Government Trade Commissioner.

Mr. S. V. Allen,
Assistant Canadian Government Trade Commissioner.

Mr. C. H. Ward,
Secretary,
The Canadian Chamber of Commerce in Great Britain, Inc.

APPENDIX 3.

COMMITTEES
OF THE
MISSION
OF THE
CANADIAN MANUFACTURERS' ASSOCIATION INC.
TO THE
UNITED KINGDOM
AUGUST, 1939.

Communications

Guns

Machine tools and gauges

Non-ferrous metals (including cartridge
cases and fuses)

Plywood

Power and heavy chemicals

Shells

Ships

Specifications

Steel

Tanks

Trench Mortars

APPENDIX 4

PRINCIPAL PLACES VISITED
BY COMMITTEES OF THE
MISSION
of the
CANADIAN MANUFACTURERS' ASSOCIATION
TO THE UNITED KINGDOM
AUGUST, 1939.

Navy, Army and Air Force Departments, Arsenal, Works and Yards.

New Crown Forgings, Ltd.	Wednesbury.
Royal Ordnance Factory	Birtley
Ferranti, Limited,	Manchester
Standard Telephones and Cables, Ltd.	New Southgate
Nuffield Mechanizations and Aero, Ltd.	Birmingham
Vulcan Foundry, Ltd.	Newton-le-Willows, Lancashire.
Royal Ordnance Factory	Woolwich
Royal Ordnance Factory	Nottingham
Alfred Herbert, Ltd.	Coventry
English Steel Works,	Sheffield
J. Sankey and Son) Birmingham
Horsley Bridge and Thos. Piggott	
Wolseley Sheep Shearing Mfg. Co.	
W. T. French & Son	
Fisher and Ludlow	
Bulpitt and Son, Ltd.	
Prins, Smith and Stahl	Keighley, Yorkshire
Vickers-Armstrong, Ltd.	Elswick
Samuel Osborne Works	Sheffield
Thorny Crofts	Basingstoke
Royal Ordnance Factory	Ardeer

SECRET

Summary of main features of Conference
with Canadian Mission on 9/8/39 of
which notes are attached.

Ref. to Notes.Page

- 1, 2, 3, 5.. Programme of visits, etc: Arrangements. Time to be occupied.
- 1 (2 refs.)
2 (2 refs.) Broad picture of emergency requirements: Request for information by Canadian Mission as to magnitude of task that might have to be faced.
- 3, 5. (It was agreed that this aspect should be further discussed at a later conference after the Mission had completed the arranged programme of visits and had had an opportunity of reviewing the position in the light of their investigations. All members of Mission then to be present.)
- 1, (2 refs.) Educational orders: Extent to which necessary. Steel instanced as a case in which not thought to be necessary. Unit plants.
- 2 (2 refs.) Steel and non-ferrous metals output in Canada.
3. Survey of Canadian industry: 1,500 firms surveyed.
- 3 (2 refs.)
4 Small Firms: Considerable number of small firms not included in survey thought to afford a large potential for small components. Production costs of small firms.
3. Limitations in production: Gun-work, more particularly rifling, heat-treatment, etc., and optical instruments. Otherwise nothing that could not be surmounted.
- 3, 4, 5. Gauge-making: Adequate for Canadian production. Difference of opinion whether any surplus available for Home production.
- 4 (2 refs.) Shell production. Certain to be required from Canada but not at expense of machine tool or gauge-making facilities, skilled labour, etc. Shell orders regarded by Canada as useful and important from financial viewpoint.
- 1, 4, 5. Machine tools: Production in Canada slack for last 3 years John Bertram & Sons have capacity for large machines.
 (It was agreed that particulars of the range of production of this firm should be given to D.G.M.P.)

NOTE OF A CONFERENCE .

HELD AT THE ADELPHI ON WEDNESDAY, 9TH AUGUST, 1939.

REGARDING

PRODUCTIVE CAPACITY IN CANADIAN INDUSTRY

Present:

The Rt. Hon. Leslie Burgin, M.P.	Minister of Supply.
Colonel J.J. Llewellyn, O.B.E., M.C., M.P.,	Parliamentary Secretary, Ministry of Supply.
Sir Arthur Robinson, G.C.B., C.B.E.	Secretary, Ministry of Supply.
Engr. Vice-Admiral Sir Harold A. Brown, G.B.E., K.C.B.,	Director General of Munitions Production
Lt.-General Sir Maurice G. Taylor, K.C.B., C.M.G., D.S.O.	Senior Military Adviser, Ministry of Supply.
Lt.-Colonel J.H.M. Greenly, C.B.E.	Chairman, Prime Minister's Advisory, Panel of Industrialists.
The Hon. Vincent Massey.	High Commissioner, Dominion of Canada.

CANADIAN MISSION

Mr. E. Holt Gurney	Gurney Foundry Co., Toronto. Head of Canadian Mission.
Maj-General A.G.L. McNaughton C.B., C.M.G., D.S.O.	Former Chief of Staff Canadian Forces President, National Research Council, Ottawa.
Colonel Noel Carr, R.C.A.	Director of Mechanization & Artillery, National Defence Dept., Canada.
Mr. H. G. Bertram	John Bertram & Sons, Dundas
Mr. E. Winslow Spragge	Canadian Ingersoll Rand Co., Montreal.
Mr. J. T. Stirrett	Asst. Manager, Canadian Manufacturers' Association, Toronto.

The Minister said that he had been informed of the arrival of the Mission, of its representative character, and of the immense potentiality which there appeared to be in Canadian Industry. He had also been given a note of recent conversations which he would study with interest. He added that he had had the pleasure of welcoming the Members of the Canadian Chamber of Commerce a few weeks ago.

PROGRAMME OF VISITS, ETC.

Sir Harold Brown in reply to the Minister said that a programme of visits etc. had been arranged for the Mission.

BROAD PICTURE of EMERGENCY REQUIREMENTS

Mr. Gurney said that the programme arranged for the Mission was admirable and would keep them busy for the next few weeks. He wished to make it clear that each member of the Mission represented not his own particular firm or interest, but the whole field of his particular class of work in Canada. The Mission were anxious to have some idea of the extent of requirements and calls likely to be made upon Canadian industry in the event of a major war. It seemed most desirable to have this information now in order to avoid the wasted time inherent in planning after the outbreak of War.

EDUCATIONAL ORDERS.

The Minister said that the last war rather caught us unawares, but there had been a very considerable amount of planning against any further emergency; but Mr. Gurney's remarks did touch upon the important question of war potential. He enquired whether Mr. Gurney also had in mind educational orders.

Mr. Gurney intimated that the Mission were not primarily thinking of educational orders, but rather of the broad picture against which planning is considered necessary.

The Minister said that he appreciated the point - of having some idea of the background - but thought that educational orders would be necessary to provide Canadian Industry - managerial staffs as well as workmen - with experience of the difficulties of armament production. The acquisition of experience had certainly been found necessary at Home even with firms that had been thought capable of taking on the rather specialized production of munitions.

UNIT PLANTS

Sir Harold Brown said that it was intended that there should be in Canada at least some unit plants which would be capable of expansion in war. Without a nucleus of unit plants, expansion would probably be slow. He appreciated the Mission's desire to have some information as to the full extent of war commitments, but there were many factors to be taken into consideration, and the question was by no means free from difficulties. He added that there was already a shell plant in Canada. He suggested that the broader aspects of the problem might be further discussed at another meeting after the Mission had concluded the programme arranged and had had further opportunity to review the position in the light of the situation as they then saw it. He had already learnt with some surprise that the machine tool capacity available in Canada had not been fully utilized and had asked for particulars of the range of production.

MACHINE TOOLS

STEEL

Mr. Gurney stated that in the matter of steel, educational orders were only necessary in the case of special steels. There was plenty of capacity for steel production in Canada and he thought that no extra plant would be necessary in the event of war.

The Minister noted that in the view of the Mission it was not necessary that Canada should have educational orders for steel.

Sir Harold Brown mentioned in this connection that the Departments were in touch with The British Iron & Steel Federation and that it was understood that the Home output of steel was considered to be adequate to cope with requirements so far postulated. Canada would, of course, be expected to supply steel for all munitions production in that country.

Sir Arthur Robinson pointed out that the position in regard to steel production had somewhat altered since the last war in that Home production had been considerably increased.

EMERGENCY
REQUIREMENTS.

Major-General McNaughton said that the feeling in Canada is rather one of uneasiness at not knowing the magnitude of the task that might face them in war. The aim of the Mission was to come to grips with this problem not only in relation to the specialised items such as guns, shells, fuzes, etc., but in relation to the whole resources likely to be needed in emergency. He endorsed the request put forward by Mr. Gurney that the Mission might be given some general picture of the full extent of the call on industry in the event of war - a picture in broad terms that would enable Canada to study its own position and plan accordingly. It would then be possible to determine in which directions educational orders seemed necessary.

The Minister emphasized that as the Mission no doubt appreciated, it was not easy to formulate a picture of the full extent of anticipated commitments in emergency. There were many considerations and difficulties, and any attempt to arrive at a picture in relation to Canada necessarily involved a bigger picture.

Major-General McNaughton said that he was aware of the difficulties, having had occasion as C.G.S. to study the situation in some detail. The mission were desirous of showing quite frankly what the position was at present in Canada so that a conclusion could be reached as to how Canada could best render assistance. He instanced the growth of Canadian productive output in steel from 800,000 tons to 2½ million tons at present and non-ferrous metals (zinc, lead, copper etc. in which the increase in production has been from 2½ million tons to 10-fold).

CANADIAN OUTPUT
OF STEEL & NON-
FERROUS METALS.

The Minister said that he fully appreciated the anxieties of the Mission and promised that he would do his utmost to help and facilitate their task. He enquired how long the planned programme would occupy them. Sir Harold Brown and Mr. Gurney thought that the programme would be completed in about a fortnight.

TIME TO BE
OCCUPIED IN
PLANNED
PROGRAMME

The Minister, having been assured by Sir Harold Brown that the programme for the Mission included contact with the Admiralty and Air Ministry in regard to the items with which the Ministry of Supply were not concerned, thought that if all concerned took a note of the points that arose during the visits and discussions

FURTHER CONFERENCE
WITH FULL MISSION
PRESENT

by the various sub-committees during the next fortnight a further conference could then be held. On the occasion of that meeting he would, if Mr. Gurney favoured such a course, like to meet all the Members of the Mission. To take full advantage of the present meeting, he enquired whether there were any particular points on which a preliminary discussion might serve a useful purpose.

Mr. Gurney thought that the Minister might perhaps like to hear other Members of the Mission present put forward their own views on the problems at issue.

CANADIAN SURVEY
OF INDUSTRY.

Colonel Carr said that the Canadian National Defence Department had surveyed 1500 firms. From this survey it was evident that the resources of Canada cover a very wide field of industry. The Department had not so far done anything to allocate tasks in the event of an emergency; it was felt that this would be wasted effort unless they had some idea of the broad picture of requirements. Another feature of the problem was that there were in Canada a large number of small firms not included in the 1500 surveyed that would have in the aggregate a large potential for small components. Production by components on a wide sub-contracting basis for central assembly had been resorted to in the last war.

SMALL FIRMS.

LIMITATIONS OF
CANADIAN PRO-
DUCTIVE CAPACITY

The Minister said that he learnt with interest and took note of the fact that 1500 Canadian firms had been investigated. He enquired what deficits in particular spheres of munitions production the survey had revealed. He understood that there was a deficit in production capacity for gun work.

Colonel Carr agreed that for some armament processes and operations e.g. gun rifling, heat treatment, etc., there was little productive capacity in Canada; otherwise, except of course in the notable instance of optical instruments, he thought that there were no gaps in Canadian Industry which could not be surmounted.

GAUGE MAKING
CAPACITY

Colonel Greenly enquired whether Canada had any substantial capacity for gauge making.

Colonel Carr said that there was, and that it was not thought that gauge making would be a bottle neck.

Colonel Greenly suggested that Canadian gauge making capacity might be required to augment that available at Home.

Colonel Carr thought that with the great variety of small producers in Canada there would be potentialities for gauge making over and above what Canada would require for her own production.

Sir Harold Brown interpolated that the programme for the Mission would include a visit to a gauge making factory.

SMALL PRODUCERS
OF COMPONENTS.

The Minister pointed out that while small producers of components afforded a substantial source of capacity in the aggregate, they constituted a source of worry on account of their being widely separated and of the uneven flow of their deliveries. There had been some public pressure to broaden the basis of supplies, but it was not fully realized that extensive sub-contracting inevitably tended to delay deliveries. In this connection he had never forgotten a comment by Lord Weir that what counted was "the big unit and not the rat trap".

Mr. Winslow-Spragge said that he had been present at the inception of the Shell Committee and had continued in close contact with the Shell Committee and with the Imperial Munitions Board in the last War. Those bodies had functioned remarkably efficiently and he thought that Canadian industry had perhaps to some extent been over-nursed on that account. Canadian industry had merely indicated that they wanted so many shells etc. and those bodies had made all the arrangements for providing the materials etc. This might to some extent account for the fact that little approach had been made by Canadian Manufacturers in the present situation. Having regard to the arrangements in the last war they might have felt that it would be presumptuous on their part to initiate enquiries for orders, especially as regards shell. He added that shell production in Canada was particularly useful from a financial point of view because it brought quick payment; this was an important point. He thought that he could render some assistance on the problems now to be considered by way of arranging liaison between the small Canadian manufacturers and the demanding authorities.

FINANCIAL
IMPORTANCE OF
SHELL ORDERS.

PRODUCTION COSTS
OF SMALL FIRMS

The Minister enquired whether production costs in the case of small firms would be sufficiently low to afford a sound basis for development.

Mr. Winslow-Spragge said that he might be better able to answer that point after he had learnt something of production and labour costs in this country, but added that there had been considerable advances in Canadian production methods since the last war.

Sir Harold Brown mentioned in connection with Mr. Spragge's reference to shell production, that shell was an item which Canada would certainly be required to produce.

GAUGE MAKING.

Mr. Bertram said that there was quite a good gauge production in Canada although perhaps it might not be so well organized as over here. Gauges were, for example, made for Bren guns, 18 pdr. and 4.5" shells etc. He rather thought, however, that Canada would need all the gauge making capacity available there for her own production. He mentioned that in the last war his firm had made shell thereby absorbing capacity which was normally utilized for machine tools.

MACHINE TOOLS AND
GAUGES:

UTILISATION OF
SKILLED MEN ON:
PROBABLY WORST
BOTTLE-NECKS.

The Minister pointed out that machine tools and gauges would be wanted from machine tool and gauge makers in preference to shell. He emphasized that it would be clearly undesirable to employ the skill of machine tool and gauge makers on anything else but their own special work. The worst bottle neck would probably be machine tools and gauges.

Mr. Bertram said that there need be no clash in production of the different items. The position in Canada was perhaps a little different because for

SLACKNESS IN
CANADIAN
MACHINE TOOL
PRODUCTION.

the last three years or so machine tool production there had been very slack; production costs might have something to do with it as they were no doubt higher than in Great Britain. He undertook to provide details of the range of machine tools which his firm were able to make.

RANGE OF PRODUCTION OF J. BERTRAM & SONS.

GAUGE MAKING
POTENTIAL.

Mr. Winslow-Spragge thought that Mr. Bertram put Canada's gauge making potential too low. In his view there should be capacity available in Canada over and above her own needs.

The Minister said that he was perturbed to hear that machine tool production in Canada had been going slow for three years.

Mr. Gurney said in conclusion that the Mission much appreciated the staff work being undertaken on their behalf more particularly as they realized that everybody was very busy. If they could be given some sort of broad estimate of what is likely to be required in the event of war, they would indeed be glad to have it.

PROGRAMME
ARRANGEMENTS

The Minister said that it was being left to the Mission to decide whether they carried out their visits alone or accompanied by Departmental representatives. In the latter event Sir Harold Brown would be quite ready to make the necessary arrangements. His own feeling was that it would be better for the Mission to see the programme through first and then when they would undoubtedly have a much better idea of the situation, outstanding points could be focussed for discussion at a further conference.

FURTHER
CONFERENCE.

Confidential

PRESENTATION OF THE
MISSION OF THE CANADIAN MANUFACTURERS
ASSOCIATION TO THE UNITED KINGDOM.

AUGUST AND SEPTEMBER, 1939.

TO THE PRIME MINISTER,
MEMBERS OF THE GOVERNMENT
AND OFFICIALS,

IN OTTAWA, SEPT. 5TH, 1939.

MEMORANDUM IN REGARD TO THE PRESENTATION OF THE MISSION
OF THE CANADIAN MANUFACTURERS ASSOCIATION TO THE UNITED
KINGDOM, AUGUST AND SEPTEMBER, 1939, TO THE PRIME
MINISTER, MEMBERS OF THE GOVERNMENT AND OFFICIALS IN
OTTAWA, SEPTEMBER 5TH, 1939.

Members of the mission of the Canadian Manufacturers Association to the United Kingdom arrived at their homes in Quebec and Ontario on September 2nd and 3rd. An arrangement had been made by wireless for an interview with the Premier and members of his Cabinet. The following met at 9.30 a.m., in the Chateau Laurier, Ottawa, on September 5th:-

- W. D. Black, President, Otis-Fensom Elevator Co.Ltd., Hamilton.
- E. Winslow-Spragge, Vice President & General Manager, Canadian Ingersoll Rand Co. Limited, Montreal.
- H. G. Bertram, Vice President, John Bertram & Sons Co. Ltd., Dundas, Ontario.
- J. G. Morrow, Chief Inspector and Metallurgist, Steel Company of Canada Limited, Hamilton.
- Victor Drury, President, Canadian Car & Foundry Co.Ltd., Montreal.
- P. S. Gregory, Asst. General Manager, Shawinigan Water & Power Company, Montreal.
- A. R. Goldie, Director, Babcock-Wilcox & Goldie-McCulloch Limited, Galt.
- Jas. S. Duncan, Vice President & General Manager, Massey-Harris Co. Limited, Toronto.
- J. E. Goodison, Vice President, John Goodison Thresher Co. Limited, Sarnia, Ont.
- Major-General A.G.L. McNaughton, President, National Research Council, Ottawa.
- J. E. Walsh, General Manager, Canadian Manufacturers Association, Toronto.
- J. T. Stirrett, Assistant General Manager, Canadian Manufacturers Association, Toronto.
- C. Willis George, Canadian Manufacturers Association, Ottawa.

The enclosed report was considered and approved.

Mr. Mackenzie King, Prime Minister of Canada received the deputation in his office at noon, September 5th. He was accompanied by the following:-

- Hon. Ian Mackenzie, Minister of National Defence.
- Rt. Hon. Ernest Lapointe, Minister of Justice and Attorney General of Canada.
- Hon. J. L. Ilsley, Minister of National Revenue.
- Hon. T. A. Crerar, Minister of Mines & Resources.
- Major-General Elkins, Master General of the Ordnance.
- Dr. O. D. Skelton, Under Secretary of State for External Affairs.
- Arnold Heeney, Secretary to the Prime Minister.

Mr. King opened the proceedings by saying that he had had very good reports from England in regard to the impression which the mission had created and the work that they had accomplished. Mr. W. D. Black then thanked the Premier for the assistance given to the mission by the Government and also for receiving the mission so soon after its return. The enclosed report was then submitted to the Premier but the appendices were summarized.

Mr. Black then spoke of the importance of the British mission and the desirability of co-operating with it in every possible way and offered the Association's assistance.

Mr. Winslow-Spragge dealt with the reception of the British mission. Dr. O. D. Skelton, Under Secretary of State for External Affairs, brought in a cable which contained the names of the members of the British mission. There was great satisfaction expressed in regard to the personnel of the British mission as it was evident that the best available men had been selected.

Mr. Black told the Premier that Mr. E. Holt Gurney, Chairman of the mission in the United Kingdom, was travelling with the British mission and was advising and assisting them with information in regard to Canada.

The Premier said that the mission would receive a most cordial welcome and that the Government of Canada would extend every possible co-operation. He said that the Department of External Affairs and the Department of National Defence would send representatives to Quebec to meet the British mission. Mr. King then made further complimentary remarks and said that he thought that the work of the Association's mission would be of great assistance under existing conditions.

After the meeting, representatives of the deputation had interviews with the Hon. Ian Mackenzie, Minister of National Defence, Mr. Mason of the staff of Sir Gerald Campbell, High Commissioner for the United Kingdom in Canada, Dr. O. D. Skelton, Under Secretary of State for External Affairs and Major-General A. G. L. McNaughton, President, National Research Council, in connection with the arrangements for the reception of and assistance to the British mission.

It was decided that Mr. W. D. Black and Mr. E. Winslow-Spragge would go to Quebec and, with Mr. E. Holt Gurney, represent the Association in connection with the reception of and arrangements for the British mission. The British mission arrived at Quebec on September 8th. It was officially received by representatives of the Canadian Government and proceeded to Ottawa by special train. The Association's representatives accompanied the party. The members of the British mission in Canada are:-

Sir James Rea, Under Secretary of the Treasury - Chairman.

Mr. Edward N. R. Trentham, Chief Assistant.

Mr. Moir Mackenzie, Director, Empire Organisation, Federation of British Industries (who has been loaned to the Mission).

Mr. A. C. Boddis, Contracts Officer.

Admiralty - Admiral Sir Percy Addison

Ministry of Supply - Major-General R. F. Lock,
Mr. Jas. Crone,
Mr. J. B. Gordon,
Mr. J. J. B. Makings.

Air Ministry - Air Vice Marshall R. M. Hill,
Mr. H. L. Stevens, Research Scientist
and Technical Air Adviser.

The British mission are established in the Parliament Buildings, Ottawa. They are co-operating closely with the Department of National Defence, The War Supply Board, The Defence Purchasing Board and the National Research Council.

Ottawa, Canada,
September 5, 1939.

The Rt. Hon. W. L. MacKenzie King,
Prime Minister of Canada, and
Secretary of State for External Affairs,
Ottawa.

Dear Mr. King:-

The Canadian Manufacturers Association, at its Sixty-Eighth Annual General Meeting at Bigwin Inn, Lake of Bays, Ontario, June 19th, 20th and 21st, 1939, decided to send a group of manufacturers, experienced in engineering production, to Great Britain with the following objects:-

1. To offer the intelligence, experience, skill and manufacturing capacity of Canadian industry to Great Britain in case of war and to explain to officials of the Naval, War and Air Departments, in personal interviews, what Canada could do;
2. To consult the officials of these services and to learn from personal interviews and from visits to arsenals and munition plants the latest developments in manufacturing war materials;
3. To urge that a British mission should come to Canada as soon as possible to study our industrial capacity, to continue consultations, to co-ordinate the manufacturing production of Canada and the United Kingdom and to consider the problem of establishing methods of purchasing materials in Canada for the United Kingdom.

We explained our proposals to you and your colleagues in an interview which you kindly gave us here on June 28th and you were good enough to say that, through the Canadian High Commissioner in London, any mission which our Association sent to England would be assisted in every possible way and also, that if a British Mission comes to Canada your Government will give them every proper co-operation.

With these assurances, we completed the organization of the mission of the Association to the United Kingdom. We believed that this mission should be national in character; that its members should take a broad view of Canadian industry and that, as far as possible, each member should be in a position to speak for an entire department of Canadian industry and that all members should possess the best qualifications and experience. A list of the members of the mission appears in Appendix 1 to this report.

The Minister of Trade and Commerce arranged that Major-General A. G. L. McNaughton, President of the National Research Council and Mr. A. F. Gill of the Council's Staff, would be available to advise the mission and similar permission was given to Col. Noel Carr, Director of Mechanization and Artillery, Department of National Defence, by the Minister of National Defence. The Ontario Research Foundation loaned Mr. O. W. Ellis, Director of Engineering and Metallurgy, to the mission. They all gave most helpful advice and co-operation and we take pleasure in thanking the Government, the Ministers directly concerned, and the Ontario Research Foundation, for making their timely and valuable advice and assistance available to us.

The mission corresponded with the Hon. Vincent Massey, Canadian High Commissioner in the United Kingdom, by letter, cable and trans-Atlantic telephone in order to complete a programme in the United Kingdom. On the ship going to England, members of the mission continued the preparation of statements and memoranda for presentation to the Departments of the British Government. The mission arrived in England on August 3rd. The members were received by the Hon. Vincent Massey, Canada House, on the morning of August 4th and immediately after, at a meeting which Mr. Massey had arranged, consulted with the following:

His Grace The Duke of Devonshire,
Under-Secretary of State for Dominion Affairs.

Engineer Vice-Admiral Sir Harold A. Brown, G. B. E., K. C. B.,
Director-General of Munitions Production.

Rear Admiral B. A. Fraser,
Third Sea Lord and Controller to the Navy,

Air Marshal Sir Wilfrid Freeman, K. C. B., D.S.O., M.C.
Air Member for Development and Production.

Mr. C. J. Stucke,
Assistant Director of Industrial Planning,
Ministry of Supply.

A report of this meeting appears in Appendix 2 to this report.

The members of the Mission then began the task of making appointments for conferences with individual members, or groups, and officials of the various Departments and sub-Departments of the Navy, Army and Air Force. Col. G. P. Loggie, Liaison Officer, Ordnance Department, Ottawa, after consultation with the three services, prepared a tentative list of arsenals, dock yards, shipbuilding plants, and munition factories, which might be inspected by special arrangement. The Mission appointed Committees, a list of which appears in Appendix 3.

An itinerary was planned, which would occupy about two weeks, for these visits.

The Mission are glad to take advantage of this opportunity to record their thanks and appreciation for the most valuable assistance which Mr. Massey and those associated with him gave during their stay in the United Kingdom. Their preliminary arrangements with the Naval, War and Air Departments opened the doors for us and enabled us to do in three or four weeks what might have taken months to accomplish if we had not had their introductions and help. In spite of the extraordinary demands on their time and the heavy burdens which they are carrying, Mr. Massey and his staff, from day to day gave us freely the most useful co-operation.

Conference with the Government officials and visits to the selected list of arsenals and munitions factories proceeded simultaneously. For example, a Committee of two or three, after visiting a special type of factory, would go to the proper Department and discuss what they had learned. In this way, there was a most valuable exchange of information and experience in manufacturing. The list of factories visited was very carefully compiled and gave all members of the Mission an exceedingly clear impression of modern methods of manufacturing war supplies. It also gave members of the Mission a conception of the immense programme which has been under way in the United Kingdom for some time, and especially during the last year. The magnitude of

Great Britain's preparations for war created a profound impression on the minds of members of the Mission. A list of the principal places visited appears in Appendix 4.

Mr. Massey arranged for a conference of a Committee of the Mission with the Right Honourable Leslie Burgin, M.P., Minister of Supply, and members of his staff, on August 9th. A memorandum of this meeting, prepared under the direction of the Minister of Supply, is included as Appendix 5 to this report.

As Committees visited the arsenals and munition plants on the selected list, they compiled reports on what they learned. It became evident immediately that, in addition to what might be called descriptions of manufacturing processes, there was some information of a secret nature, which should only be in official hands. The Mission, therefore, asked Major-General McNaughton, President of the National Research Council, to hold these reports as trustee of the Mission. This he agreed to do. An arrangement was then made with Mr. Massey that these special reports would be deposited with him and forwarded through Canada House to the National Research Council in Ottawa. It is proposed that, as soon as possible, these reports will be studied by the Chairmen of the Mission's committees in consultation with officials of the Department of National Defence, the National Research Council, and the Canadian Engineering Standards Association, to determine the best possible use which can be made of the information which they contain.

While the industrial production of war materials in the United Kingdom is very great, there are some articles and supplies which they need, and an extensive list of these requirements is being compiled. It should be kept in mind that even the large supplies of weapons, ammunition, ships and other supplies accumulated in Great Britain, will be very quickly depleted owing to the rapid and extensive expenditures of such stores in modern wars, and, therefore, it is obvious that the manufacturing capacity of Canada should be utilized to a very considerable extent. We were advised that educational orders, and, at a very early date, orders of considerable magnitude can be given to Canadian firms. This raised, at once, the question of how these orders were to be placed in Canada. Obviously, the method of individual Canadian manufacturers going to England and spending long periods in finding out what they were to do and how they could sell their products in the ordinary commercial way, would be entirely unsatisfactory in a great war, and that, therefore, either of the two following methods should be used:-

- (1) That through a Ministry of Supply, or the Defence Purchasing Board, the Government of Canada would undertake to purchase in Canada supplies for the British Government; or
- (2) That the British Government would send a Mission to Canada for the purpose of doing their own buying here.

When this situation became apparent, it was discussed with Mr. Massey. These discussions resulted in the exchange of cables and the receipt of instructions to Mr. Massey from the Government of Canada. We understand that the British Government has decided to send a Mission to Canada immediately and that the Canadian Government has offered to co-operate in every possible way with that Mission when it arrives. Our latest information is that part of the British Mission sailed on the Empress of Britain from Southampton for Canada on September 2nd, and that Mr. E. Holt Gurney, Chairman of the Mission to the United Kingdom, is accompanying the British Mission. Owing to the difficulty of communications at present we have been unable up to date to obtain any further information.

As members of the Mission we believe that we have accomplished, to a considerable extent at least, the three objects we had in mind when we visited the United Kingdom.

- (1) We have given the Government of the United Kingdom, and particularly the Heads of the Navy, Army and Air Force, a comprehensive survey of how Canadian industry can contribute. By doing this in personal interviews with the men most directly concerned, we believe that the presentation was effective.
- (2) We have obtained valuable information from our interviews with United Kingdom officials and from our visits to British arsenals, docks, shipyards, and munition factories. We could have got this information in no other way and we believe that it will have a far-reaching effect on Canadian industrial processes.
- (3) We are gratified to learn that the British Government have decided to send a Mission to Canada and we are grateful to the Government of Canada for your promise to do everything possible to co-operate with that body.

There is a great task before Canadian industry in the mobilization of manufacturing personnel and capacity, and their adaptation to the conditions of modern warfare on a large scale. We realize this fully. We beg to assure you that our services and the services of all members of our Association are at your disposal and that we wish to help in every possible way in the existing national emergency.



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W. D. NEIL, General Manager of Communications, Montreal

Send the following message, subject to the conditions on the back thereof, which are hereby agreed to.

MONTREAL QUE SEPT. 6/39

HOLT GURNEY, PASSENGER,
EMPRESS OF BRITAIN,
FATHER POINT, QUE.

FOR YOUR INDIVIDUAL AND PRIVATE INFORMATION YOU WILL BE MET ON ARRIVAL BY OTTAWA
OFFICIALS CANADIAN MANUFACTURERS OFFICIALS AND ACCOMPANIED TO OTTAWA PLEASE CONFER
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COLONEL RENAUD OFFICER COMMANDING AT QUEBEC WILL PERSONALLY
ESCORT YOUR PARTY TO BOAT=

E BLAKE ROBERTSON=

1146A
Ro

Phoned Mr. Jagnays
This information
1 PM
CB

C.D. IX

This is a full-rate Telegram or Cablegram unless otherwise indicated by signal in the check or in the address.

TELEGRAM		CABLEGRAM	
FULL RATE		FULL RATE	
DAY LETTER	DL	CODE	CDE
NIGHT LETTER	NL	DEFERRED	LC
NIGHT TELEGRAM	NM	NIGHT CABLE LETTER	NLT

W. D. NEIL, GENERAL MANAGER OF
COMMUNICATIONS, MONTREAL.

*Arrangements
for British Munitions*

Private and Confidential.

September 6th, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

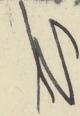
Sept 6th 1939.

Dear Dan:-

The Munitions Committee, of which I am a member, reported to the Prime Minister and some members of the Cabinet yesterday morning. Eight of the members returned with me, the other seven are due in Quebec tomorrow accompanied by a similar number of Britishers. This is strictly confidential for the moment. The three Ottawa officials and four members of the Committee, including myself, will receive these people in Quebec. The Government has arranged exemption from customs and immigration and has provided private cars for the entire party from Quebec to Ottawa. Therefore, unless some unforeseen hitch occurs, our trip may be considered to have accomplished its object of organizing Canadian munitions supplies and presumably the organization is going to be rapidly expanded and purchasing on a large scale can be anticipated in a very short space of time.

Just in case of some unforeseen hitch in the financial or other arrangements, I would not like this matter to go beyond Mr. Doubleday and yourself but within a week I hope to be able to tell you the entire story.

Yours very truly,



EW-S/EC

General Manager.

CANADIAN INGERSOLL-RAND CO.
LIMITED

EXECUTIVE OFFICE

NEW BIRKS BUILDING
PHILLIPS SQUARE

MONTREAL, QUE.
CANADA

September 6th, 1939.

*Situation in Rand before
2nd war.*

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

Dear Dan:-

The Defence Purchasing Board set up by the Dominion Government has begun to function and is sending us inquiries for various items. In a few days the British authorities may be expected to send us very much larger inquiries. Are you willing to have these inquiries considered purely on their merits regardless of whether they happen to be munitions items or items of regular product?

It is going to be very difficult for me to creditably handle such inquiries along with my other work and I am wondering what would be the best solution. A shop man or someone familiar with our shop should be able to handle such an assignment better than one of the regular sales force. Would you think it worth considering the use of H. V. Haight as our salesman or else to do the kind of thing he did in the last war but making shop layouts, tool designing, etc. or possibly to combine both these jobs?

What I have in mind is to try and keep the munitions work separated from regular products. Within a month or two I feel certain we will find it completely unpractical to avoid the duty of producing munitions on as large a scale as we are able and if that is so, it will be better for us to work along from the start in a co-operative spirit.

We are already feeling the effect of government action in this country. You know, of course, that certain C.P.R. ships have been requisitioned by the British authorities. The Place Viger Hotel and Station and the new Laval University buildings have been appropriated for the use of Canadian military authorities.

There has been no hint of compulsory industrial service but an enormous effort has got to be made and a good deal of regulation may be expected. I would like to have some further guidance from you as to how to handle a government inquiry.

Yours very truly,

EW-S/EC

General Manager.

W-S

*How enlisting
what financial treatment
would they get?*

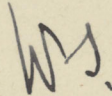
September 6, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N. Y.

Dear Dan:-

Phil Skelton has asked me what answers to give to our men who are considering the question of enlisting. In the last war it was customary to tell employees that if at all possible they would receive favored treatment on their return from the army. Also, at the time of leaving, it was fairly common to give a shop man a week or two weeks pay as a bonus and in special cases for senior people their pay was continued for longer periods. Skelton tells me that there are about 15 or 20 people affected at the moment and that 40 or 50 people might be affected if a precedent was established. I think that Skelton can be relied upon not to overrun any instructions that may be given. Would you be willing to leave the matter in his hands to act along the general lines indicated or what would you think should be done?

Yours very truly,



General Manager.

EW-S/EC

EXTRACT FROM MR. MACKENZIE KING'S SPEECH

IN THE HOUSE OF COMMONS

SEPTEMBER 8TH, 1939.

"With the concurrence of the governments of Canada and the United Kingdom, a delegation organized by the Canadian Manufacturers' Association and widely representative of Canadian industry recently visited the United Kingdom to study on the spot all forms of armament and munitions production with a view to the expeditious adaptation of Canadian industry to these forms of production. Representatives of the delegation recently presented to the government a report of their inquiries and conclusions. I may say that the inquiry was carried out in the most thorough-going way, and will prove of decided help to the governments both of Canada and the United Kingdom, and that it is a fine example of the capacity and readiness to cooperate of leaders in Canadian business.

A special British mission has just arrived from the United Kingdom to survey the munitions situation further. It has been authorized by the government of the United Kingdom to place certain orders in Canada on the lines explored in consultation with the Canadian mission and to make a further survey of the situation."



1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
September 8, 1939.

Personal.

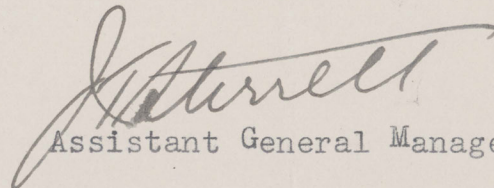
E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
New Birks Bldg.,
Phillips Square,
Montreal, Que.

Dear Mr. Winslow-Spragge:-

You will recall that on the Empress of Australia, we were discussing the report of the gun committee. You told me that you had the documents listed on the attached memorandum.

May I ask if you have sent the report of the gun committee with these documents direct to Major-General A.G.L. McNaughton, President of the National Research Council?

Yours faithfully,


Assistant General Manager.

JTS/FM.

Aug. 29th.

Gun Committee:-

E.W.S. has the following reports -

1. Woolwich Arsenal, August 8th, Conducted by Major Elliott,
General report by Gill.
2. Draft for additions by Committee members - Woolwich
Arsenal - Major Elliott - Aug. 8. Gill.
3. Aug. 9th.
Minutes of interview with Sir Harold Brown.
Drury, Morrow, Lambe & Gill.
4. Aug. 10th.
Royal Ordnance factory Nottingham -
Conducted by Mr. Hollyoak and Mr. Voce
by Gill.
5. Gun Committee
Aug. 12th - Mines & Sinkers
Visit to Royal Naval Armament Depot - Priddy's Hard.
Gosport, near Portsmouth
by Gill.
6. Aug. 14th.
Visit to New Crown Forgings near Birmingham
re 3.7. anti - aircraft shells.
by Gill.
7. Aug. 14th re Tanks and Carriers.
Visit to Nuffield Mechanization & Aero Ltd.,
Birmingham.
by Gill.

E.W.S. has kept these and will incorporate them
in his Guns Committee report.

J.T.S.



Confidential.

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
September 21, 1939.

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Ltd.,
New Birks Bldg.,
Phillips Sq.,
Montreal, Que.

Dear Sir,-

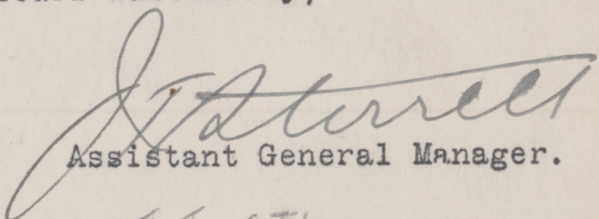
I am enclosing a memorandum on the presentation of the mission of the Canadian Manufacturers' Association to the United Kingdom, August and September, 1939, to the Prime Minister, members of the Government and officials on September 5th, 1939.

In view of the fact that Appendix 5 was supplied to us by the British Government and is marked "Secret" and as some of the information in the report and appendices is confidential, please do not give any publication or circulation to it.

Please note that the list of the principal places visited in Appendix 2 is only a partial one. I have written all members of the mission asking them for a list of places which they visited individually or in committees.

Owing to their confidential character, the reports of the mission's committees in regard to the inspections of factories in the United Kingdom and to conferences with Government officials were sent through Canada House to the National Research Council, Ottawa, in the official mail. I have no copies of these reports. We are advised that the confidential information which these reports contain is being utilized now by Canadian Government departments and the British mission. The reports are being edited to ensure completeness and to check accuracy and these will be made available as soon as possible to the Association for the confidential information of its members.

Yours faithfully,


Assistant General Manager.

JTS-FM.

J. T. STURRETT

139
Brit. Mission Canada



The British Mission in Canada,

House of Commons,

Ottawa,

Ontario,

22nd September, 1939.

Dear Mr. Winslow Spragge:

Herewith a paper for
your representatives to take with them when
they go to the National Research Building.
It would be a convenience to Mr. Gill if you
would insert their names on the paper.

It was a great
pleasure to see you this afternoon.

Yours sincerely,

R. F. Lock.

Mr. E. Winslow-Spragge,

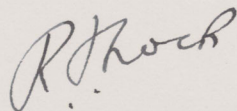
First Vice-President,

Canadian Ingersoll-Rand Company, Ltd.,

MONTREAL, P. Q.

Representatives of the Canadian Ingersoll-
Rand Company Limited are authorised to see
reports of the Canadian Manufacturers
Association held at the National Research
Buildings, OTTAWA.

Enquiries are to be made to Mr. Gill.



R. F. Lock,
British Mission.

OTTAWA, Ontario,

22nd September, 1939.

Raymond

September 23rd, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

Dear Dan:-

I spent Friday in Ottawa where I saw Major-General
McNaughton, President of the National Research Council, on the
subject of enlistment of key men. The moment I raised the issue
with him, he told me that he had just been appointed Chairman of
the Committee of the Privy Council on this subject and I am,
therefore, sure that the matter will be well regulated in due
course.

Yours very truly,

EW-S/EC

First Vice President.

e.w.s.

*Buying agencies
for war supplies*

September 23rd, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

Dear Dan:-

I spent yesterday, Friday, in Ottawa. There are three
buying agencies -

French Mission,
British Mission
War Supply Board (Canadian).

The activities of these three purchasing groups are being regulated by the War Supply Board under the Chairmanship of Mr. Wallace R. Campbell, President of the Ford Motor Company of Canada. I did not see Mr. Campbell who is expected to report for duty in Ottawa on Monday. Mr. Campbell is serving the Government on a dollar a year basis. Under him comes Mr. R. C. Vaughan, Vice Chairman and Director General of Purchases. Serving under Mr. Vaughan, we are confidentially informed, will be our old friend, Mr. Edward FitzGerald, father of our Purchasing Agent, and who will serve as contact man between Mr. Vaughan and the manufacturers. I am seeing Mr. FitzGerald by appointment this morning.

Yours very truly,

EW-S/EC

First Vice President.

E. W. L.

6 - XVH
high pressure torpedos
charging compressors
Carter

September 23rd, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

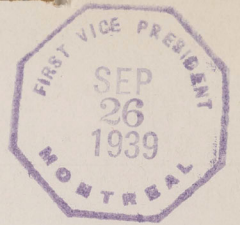
Dear Dan:-

I spent yesterday, Friday, in Ottawa where it looks
as though Bill Carter has got his order for six XVH high pressure
torpedo charging compressors pretty well lined up. In any event
he did not want any help from me.

Yours very truly,

EW-S/EC

First Vice President.



1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
September 25, 1939.

*Some good
Report on business*

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
New Birks Bldg.,
Phillips Square,
Montreal, Que.

Dear Mr. Winslow-Spragge:-

I am enclosing a copy of the Report of the Committee on National Defence to the Executive Council Meeting, in Toronto on September 28th. Most of the information contained in this report was in the report submitted to the Prime Minister in Ottawa on September 5th and in Circular No. 892. It has been revised and brought up to date for the information of the Council. There are two appendices, one a list of members of the Mission and the other the report of the meeting at Canada House on August 4th. You have copies of these as they were included in the report presented to the Prime Minister.

Yours faithfully,

J. H. Atterrett
Assistant General Manager.

JTS/FM.

R E P O R T
of the
COMMITTEE ON NATIONAL DEFENCE
to the
EXECUTIVE COUNCIL,
CANADIAN MANUFACTURERS' ASSOCIATION
TORONTO, SEPTEMBER 28TH, 1939.

Your Committee on National Defence submitted to the Annual General Meeting of the Association in June, 1939, a detailed report, which was approved. Before describing developments since that time, it seems advisable to recall a few of the more important matters reported to the Annual General Meeting.

In September, 1937, the Executive Committee reported to the Executive Council, as follows:-

"For some years, the British Government has been developing a 'shadow' industry organization and programme in order to provide, in an emergency and at short notice, munitions and other war supplies, in addition to those already ordered and in process of production. The object is to mobilize to the best advantage all the manufacturing establishments of Great Britain for war purposes in case a war occurs."

From that time, the Association has endeavoured to encourage similar co-operation between government and industry in Canada.

In June, 1938, at the Annual General Meeting in Ottawa, the Minister of National Defence delivered an address in regard to the production of war materials.

By arrangement with the Department of National Defence, Circular No. 852, dated July 27, 1938, was sent to members recommending that, if their plants had not been inspected by the Department, they should ask the Department to send inspectors. When the circular was issued, about 700 factories had been inspected. To date, over 1,500 factories have been visited. The

increase was doubtless due partly to the efforts of the department's officials but the Association has been advised that its circular and advice to members at meetings and in correspondence were of assistance. The reports of inspections have been analyzed and the information obtained is now available and is being used by the British Mission and the War Supply Board, as well as by the Department of National Defence.

At the November, 1938, meeting of the Executive Council in Montreal, the Executive Committee, in presenting a review of war materials production in the Great War, suggested that a British purchasing board should be established in Canada or that buying for British use should be done through some department of the Canadian Government.

On November 30th, 1938, by instruction of the Executive Council, representatives of the Association visited Ottawa and discussed problems of production with members of the Government and Departments concerned.

On December 19th, 1938, about fifty members of the Association who had been engaged in the production of munitions in the Great War, met in Toronto and discussed the situation, and the following resolution was passed:-

"That this meeting request the Executive Committee to form a Committee, representing the different Branches, with the purpose of approaching the Canadian Government and also the British War Office, to obtain information with regard to the manufacture of munitions and to offer our co-operation."

The Committee on National Defence was organized and instructed by the Executive Council to press forward with the double task of stimulating the production of war materials in Canada for Canada and also for Great Britain. The members of the Committee are Messrs.:-

W. D. Black, President, Otis-Fensom Elevator Co. Limited,
Hamilton, Ontario, Chairman.
E. Holt Gurney, President, Gurney Foundry Co. Limited, Toronto.
H. G. Bertram, President, The John Bertram & Sons Co. Limited,
Dundas, Ontario.
E. Winslow-Spragge, Vice-President and General Manager,
Canadian Ingersoll-Rand Co. Limited, Montreal, Quebec.
Lt. Col. C. L. MacKay, Secretary Treasurer, Bruce Stewart & Co.
Limited, Charlottetown, P.E.I.
J. McDonald, President, Vulcan Iron Works Limited, Winnipeg, Man.
Col. H.F.G. Letson, Managing Director, Letson & Burpee, Limited,
Vancouver, B.C.

Conferences were held with Ministers and department officials during succeeding months.

Circular No. 867, dated March 8th, 1939, was sent to all members asking for information on which to compile a study of the capacity and availability of engineering and machinery firms for the manufacture of munition, guns, mechanized equipment and other articles requiring special engineering and technical skill and equipment and much preparatory work. A summary of the information received was compiled and submitted to the Department of National Defence, Departments of the British Government and the Federation of British Industries.

In March, 1939, the Association started negotiations with the Federation of British Industries to send a party of British industrialists to Canada to consult on the problem of production of war supplies. We were advised that an advance representative would come to Canada in May but the visit was postponed.

After adopting the report of the Committee on National Defence, the Annual General Meeting decided to ask the Prime Minister to receive a delegation to consider the whole question of war production. The Meeting also stated that the Association was willing to send a Mission of its members to England for the following purposes:-

1. To offer the intelligence, experience, skill and manufacturing capacity of Canadian industry to Great Britain in case of war and to explain to officials of the Naval, War and Air Departments, in personal interviews, what Canada could do;

2. To consult the officials of these services and to learn from personal interviews and from visits to arsenals and munition plants the latest developments in manufacturing war materials;
3. To urge that a British mission should come to Canada as soon as possible to study our industrial capacity, to continue consultations, to co-ordinate the manufacturing production of Canada and the United Kingdom and to consider the problem of establishing methods of purchasing materials in Canada for the United Kingdom.

The Association's delegation was received in Ottawa on June 28th by the Prime Minister and six members of his Cabinet and the co-operation of the Government was promised.

An Association Mission was organized by the Committee on National Defence and went to the United Kingdom.

Your Committee, in selecting the Mission, believed that it should be national in character; that the members should take a broad view of Canadian industry and that, as far as possible, each member should be in a position to speak for an entire department of Canadian industry and that all members should possess the best qualifications and experience. A list of the members of the Mission appears in Appendix 1 to this report.

The Minister of Trade and Commerce arranged that Major-General A. G. L. McNaughton, President of the National Research Council and Mr. A. F. Gill of the Council's Staff, would be available to advise the Mission and similar permission was given to Col. Noel Carr, Director of Mechanization and Artillery, Department of National Defence, by the Minister of National Defence. The Ontario Research Foundation loaned Mr. O. W. Ellis, Director of Engineering and Metallurgy, to the Mission. They all gave most helpful advice and co-operation and your Committee take pleasure in thanking the Government, the Ministers directly concerned, and the Ontario Research Foundation, for making their valuable assistance available.

The Mission corresponded with the Hon. Vincent Massey, Canadian High Commissioner in the United Kingdom, by letter, cable and trans-Atlantic telephone in order to complete a programme in the United Kingdom. On the ship going to England, members of the Association with the Mission elected Mr. E. Holt Gurney, Chairman of the Mission. Statements and memoranda for presentation to departments of the British Government were completed during the voyage. The Mission arrived in England on August 3rd. The members were received by the Hon. Vincent Massey at Canada House, on the morning of August 4th and immediately afterward at a meeting which Mr. Massey had arranged, consulted with the following:

His Grace The Duke of Devonshire,
Under-Secretary of State for Dominion Affairs.

Engineer Vice-Admiral Sir Harold A. Brown, G.B.E., K.C.B.,
Director-General of Munitions Production.

Rear Admiral B. A. Fraser,
Third Sea Lord and Controller to the Navy.

Air Marshal Sir Wilfrid Freeman, K.C.B., D.S.O., M.C.
Air Member for Development and Production.

Mr. C. J. Stucke,
Assistant Director of Industrial Planning.
Ministry of Supply.

A report of the meeting at Canada House appears in Appendix 2.

The members of the Mission were divided into the following committees,- Communications, guns, machine tools and gauges, non-ferrous metals, plywood, power and heavy chemicals, shells, ships, specifications, steel, tanks and trench mortars.

The members of the Mission then began the task of making appointments for conferences with individual members, or groups, and officials of the various Departments and sub-Departments of the Navy, Army and Air Force. Col. G. P. Loggie, Liaison Officer, Ordnance Department, Ottawa, after consultation with the three services, prepared a tentative list of arsenals, dock yards, shipbuilding plants, and munition factories, which might be inspected by special permission. Over forty establishments were visited by the Mission's committees.

Conferences with Government officials and visits to the selected list of arsenals and munitions factories proceeded simultaneously. For example, a Committee of two or three, after visiting a special type of factory, went to the proper Department and discussed what they had learned. In this way, there was a most valuable exchange of information and experience in manufacturing. The list of factories visited was very carefully compiled and the visits permitted all members of the Mission to obtain much knowledge of modern methods of manufacturing war supplies. It also gave members of the Mission a conception of the immense programme which has been under way in the United Kingdom for some time, and especially during the last year. The magnitude of Great Britain's preparations for war created a profound impression on the minds of members of the Mission.

As Committees visited the arsenals and munition plants on the selected list, they compiled reports on what they learned. It became evident immediately that, in addition to what might be called descriptions of manufacturing processes, there was some information of a secret nature, which should only be in official hands. The Mission, therefore, asked Major-General McNaughton, President of the National Research Council, to hold these reports as trustee of the Mission. This he agreed to do. An arrangement was then made with Mr. Massey that these special reports would be deposited with him and forwarded through Canada House to the National Research Council in Ottawa. Confidential information which these reports contain is being utilized by Canadian Government departments and the British Mission. The reports are being edited to ensure completeness and to check accuracy and these will be made available to the Association for the confidential information of members.

Mr. Massey arranged for a conference of a Committee of the Mission with the Right Honourable Leslie Burgin, M.P., Minister of Supply, and members of his staff, on August 9th. The following were present:-

The Rt. Hon. Leslie Burgin, M.P.	Minister of Supply.
Colonel J.J.Llewellyn, O.B.E., M.C., M.P.,	Parliamentary Secretary, Ministry of Supply.
Sir Arthur Robinson, G.C.B., C.B.E.	Secretary, Ministry of Supply.
Engr. Vice-Admiral Sir Harold ^{A.} Brown, G.B.E., K.C.B.	Director General of Munitions Production.
Lt.-General Sir Maurice G. Taylor, K.C.B., C.M.G., D.S.O.	Senior Military Adviser, Ministry of Supply.
Lt.-Colonel J.H.M. Greenly, C.B.E.	Chairman, Prime Minister's Advisory, Panel of Industrialists.
The Hon. Vincent Massey.	High Commissioner, Dominion of Canada.

CANADIAN MISSION

Mr. E. Holt Gurney	Gurney Foundry Co., Toronto. Head of Canadian Mission.
Maj-General A.G.L. McNaughton C.B., C.M.G., D.S.O.	Former Chief of Staff Canadian Forces President, National Research Council, Ottawa.
Colonel Noel Carr, R.C.A.	Director of Mechanization & Artillery, National Defence Dept., Canada.
Mr. H. G. Bertram	John Bertram & Sons, Dundas.
Mr. E. Winslow-Spragge	Canadian Ingersoll Rand Co., Montreal.
Mr. J. T. Stirrett	Assistant General Manager, Canadian Manufacturers' Association, Toronto.

Mr. Burgin gave an official luncheon on August 21st for the members of the Mission and representatives of the British Government. Throughout the visit, Mr. Burgin and his associates, particularly those mentioned above, were extremely cordial and helpful to members of the Mission and gave them a great deal of time, in view of their arduous duties.

While the industrial production of war materials in the United Kingdom is very great, there are articles and supplies which they need, and an extensive list of these requirements is being compiled. It should be kept in mind that even the large quantities of weapons, ammunition, ships and other supplies accumulated in Great Britain, will be very quickly depleted, owing to the rapid and extensive expenditures of such stores in modern war, and, therefore, it is obvious that the manufacturing capacity of Canada could be utilized to a very considerable extent. The Mission were advised that orders of considerable magnitude would be given to Canadian firms. This raised, at once, the question of how these orders were to be placed in Canada. Obviously, the method of individual Canadian manufacturers going to England and spending long periods in finding out what they were to do and how they could sell their products in the ordinary commercial way, would be entirely unsatisfactory in a great war, and that, therefore, either of the two following methods should be used:-

- (1) That through a Ministry of Supply, or the Defence Purchasing Board, the Government of Canada would undertake to purchase in Canada supplies for the British Government; or
- (2) That the British Government would send a Mission to Canada for the purpose of doing their own buying here.

When this situation became apparent, it was discussed with Mr. Massey. These discussions resulted in the exchange of cables and the receipt of instructions to Mr. Massey from the Government of Canada.

The British Government sent a Mission to Canada. The members are:-

Sir James Rae, Under Secretary of the Treasury - Chairman.
Mr. Edward N. R. Trentham, Chief Assistant.
Mr. Moir Mackenzie, Director, Empire Organisation, Federation
of British Industries (Who has been loaned to the Mission).
Mr. A. C. Boddis, Contracts Officer.

Admiralty - Admiral Sir Percy Addison
Ministry of Supply - Major-General R. F. Lock,
Mr. Jas. Crone,
Mr. J. B. Gordon.
Mr. J. J. B. Makings.
Air Ministry - Air Vice Marshall R. M. Hill,
Mr. H. L. Stevens, Research Scientist
and Technical Air Adviser.

The Mission have recorded their thanks and appreciation for the most valuable assistance which Mr. Massey and those associated with him gave during their stay in the United Kingdom. Their preliminary arrangements with the Naval, War and Air Departments opened the doors for the Mission and enabled them to do in three or four weeks what, otherwise, might have taken months to accomplish. In spite of the extraordinary demands on their time and ^{the} heavy burdens which they are carrying, Mr. Massey and his staff, extended every possible help.

The Mission also have expressed their thanks to the Canadian Chamber of Commerce in Great Britain and the Secretary, Mr. G. H. Ward, for the very effective co-operation given throughout their visit.

Thanks to the generous co-operation of the British and Canadian authorities and the leaders of industry both in the United Kingdom and Canada who have been concerned, the objects of the Association's Mission have been attained. First, the members gave information in regard to Canada's industrial capacity to the Ministries and officials of the Navy, War and Air Departments; second, they visited the principal arsenals, dock yards and munition factories in the United Kingdom and obtained a great deal of information in regard to modern production methods; and, third, they helped to bring about the sending to Canada of the British Mission who are now here.

Members of the Mission arrived at their homes in Quebec and Ontario on September 2nd and 3rd. An arrangement had been made by wireless for an interview with the Premier and members of his Cabinet in Ottawa on September 5th.

The following constituted the delegation: Messrs.

- W. D. Black, President, Otis-Fensom Elevator Co. Ltd., Hamilton.
- E. Winslow-Spragge, Vice President & General Manager, Canadian Ingersoll-Rand Co. Limited, Montreal.
- H. G. Bertram, Vice President, John Bertram & Sons Co. Ltd., Dundas, Ontario.
- J. G. Morrow, Chief Inspector and Metallurgist, Steel Company of Canada Limited, Hamilton.
- Victor Drury, President, Canadian Car & Foundry Co. Ltd., Montreal.
- P. S. Gregory, Asst. General Manager, Shawinigan Water & Power Company, Montreal.
- A. R. Goldie, Director, Babcock-Wilcox & Goldie-McCulloch Limited, Galt.
- Jas. S. Duncan, Vice President & General Manager, Massey-Harris Co. Limited, Toronto.
- J. E. Goodison, Vice President, John Goodison Thresher Co. Limited, Sarnia, Ont.
- Major-General A.G.L. McNaughton, President, National Research Council, Ottawa.
- J. E. Walsh, General Manager, Canadian Manufacturers Association, Toronto.
- J. T. Stirrett, Assistant General Manager, Canadian Manufacturers Association, Toronto.
- C. Willis George, Canadian Manufacturers Association, Ottawa.

Mr. Mackenzie King received the deputation. He was accompanied by the following:-

- Hon. Ian Mackenzie, Minister of National Defence.
- Rt. Hon. Ernest Lapointe, Minister of Justice and Attorney General of Canada.
- Hon. J. L. Ilesley, Minister of National Revenue.
- Hon. T. A. Crerar, Minister of Mines & Resources.
- Major-General Elkins, Master General of the Ordnance.
- Dr. O. D. Skelton, Under Secretary of State for External Affairs.
- Arnold Heeney, Secretary to the Prime Minister.

Mr. King opened the proceedings by saying that he had had very good reports from England in regard to the impression which the Mission had created and the work that they had accomplished. Mr. W. D. Black then thanked the Premier for the assistance given to the Mission by the Government and also for receiving the Mission so soon after their return.

A report, approved by the delegation, was submitted.

Mr. Black then spoke of the importance of the British Mission and the desirability of co-operating with them in every possible way and offered the Association's assistance.

Dr. O. D. Skelton, Under Secretary of State for External Affairs, brought in a cable which contained the names of the members of the British Mission. There was great satisfaction expressed in regard to the personnel of the British Mission as it was evident that the best available men had been selected.

Mr. Black told the Premier that Mr. E. Holt Gurney, Chairman of the Association's Mission in the United Kingdom, was on the ship with the British Mission and was advising and assisting them with information in regard to Canada.

The Premier said that the British Mission would receive a most cordial welcome, that the Government of Canada would extend every possible co-operation, and that the Department of External Affairs and the Department of National Defence would send representatives to Quebec to meet them.

After the meeting, representatives of the deputation had interviews with the Hon. Ian Mackenzie, Minister of National Defence, Mr. Mason of the staff of Sir Gerald Campbell, High Commissioner for the United Kingdom in Canada, Dr. O. D. Skelton, Under Secretary of State for External Affairs and Major-General A.G.L. McNaughton, President, National Research Council, in connection with the arrangements for the reception of and assistance to the British Mission.

It was decided that Mr. W. D. Black and Mr. E. Winslow-Spragge would go to Quebec and, with Mr. E. Holt Gurney, represent the Association in connection with the reception of and arrangements for the British Mission. The advance party of the British Mission arrived at Quebec on September 8th. They were officially received by representatives of the Canadian Government and proceeded to Ottawa by special train. The Association's representatives accompanied the party.

Speaking in the House of Commons on September 8th, Mr. King said:-

"With the concurrence of the governments of Canada and the United Kingdom, a delegation organized by the Canadian Manufacturers' Association and widely representative of Canadian industry, recently visited the United Kingdom to study on the spot all forms of armament and munitions production with a view to the expeditious adaptation of Canadian industry to these forms of production. Representatives of the delegation recently presented to the government a report of their inquiries and conclusions. I may say that the inquiry was carried out in the most thorough-going way, and will prove of decided help to the governments both of Canada and the United Kingdom, and that it is a fine example of the capacity and readiness to cooperate of leaders in Canadian business.

"A special British Mission has just arrived from the United Kingdom to survey the munitions situation further. It has been authorized by the government of the United Kingdom to place certain orders in Canada on the lines explored in consultation with the Canadian Mission and to make a further survey of the situation."

An Act respecting a Department of Munitions and Supply was passed by the House of Commons of Canada on September 12th, 1939, with the following explanation:-

"The purpose of this Bill is to establish a Department of Munitions and Supply which shall have authority to mobilize the resources of the nation for the production of munitions and essential supplies and to take such action as may be necessary therefor, and to secure an adequate supply of commodities of all kinds necessary or desirable for the prosecution of the war, and to insure an equitable allotment of such supply among such agencies as may require same, and to control the making of contracts in connection with expenditures therefor."

This Act gives the Government the necessary power to set up a Department of Munitions and Supply when it is considered advisable to do so. In the meantime, it is proposed to establish, under the provisions of the War Measures Act, "A War Supply Board" responsible to the Minister of Finance, with comprehensive powers. The War Supply Board was authorized by Order-in-Council, dated September 15th, 1939 (P.C. 2696). Mr. W. R. Campbell, President, Ford Motor Co. of Canada Limited, has been appointed Chairman and Mr. R. C. Vaughan, Vice Chairman and Director-General of Purchases. The membership of the Board and its procedure are now in course of being determined and much preliminary work as regards the preparation of specifications, etc., is in hand and it is thought that the placing of definite contracts for supplies can be proceeded with very shortly.

Communications in regard to the production or sale of war supplies should be addressed as follows:-

1. For the Canadian Forces, to W. R. Campbell, Chairman, War Supply Board, Ottawa; and
2. For the British Forces, to Sir James Rae, Chairman, British Mission, Ottawa.

As the British Mission have arrived so recently, they will need a little time for organization and inquiry.

The Association cannot deal with the placing of orders as its members are competing.

Your Committee, while they consider that they have attained their main objectives, will continue to give attention to the question of war production and will endeavour to assist both the Canadian and the British Governments, as well as our own members, in every possible way.

Your Committee beg to thank all members who have co-operated with the work of the Committee.

W. D. BLACK,
CHAIRMAN.



1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
October 3, 1939.

E. Winslow-Spragge, Esq.,
Vice-President & General Manager,
Canadian Ingersoll-Rand Co. Limited,
New Birks Bldg.,
Phillips Square,
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

I beg to confirm our telephone conversation
this morning.

Sir James Rae, Chairman of the British Mission,
and Mr. W. K. Campbell, Chairman of the War Supply Board,
will meet our party at 10 a.m., on Friday, October 6th,
in Mr. Campbell's office, 6th floor, Birks Bldg., Sparks
Street, Ottawa.

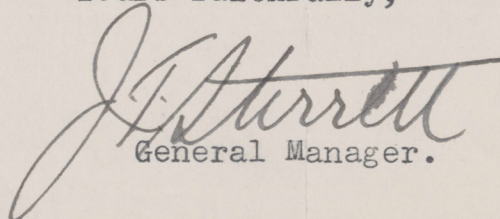
I have notified Messrs. Black, Gurney, Bertram,
and Armer and they will all attend.

I have taken a sitting room at the Chateau
Laurier for a preliminary meeting at 9 a.m.

The following have arrived from England to
join the British Mission:-

Lt. Col. J.H. Greenly, Chairman of the Advisory Panel
of Industrialists to the British Government.
Engineer Rear Admiral H. A. Sheridan, Admiralty.
Major J. A. Davies, Royal Engineers.
J. A. C. Osborne, Bank of England (formerly Bank of Canada).

Yours faithfully,


General Manager.

JTS/FM.

*H.R. Malley - mech Eng to Messrs Vaughan & Campbell
(Rogers) knows our product well.*

*Good.
The Company war
manufacture*

October 3rd, 1939.

Mr. D. R. Lowry,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

Dear Don:-

In the absence of Mr. Keefe, you may be interested to know that the Canadian Manufacturers Association, committee on munitions, of which I am a member, are having their first formal meeting at 10.00 A.M. Friday, October 6th, with Mr. W. R. Campbell (President of the Ford Motor Co. of Canada) who, as a dollar a year man, has just assumed Chairmanship of the War Supply Board at Ottawa. With Mr. Campbell will be the General Purchasing Agent, Mr. R.C. Vaughan (Director of Purchases, Canadian National Railways) who is likewise loaned to the War Purchasing Board, and the various members of the British Mission particularly the Chairman, Sir James Rae who represents the British Treasury and has recently arrived in this country.

I am taking advantage of the Friday appointment to start with our Chief Engineer, Robert Newton, on Thursday a study of the specifications and drawings covering items likely to be required by the British Government so that Mr. Newton will be in a position to suggest which items our shop would be best qualified to handle.

Early next week I propose to hold a meeting in Sherbrooke with the Works Manager and Chief Engineer.

You will appreciate that all the work I have done so far has been of a general nature and for the benefit of other people but this has resulted in very considerable activity in general products in connection with which we are receiving the benefit.

Yours very truly,

W

General Manager.

EW-S/EC

Nov 27, 1939

Since the Executive Council met in Montreal on November 27th, 1939, the principal occurrences in Canada's war efforts have been the completion of the Empire air training program, details of which were announced by the Prime Minister in his broadcast on December 17th; the safe transportation of the first Canadian Division from Canada to England and the resumption of recruiting on January 8th. On January 7th, Hon. C. D. Howe, Minister of Transport, described the plans and work done to date in connection with the production of war supplies by Canadian factories, farms, forests and mines which he called the "second front line" of Canada's defence. In regard to British buying, Mr. Howe said:

"There has been some complaint about lack of orders from Britain for munitions and mechanical war equipment. While a number of British orders have been placed, these have been largely of the education type, to enable our industries to equip for the future full scale production. The large orders anticipated by our manufacturers have not appeared as yet, for the obvious reason that the tempo of war activity has not been as rapid as had been anticipated.

"Great Britain has had a large and distinguished group of purchasing experts in Canada since the outbreak of war who have been studying our productive capacity and who are prepared to place orders when the time of need comes. Canada has already been organized as a second source of supply for British munitions, and there is little doubt that our full productive capacity will be needed before the struggle ends."

In view of the importance of this address, it was published in full in the January number of Industrial Canada, pages 83, 84 and 85.

In his radio address on January 14th, Hon. J. L. Ralston, Minister of Finance, made the following statements:

"The cost of our war effort for the first year of war, up to September 1st, will be about \$375,000,000 and in addition to all these service activities, nearly \$100,000,000 has already been made available for the use of the United Kingdom in purchasing supplies."

.....

"With the orders which our allies will place in Canada these war expenditures will contribute to a rapid industrial expansion, and will lead to a gradual elimination of unemployment."

.....

"Great Britain's purchases in Canada during the first year of the war will reach more than \$500,000,000."

*Report
Nov. 39*



1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
November 28, 1939.

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
New Birks Bldg.,
Phillips Square,
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

I am enclosing a copy of the Report of the
Committee on National Defence which was submitted to
and approved by both the Executive Committee and
Executive Council, in Montreal on November 27th, 1939.

Yours faithfully,

J. Sturtevant
General Manager.

JTS/FM.

W



R E P O R T
of the
COMMITTEE ON NATIONAL DEFENCE
to the
EXECUTIVE COUNCIL, CANADIAN MANUFACTURERS ASSOCIATION,
MONTREAL, NOVEMBER 27, 1939.

Your Committee on National Defence submitted to the meeting of the Executive Council, in Toronto, on September 28th, 1939, a detailed report of the work of the Committee since the Annual General Meeting of the Association in June, 1939, including a summary of the activities of the Association's Mission to Great Britain. In accordance with instructions given at the last meeting of the Executive Council, after Council had adopted the report of your Committee, a meeting was arranged with representatives of the War Supply Board, the British Mission, the National Research Council, and the Department of National Defence, in the National Research Council Building, in Ottawa, on October 6th, 1939. The following is a list of those present:-

WAR SUPPLY BOARD

W. R. Campbell, Chairman,
R. C. Vaughan, Director-General of Purchases.
C. E. Gravel, (Dominion Oilcloth & Linoleum Co. Ltd., Montreal)

BRITISH MISSION

Col. J.H.M. Greenly, Chairman of the Advisory Panel of Industrialists to the British Government.
Sir James Rae, Deputy Controller General.
Moir Mackenzie, Director, Empire Organization, Federation of British Industries.

NATIONAL RESEARCH COUNCIL

Major-General A.G.L. McNaughton, President.
A. F. Gill, i/c Codes & Specifications.

DEPARTMENT OF NATIONAL DEFENCE

Major-General W.H.P. Elkins, C.B.E., D.S.O.,
Master-General of the Ordnance.
Col. Noel Carr, Director of Mechanization and Artillery.

CANADIAN MANUFACTURERS ASSOCIATION

W. D. Black, President, Otis-Fensom Elevator Co.Ltd., Hamilton, Immediate Past President, C.M.A., and Chairman, Committee on National Defence, and Director, Bank of Canada.
E. Holt Gurney, President, Gurney Foundry Co. Ltd., Toronto, Member, Committee on National Defence, Chairman of the Association's Mission to the United Kingdom, and Chairman, Ontario Research Foundation.
H. G. Bertram, Vice-President & General Manager, The John Bertram & Sons Co. Ltd., Dundas, Ont., Member, Committee on National Defence.
E. Winslow-Spragge, Vice-President & General Manager, Canadian Ingersoll-Rand Co. Ltd., Montreal, Que., Member, Committee on National Defence.
A. R. Goldie, Director, Babcock-Wilcox & Goldie-McCulloch Ltd., Galt, Ont.
J. C. Armer, Dominion Forge & Stamping Co. Ltd., Toronto, Ont.
Neil C. Petersen, Canadian Acme Screw & Gear, Limited, Toronto, Ont.
J. T. Stirrett, General Manager, Canadian Manufacturers Assn., Toronto, Ont.

The representations made by the Association are summarized as follows:-

- (1) That the members of the Association are ready and desire to begin the production of war supplies immediately. They asked for specific information in regard to what they are expected to do; described the suitability and capacity of their factories for war production; and urged that orders should be placed with the least possible delay;
- (2) That all principal geographical areas throughout Canada should be represented as far as possible on Boards and other administrative bodies directing war work, so that the entire industrial system of Canada can be mobilized and used most effectively in war production;
- (3) That the principal geographical areas and industrial centres throughout Canada should be provided with local facilities for examining specifications, studying confidential and other information relevant to war production, inspection services and information arising therefrom;
- (4) That orders for war materials should be distributed throughout Canada as far as possible in order to have buying done close to the sources of supply.

It was stated that, in the war of 1914-1918, there was too much centralization of United States' efforts at Washington, and that this had handicapped national effort.

- (5) Representatives of the Association brought up for discussion and made suggestions in regard to such questions as:- Amortization of plants, machinery and special equipment not needed for ordinary commercial purposes, but necessary for war production; methods of payment; forms and conditions of contracts; methods of placing orders; regulations in regard to production; and labour problems.

The Association's representatives were told that all these points are receiving consideration and that the suggestions and information given were appreciated. They were told that the War Supply Board has been authorized to purchase for the British Mission as well as for Canadian needs, that the organization of the War Supply Board is proceeding rapidly and would soon be complete, and that, in the meantime, purchases are being made for the Canadian Active Service Force, and also that a comprehensive plan covering several years is being arranged. They were advised that, in awarding contracts, manufacturers, as far as possible, would be given work along the lines in which they were most experienced.

Since October 6th, the Association has been directing members and groups of members to the War Supply Board, and has also advised those who wish to have plant inspections made, or to supplement information given at previous inspections, to communicate with Lt. Col. G. Ogilvie, Central Investigation Committee, 4th Floor, Birks Building, Sparks Street, Ottawa.

On September 3rd, when the war began, the British Government, as a result of its organization during the preceding four years, had reached an advanced state of preparation and had accumulated a large volume of war supplies. They could not tell, however, without knowing what was in the minds of the Germans, whether the greatest offensive would be in the air, on the sea, under the sea, or on the land. It was, therefore, necessary to be prepared for any, or

several, or all of these forms of attack, and also to provide reserves of personnel, equipment, and money, to deal with a concentrated attack on a large scale in any of the four fields of danger. The British Government has secured almost complete control of world supplies of such basic commodities as wool, cotton, rubber, base metals, sugar, wheat, timber and oil. The British Government also has to maintain and operate a great merchant marine to transport troops, supplies and commercial products.

Activities in the production of war supplies in Canada are summarized, as follows:-

(1) The Canadian active service force and Canadian Militia.

Uniforms, blankets, shoes, knitted goods, food, building materials and other articles needed for the Canadian active service force are being purchased by the War Supply Board on requisitions received from the Department of National Defence of Canada.

(2) Direct orders from the British Government.

Several years before the outbreak of war, a few firms in Canada had obtained some orders direct from the British Government. These are being provided in increased quantities under special contracts between Canadian firms and the British Government. Since the outbreak of war, some new orders have been placed by the British Government directly with Canadian firms. Purchases of Canadian lumber, foods, base metals and other products have been greatly increased by the regular British Government buying departments. These orders have been negotiated through agents of Canadian firms residing in the United Kingdom or directly by British Government departments with Canadian firms.

(3) Canadian Associated Aircraft Limited.

Canadian Associated Aircraft Limited was organized in the summer of 1938 for the purpose of building airplanes in Canada for the British Government. Two plants were erected at Malton, near Toronto, and at St. Hubert, near Montreal. Six associated Canadian airplane companies are making parts. This contract is still in effect and production is under way.

(4) Guns.

A contract was negotiated in August, 1939, by Marine Industries Limited, Montreal, with both the French and British Governments, to make guns in Canada for these Governments. This work is proceeding.

(5) The British Purchasing Mission which arrived in Canada early in September, 1939, at first planned to buy directly from Canadian producers, following the example of the Imperial Munitions Board in the war 1914-1918. Later, it was decided that the British Purchasing Mission would buy through the War Supply Board of Canada. The War Supply Board was only authorized after the outbreak of hostilities and it is trying to carry out the following activities at the same time:

- (a) Assemble a staff and complete organization;
- (b) Buy for the Canadian forces and, particularly, meet the pressing needs of the first division of the Canadian active service force;
- (c) Agree on policy, methods of payment and general procedure with the British Purchasing Mission.

Up until a few days ago, no orders had been placed in Canada by the War Supply Board on behalf of the British Purchasing Mission. The Mission has had orders ready to place for about a month. These are small and are largely educational in character. Recently, letters went out to firms from the War Supply Board asking them if they are equipped to make certain articles and asking them what new munition making machinery they would require to complete their equipment for such purposes.

Studies are being made of the reports of the inspections of factories by the Department of National Defence and information from other sources. As contracts become available, manufacturers, who appear to have suitable equipment and facilities, are being asked to negotiate with the War Supply Board. Tenders are not required now but they may be asked later if the need becomes less urgent.

The British Purchasing Mission will organize its own inspection services and will endeavour to inspect products as near as possible to the points where they are manufactured.

"Cost - Plus" is not considered a good basis for prices. An agreed price is preferred. Consideration will be given to such items as plant costs, additions, special machinery, depreciation, etc.

The British Purchasing Mission has had three or four years experience in Great Britain in letting contracts and will endeavour to adapt this foundation to Canadian conditions.

Some public men and newspapers have been giving the impression to the public that the British Purchasing Mission came to Canada to spend immediately immense sums for war supplies of all kinds. From available information it seems that the British plans are to place some orders immediately in Canada and that these will be small and educational at first and will grow in accordance with their needs. At the same time, they will proceed to lay the foundation for a secondary source of supply in Canada in case of a long war. We have been told that the British view is that if the war goes on for several years, a great deal of the available industrial capacity in Canada will be needed. The object is to standardize British and Canadian production and to manufacture and to buy for the joint needs of Great Britain and Canada.

On October 15th, the British Air Mission, headed by Lord Riverdale, arrived in Ottawa. The Mission are making arrangements for an Empire plan of air training and aircraft production in Canada in which Great Britain, Canada, Australia and New Zealand are co-operating. It is expected that an announcement giving the scope and terms of the agreement will be made soon.

On November 7th, the British Government announced the establishment of a central organization to co-ordinate purchases in Canada and the United States. Col. J. H. M. Greenly is Controller-General and Chairman of the organization, which will be called "The British Supply Board in Canada and the United States". Sir James Rae is Deputy Controller and Vice-Chairman. The Board will place orders in Canada through the War Supply Board of the Canadian Government. Orders in the United States will be placed through a British Purchasing Commission headed by Mr. Arthur B. Purvis, Montreal (who has been appointed Director-General of Purchases in the United States). Mr. Wallace R. Campbell, Chairman of the Canadian War Supply Board, and Mr. Purvis will be members of the central organization. An office has been established in

New York, but the headquarters of the British Supply Board will remain in Ottawa. On the same date, the British Embassy at Washington announced that Great Britain and France will co-ordinate their war purchases in the United States.

On November 26th it was announced in Paris that Mr. A. B. Purvis has been appointed head of a new Anglo-French Committee to co-ordinate French and British buying in the United States and, also, that French as well as British orders will be placed through the War Supply Board of Canada.

A summary of Canada's war preparations was described by the Rt. Hon. W. L. Mackenzie King on October 31st, and his address was published in the newspapers on the following day.

On November 19th, the Canadian Press published an interview with Major-General A.G. L. McNaughton, Commander of the First Overseas Division, who has recently returned from a coast to coast tour in which he visited every unit in the Division, and with the Hon. Norman Rogers, Minister of National Defence. The following is a quotation from the Canadian Press report of the interview:-

"The deficiency in supplies noticed for a time was being rapidly made up," said General McNaughton, and Mr. Rogers added that heavy deliveries of essential supplies such as uniforms, underwear, socks and boots were now on the way. All essentials required would be in the hands of the troops at an early date, and the few non-essentials still undelivered would follow promptly.

'The supplying of the troops on short notice required a great effort from Canadian industry', said the Minister. Industry had co-operated well. In uniforms alone--the new battle dress type--it had been necessary to start from scratch, obtain the wool, make the yarn, weave the cloth, and finally, tailor the loose-fitting trousers and blouses which resemble ski-suits.

'The picture we now have is re-assuring in every respect,' said Mr. Rogers, 'Equipment is now moving forward, and will be moving forward rapidly.'

The following is a report of a public address in Ottawa by Sir Gerald Campbell, High Commissioner for Great Britain in Canada, published in the Ottawa Journal on November 7th:-

"The British Mission in Ottawa for the purpose of purchasing war materials from Canada had done 'a great deal more than meets the eye'.

'I don't want you to gather that just because the Neutrality Act has been amended down to the south, that means 'off with the old love' and 'on with the new', because I think events will prove the fallacy of that idea'.

There had been a certain feeling of impatience as to what was happening in regard to purchasing of war materials here.

'Because we hear so much of Canada's being the main arsenal--which I think it will be--there is impatience at the slowness with which orders are being given.'

But he recalled that according to big industrialists no orders were given during the last war, even in Great Britain, for the first five or six months.

'I don't think it will be six months here.'

The British Mission had done a great deal in making useful contacts and prosecuting studies, 'many of which may soon bear fruit.'

C
O
P
Y

Canadian Manufacturers Association

(Incorporated)

Toronto, 2, Dec. 13th, 1939.

R.W. Gould, Esq.,

MONTREAL.

Dear Mr. Gould:

It was decided at yesterday's meeting of the Legislation Committee that representations should be made to Ottawa on the inequalities resulting from the Excess Profits Tax Act, and on one or two points in connection with the new Section 90 of the Income War Tax Act. The subject, of course, is a technical one, and Mr. H.R. Thompson, the acting Chairman of the Committee, and the General Manager were requested to appoint a Special Sub-Committee to deal with it. We were instructed to secure the views of the membership through the Divisional Secretaries, rather than by a general circular. We should like to have examples of the inequalities resulting from the two statutes, and specific suggestions for improvements, particularly the latter.

Mr. F.P.L. Lane was present at yesterday's meeting, and took an active part in the discussion. The Chairman of the Committee is anxious that Mr. Lane should be on the Special Sub-Committee, and I will write him today to ask him to act.

Yours very truly,

(Signed) G.V.V. Nicholls,

GVTN-G.

Legal Department.

*Mentions
6" Project
Shells*

November 29th, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

Dear Dan:-

In accordance with your suggestion on November 23rd,
I did not call on the War Supply Board to ask for an order for
6" shells.

In place of this, under date of November 24th, the War
Supply Board wrote to us at Sherbrooke, as per copy attached. This
puts the matter up to us in a rather formal manner which we had not
contemplated and in view of my promise not to commit the Company to
anything that has not received your prior approval, it seems to me
that I must draft a proposal and submit it to you in New York in
person in the course of the next few days.

If you concur in this, will you please let me know how
early next week it would be convenient for you to see me.

Yours very truly,

W

First Vice-President.

EW-S/EC

C O P Y

WAR SUPPLY BOARD

OTTAWA, Ontario,
24th November, 1939.

CONFIDENTIAL

Canadian Ingersoll-Rand Co., Limited,
Sherbrooke, P.Q.

Dear Sirs:-

Re: 100,000 6" Shells, empty
Req. 1/39/2

Referring to our letter of 20th October and your visits to Ottawa on the 27th of October and 17th of November and your preliminary proposal of 20th November, we now desire you to send to the War Supply Board, your tender in duplicate for:-

100,000 6" shells, empty, to the specifications issued by the British Supply Board at the rate of 2,000 per week for 50 weeks.

Drawings and specifications are presumed to be already in your possession. If not, kindly let us know.

Kindly note that all specifications and drawings are the property of the Crown and are to be returned on demand.

Kindly observe the following:-

- (1) Proposal to be in duplicate and enclosed in a sealed envelope addressed:-

CONFIDENTIAL

Overseas Department,
War Supply Board,
Ottawa, Ontario.

- (2) Quote price per shell and state F.O.B. point. Sales tax should not be included. Please state amount included in price per shell for amortization of new capital expenditure occasioned by this work.
- (3) State total estimated expenditure to cover capital charges including manufacturer's tools and gauges.

(3) Cont'd.

While this amount will be included in your price per shell as requested above, we would also like total amount stated in one sum. This should be the figure you have agreed with the Director of Production.

(4) Delivery - As some time might elapse before you can make the specified weekly delivery, please state:-

(a) Date by which production will commence.

(b) Anticipated output at commencement.

(c) Date on which delivery at rate of 2,000 per week will commence and confirm that you will continue at that rate per week.

(5) Maximum output - If you can supply more than weekly delivery requested, please give particulars.

(6) Source of supply of the various materials should be stated.

Further details will be given as soon as possible regarding packages, containers and shipment.

Yours faithfully,

(Sgd.) W.S.Lecky.

for the War Supply Board.

WSL/gh

7 6" shells

November 18th, 1939.

Mr. D. C. Keefe,
President,
Ingersoll-Rand Company,
11 Broadway,
New York, N.Y.

Dear Dan:-

Mr. Newton spent Friday in Ottawa by appointment showing the engineers of the British Mission our proposed layout to produce 2,000 6" shells per week in #15 building at the lower plant. It looks as though we will be able to get an order to equip #15 building with lathes at prices made on the basis of material and labour plus the usual burden three hundred percent and thirty percent, plus our usual margin of twenty-five percent. When they have digested the information given them, they are likely to make a recommendation to their purchasing department who, in turn, are likely to send for me to discuss prices and contract conditions. This should happen during the week of November 20th.

Yours very truly,

W

First Vice President.

EW-S/EC

October 16th, 1939.

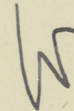
Mr. D. C. Keefe,
President,
Ingersoll-Rand Co.,
11 Broadway,
New York, N.Y.

Dear Dant:-

For your general information I have been asked to hold myself in readiness to take out to Sherbrooke a member of the British Mission with a view to inspecting our shop as to suitability for 6" shell production at a rate of 2,000 per week.

I am holding myself in readiness. I am not committing myself to acceptance of the work in question, and will keep you informed as to what transpires.

Yours very truly,



First Vice President.

EW-S/DS

C.M.A.
Quebec Div

Excess profits Tax - Good letter by E.W.S.

1939

December 15th, 1939.

Mr. R. W. Gould,
Secretary, Quebec Division,
Canadian Manufacturers Association,
1420 University Tower Building,
Montreal, Que.

Dear Mr. Gould:-

Re: 1. Excess Profits Tax Act.
2. Section 90 Income War Tax Act.

You have asked me to give my personal views on these two important matters, but I propose to confine myself to the first of these items.

1. Excess Profits Tax Act.

The most effective condemnation of this Act is unwittingly contained in the introductory speech of the Honourable J. L. Ilsley, Minister of National Revenue, as reported in the Montreal Daily Star of Sept. 13th, 1939. I attach a copy of that portion of the speech to which I refer. Every line of it is almost equally condemnatory and the only wonder is that having read over the speech that the Minister should ever have proceeded to deliver it.

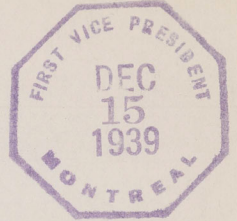
At the time the speech was about to be delivered I was primarily interested in making it easy for the British Ministry of Supply to place very large and important munitions business in Canada, and so I shall approach the matter from that angle rather than considering it from the standpoint of inequalities or lack of fairness towards one class of industry as compared with others.

I interviewed certain members of the British Mission and pointed out that it was primarily the orders for which the British Government would pay that would be called upon to bear the entire burden of any probable excess profits tax. I then called on Colonel Ralston, Minister of Finance, repeated my story and made urgent request that nothing should be done to place an initial damper on the acceptance of British Government business. The matter was proceeded with regardless and the outcome was exactly as anticipated.

In our own case our number of employees increased tenfold during the last war and many similarly important efforts were made by scores of other concerns which chanced to have resources and specialized knowledge to handle war work.

Colonel Ralston pointed to the greater honesty of placing a prospective tax this time in place of the retroactive tax last time, but those people who had borrowed money to pay the retroactive tax in 1919 are disillusioned enough to calculate that under to-day's conditions, as so prematurely disclosed, we may expect not only the prospective tax with which we are threatened but subsequently the retroactive tax on any profits which may remain.

When I prophesied that the tax would be on ratio of profit to capital, the reply I got from one of the Britishers was, - "Surely no one would dream of such an anti-diluvian method in this day and age. The tax should, of course, be based on ratio of profits to sales volume".



Montreal, P.Q.,
December 14th, 1939.

E. Winslow-Spragge, Esq.,
Candn. Ingersoll-Rand Co., Ltd.,
New Birks Bldg.,
Montreal, P.Q.

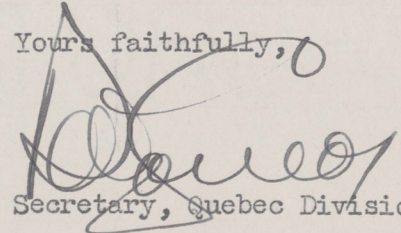
Dear Mr. Winslow-Spragge:

1. Excess Profits Tax Act.
2. Section 90 from War Tax act

I am enclosing herewith copy of letter received today from our Legal Department, which is self-explanatory. Would you be good enough to give me any personal views which you may have on these two important matters? This is for the guidance of our Legislation Committee at the Head Office, and I am forwarding copies of this letter to a selected list of our members throughout the Province.

Your co-operation in this connection will be very much appreciated.

Yours faithfully,


Secretary, Quebec Division.

RWG:PG
Encl.

Montreal, Que.
Dec. 15th, 1939.

EXTRACT FROM SPEECH BY THE HONOURABLE J.L. ILSLEY,
MINISTER OF NATIONAL REVENUE AS REPORTED IN THE
MONTREAL DAILY STAR OF SEPTEMBER 13TH, 1939.

In the first place the normal rate of profits is not the same for all industries. Risks are far greater in some businesses than in others and, accordingly, the rate of return must be higher if such risky industries are to obtain the capital they need and to survive. They would be severely discriminated against under a general measure which taxed all profit above a common level on the assumption that the normal rate of return should everywhere be the same.

Furthermore, not all businesses require the same proportion of capital in relation to value of out-put. Thus under normal conditions with no excess profits being made, the ratio of profits to capital of a company in a business using relatively a small amount of capital will appear abnormally high even though there is no profiteering. Thus, while an excess profits tax based on rate of return on capital may be entirely fair and reasonable over a wide range of industry, there are instances where it would operate with undue hardship. This should be recognized at the outset and provided for.

The United Kingdom in its recently imposed tax on armaments profits adopted the method of imposing the tax on the increase in the amount of a firm's profits as compared with the average profit made by the firm in recent years. This method assumes that profits in the selected base years might fairly be regarded as normal, and therefore that any increase over this normal rate is the measure of excess profits due to war conditions. The United Kingdom taxes such abnormal profits at the rate of 60 percent. The method may work with reasonable fairness in the United Kingdom for the limited number of companies to which it applies but in Canada it would not be satisfactory for a measure of general application because a number of our industries have not been making normal profits in recent years, and indeed in some cases have not been making any profits at all.

COMBINATION OF TWO METHODS

It is obvious, therefore, that each of the two general methods of taxing excess profits, which I have discussed, would operate unfairly in certain cases. After much study and careful consideration with a view to being fair to all types of business, it was decided to combine the two methods as alternatives in the measure which we are recommending to the House. Accordingly a business concern may elect to be taxed on either one of the two bases, that is to say, either on the basis of a graduated scale of rates of profit on capital employed, or on the increase in profits over the average of the past four years. Where one basis might give rise to injustice or hardship, the business concern may elect to be taxed under the alternative basis. It is believed that this arrangement will have the effect of reducing to a minimum any injustices or undue hardships which might be inherent in either of the two methods used alone.

Nominal capital of one dollar plus live credit of a million is far more valuable in producing results than dead credit of one dollar plus nominal capital of a million and yet the former is far more highly taxed.

With normal business as good as it is to-day, is it reasonable to expect that industries will display the same interest in temporary war work as in the building up of permanent peacetime business.

When, added to this, we find that normal business is taxed 18% while British business is considered abnormal and taxed as excess, at 50% or 60%, is it any wonder that the foundation of a munitions supply industry appears farther off than it did at the outbreak of war.

A few days ago I had occasion to point out to the War Supply Board that on a certain project requiring an outlay of somewhere between \$500,000 and \$1,500,000, we would have to add more than \$125,000 to our price to the Board in order to obtain a net return of \$50,000 to the owners of the business. This certainly handicaps our chance of obtaining British orders.

In my personal opinion it is far far better for the Canadian Government to levy a tax of 30% on a British order of \$2,000,000 than it is for them to levy a tax of 60% on a reduced order for \$1,000,000. In the one case the tax is high but not prohibitive. In the second case the tax is so high as to be almost prohibitive and the principle of confiscating so much of the Britishers money is repulsive.

Under the present Act successfully managed firms who would like to go into the supply of munitions in a wholehearted way must either be taxed 60% on their munitions work under the first alternate or else must be taxed 50% on their munitions work under the second alternate.

If these taxes were being placed on Canadian Government war orders it would be merely stupid but when they are applied primarily to British Government war orders, enhancing the price to Britain by the exact amount of the tax, then looked at rigidly it becomes a racket with which the Canadian Government should have nothing to do.

In my opinion it should be the privilege of the War Supply Board, acting for the British Government, to divide all profits arising from British orders between the British Government and the supplier in any way they see fit to contract and that what remains should not subsequently be subject to further levies by the Canadian Government. In this way Canada would benefit by the influx of a huge amount of new business we are at present losing, and England would benefit by great expansion of her actual and potential supply of munitions.

Possibly I have expressed myself too strongly and you may have to tone down what I have said, but I feel extremely badly over the lack of progress that is being made.

Yours very truly,

EW-S/DS

E. W. S.

Taxation
Dec/39



Montreal, P.Q.,
December 16th., 1939.

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Ltd.,
620 Cathcart St.,
Montreal.

Dear Mr. Winslow-Spragge,-

Re: 1. Excess Profits Tax Act.
2. Section 90 Income War Tax Act.

I beg to thank you for yours of the 15th instant with respect to the above matter, and I know your views on the subject will be greatly appreciated by our Head Office, and your letter is being forwarded today.

With kind regards,

I remain,

Yours faithfully,

[Signature]
Secretary, Quebec Division.

RWG/MG.

[Handwritten mark]

Goold

Tuesday

Dear Edward

I have read
the enclosed with great
interest - I think you
all did a very good
job - Many thanks
for letting me read
the documents

Yrs sincerely
E. J.