

*Products  
purchased by  
National Defense  
1939*

*L.W-S  
wife of  
E.W-S*

January 5th, 1940.

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

Dear Dan:-

You once asked me the amount and nature of our business with the Department of National Defence and its successor the Defence Purchasing Board, which in turn was succeeded by the War Supply Board. The 1939 invoicings have been as follows:

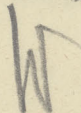
January 1st to August 31st.....	\$819.48
September 1st to December 31st.....	<u>20361.87</u>
	\$21181.35

The main items have included --

- 2 - 8" Stroke XVH Compressors
- 1 - ES Compressor
- 1 - Model 160-A Portable Compressor together with air receivers, aftercoolers, motors, etc.

All orders so far have been for regular products.

Yours very truly,



First Vice-President.

EW-S/EC

January 24th, 1940.

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

Dear Dan:-

Subject: General.

When I was at lunch yesterday at the Rideau Club in Ottawa, I saw and spoke to the following:

Col. J. L. Ralston - Minister of Finance  
Hon. T. A. Crerar - Minister of Mines and Resources  
Major Parmalee- Deputy Minister of Trade and Commerce  
Hon. C. D. Howe - Minister of Transport  
Wilson - Director of Civil Aviation  
D. C. Dick - Controller of Wool Supplies

In addition I saw at their offices -

Col. Noel Carr- Director of Mechanization and Artillery.  
W. S. Leckie - War Supply Board  
J. T. White - Assistant Director of Contractors, British Supply Board.

The trains and hotels are crowded. Things are commencing to roll but somewhat too ponderously due to the extreme amount of red tape which has been introduced so as to buy close and with every possible precaution against criticism or undue profits.

Yours very truly,

W

First Vice-President.

EW-S/EC

*St. Lawrence  
Waterways  
Very good letter*

February 5th, 1940.

Mr. J. T. Stirrett,  
General Manager,  
Canadian Manufacturers Association,  
1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario.

Dear Mr. Stirrett:-

Subject: St. Lawrence Waterways.

I do not know whether the Canadian Manufacturers Association can take any stand one way or the other on this topic at the present time. I did see that the Quebec Division were apparently urging that no unnecessary expenditures should be made during war time and if this viewpoint is general perhaps it may be definite enough to even include a tremendous political project, such as the St. Lawrence Waterways. Will you please let me know the Association's policy.

I suppose there is no company that stands to benefit more than our own by reason of contracts of this kind and under normal conditions it would seem incongruous for me to raise a finger in opposition. Under to-day's conditions, however, the following are my personal views:

First - Many projects approved by one government can be cancelled by a succeeding government. In the case of the St. Lawrence Waterways, however, the moment we have given our consent and bound it with a treaty, we are not big enough to withdraw and we are committed for all time.

Second - On most projects when the expense is higher than estimated, we have no one but ourselves to consider and even a major disappointment, as in the case of the trans-continental railway, can be swallowed without any outside complications. In the case of the St. Lawrence Waterways, however, we go into partnership with one much bigger than ourselves and we cannot stop if we get beyond our depth. We cannot govern policy if a conflict develops and if our portion has got to be taken over and completed by the United States, it will certainly be at a sacrifice of our control and a loss of our sovereign rights.

Third - Under normal conditions we can reconcile ourselves to a very considerable expenditure providing that expenditure is paid out to our own people. In the present case our own people may be so tied up with war work for such a protracted period that the work will be proceeded with through the employment of United States contractors so that either our war work will be weakened or else Canadian money will be paid out to others.

Page two

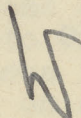
Mr. J. T. Stirrett.

February 5th, 1940.

For these reasons I do not think that we should give approval to the project until our hands are free of the war so that we know we have the men and the money to carry out our end of the bargain. At the present time we have not yet won the war and I believe it is reckless to assume that we have the men and the money to embark on this enormous joint undertaking at the present time. Work of this general nature is highly desirable when the army men return and are looking for outside jobs. It is strictly undesirable at a time when we need to conserve all our resources of men and money for purposes of winning the war.

If you can put this picture before the proper authorities, I consider it would be highly desirable. If you are unable to do this, I feel I should attempt to do so as a private individual. Will you please let me know.

Yours very truly,



General Manager.

EW-S/EC



1404 Montreal Trust Bldg.,  
67 Yonge Street,  
Toronto 2, Ontario,  
February 6, 1940.

E. Winslow-Spragge, Esq.,  
General Manager,  
Canadian Ingersoll-Rand Co. Limited,  
New Birks Building,  
Montreal, Quebec.

Dear Mr. Winslow-Spragge:- St. Lawrence Waterways

I have your letter of February 5th on the above subject.

The Transportation Committee of the Association, in consultation with the Division Committees, has been studying the St. Lawrence Waterways proposal for many years, but the Association has not formulated any policy in regard to it. The situation has been and is briefly this.

Our members in the Maritime Provinces are not interested to any great extent. In fact, there is some opposition from those who would prefer to expand trade through Halifax and Saint John. There are some exceptions because some of our members would like to ship greater quantities of coal into Ontario. The members in Quebec are generally opposed. The members in Ontario are divided. Some favour the proposal, either on account of the transportation feature or the additional supply of power that would be obtained; some are opposed to it on the ground of expense and others are not interested. The members in the three Prairie Provinces are generally in favour of the plan as they consider that it would give them cheaper transportation rates. The members in British Columbia have not shown much interest. In fact, many of them would prefer to support measures which would increase trade through Vancouver.

In the circumstances, while the matter is on the agenda of the Transportation Committee, I am advised that the Committee are not considering recommending a declaration of policy on behalf of the Association.

Yours faithfully,

*J. Sturtevant*  
General Manager.

JTS/FM.

*T. Woods Muir*

February 26th, 1940.

Mr. Harry Wood,  
Managing Director,  
Ingersoll-Rand Co., Ltd.,  
165 Queen Victoria Street,  
London, E.C.4,  
England.

Dear Harry:-

I recall your kind letter about looking after any of our Canadian staff who might go overseas and you may be interested in the attached copy of letter of February 2nd from Mr. P. A. Clews, European Manager, Canadian National Railways to whom I mentioned your letter. You will notice his reference to you in his reply.

We are starting in to make 6" shells and marine engine cylinders and it looks as though we shall have all the work we can handle.

We are very sad over Tweedsmuir's death. One of the benefits of having a Governor General is to keep the knowledge of English ways fresh in our minds. The other equally important benefit should lie in his later usefulness of bringing back to England a picture of Canadian ways, - Both results contributing to a friendly feeling of understanding and co-operation.

Unfortunately, the second benefit has been denied us in this case and Tweedsmuir was called to join the Great Majority before his wonderful descriptive gift could be applied to telling you in England what he found of interest in Canada. He will be a great loss.

I wish I could spend another week in England. It is tantalizing to wonder whether we are doing what is expected of us. Are we going fast enough? Are certain apparent delays part of a premeditated plan? What is the "low-down" on it all? Probably no one will ever know but a week in England would be extremely interesting as a follow-up on the plans made before I left. In the meantime -

Good Luck

Yours sincerely,

*W*  
General Manager.

EW-S/EC

Translation from "LE JOUR"  
April 13th, 1940.  
Montreal.



*Indubitably  
People of the East*

A MONUMENT OF ERROR AND ABSURDITY

*Wted  
W*

People of limited outlook imagine that it will be enough for Canadians of French speech to confine themselves within the narrow boundaries of "race" and blood in order to enjoy perfect happiness. They want to put on our feet the heavy chain of isolation, so that we may remain tied to the rock of dead traditions more solidly than prisoners are to the ball which they drag around. They do not stop to think that, in thus depriving us of motion, they are putting us in the class of corpses - who do not move.

This reflection came to me last week, when I was reading a tract by the Jesuit Papin Archambault, under the title "Our Economic Improvement". (L'Ecole Sociale Populaire, March, 1940). According to this worthy priest, the happiness of our people depends on "buying at home" - that is to say among French-Canadians only. All other Canadians are, in his eyes, foreigners. To be a Canadian, it seems to be necessary to speak French, to be a Catholic, and, above everything, to think as think the editors of "l'Action paroissiale".

Father Archambault lays down the principle that it is the duty of every Canadian of French speech to buy only from our own people those articles of commerce which are offered at a price and of a quality equal to those of articles of non-French-Canadian origin. He declares that "to refuse to do this, is to be a traitor to his race, because that is to contribute to its decay". That is not all: It is necessary to buy exclusively from Catholics, so that it is not even enough to speak French to be entitled to sell to our people, and the several thousand Canadians of French speech who are not of the Catholic faith will be condemned to starve to death.

Logic is perhaps not Father Archambault's strong point. In any event, he does not bother much about it. It is a habit which has become a second nature with him. For, in all logic, it follows from his argument that it is to be a traitor to his race (I might remark that the word "race", as Father Archambault uses it is not good French) for a Canadian of French speech to buy at Morgan's, Eaton's, Simpson's, Ogilvy's, Woodhouse, the Dominion Stores, and two or three hundred other important commercial houses established on the Island of Montreal.

On the other hand, it will be none the less to be a traitor to their race for Canadians of English speech to buy from Canadians of French speech, or to do any business with them. Conclusion: It is necessary that, today or tomorrow, all French-speaking employees of Morgan's, Eaton's, Simpson's, Ogilvy's, Woolworth's and a hundred others go back to their homes or go to work in French-Canadian stores. It will also be necessary for the thousands of our people who work in the great factories - the greater part of these being in the hands of so-called foreigners - to be discharged, and replaced by men and women of the same nationality as the owners. That will put plenty of people on direct relief. Those French-Canadian industries which have succeeded in gaining a foothold in the markets of Ontario, the Maritimes or the West, will now see their products barred from those markets, and replaced by native merchandise. A large number of commercial travellers representing insurance companies, factories, and businesses which are not French-Canadian will lose their employment. Of course, all these people will have nothing more to do than to present themselves to Father Archambault and to ask him for letters of recommendation - French-Canadian employers taking these under serious consideration.

Who will lose the most at this game? Probably our poor compatriots. Despite the statistics published in the tract in question, Canadians of French speech have received, and today receive, much more money from so-called foreigners than they give them. Without the assistance of the capital, the technical skill and the initiative which we have obtained from outside, we should be even poorer than we are. The capital so brought in has obtained for the greater part of our people employment which we could otherwise not have procured for them. Lacking this, in order to exist they would have been forced to become expatriates, or to die at home. The experience of the past on this point is sufficiently significant. Before other nationalities undertook the industrial development of the Province of Quebec, a million Canadians of French speech went to the United States, and have remained there without a chance to return.

"Buying at home", as a general principle, as a national duty, is wrong on the face of it. It gives no consideration to the fact that the whole of Canada is our country, and that all other citizens, by birth or naturalization, have just as much right to live here as ourselves. The right of prior



possession, in a country such as ours, has nothing sacred about it. It was worth nothing to the Hurons and the Iroquois - those first occupants, who we justly conquered, because they were neither practical nor adaptable. We ourselves well deserve to be conquered - if we persist in being neither practical nor adaptable.

Please let no one else who has any common sense suggest infantile and negative plans as the essential conditions of our recovery. The boycott is negative, and becomes a boomerang. Father Archambault avoids advising the boycott, but it is only too clear that, in his inmost soul, he wants our people to wrap themselves up in themselves - in order to avoid any contact with other nationalities, and to remain in a pure state of stagnation, inhibition and misery.

The only safety for French-Canadians lies in competition. With admirable lack of logic Father Archambault admits this, without acknowledging it, when he announces, in the same tract, that the French-Canadians who today hold a clientele in the other Provinces owe it to their good organization and to the quality and price of their goods. What does that mean except that Canadians of French speech, in place of committing the folly of shutting themselves off from outside markets by this ridiculous "buying at home", should rather put themselves in shape to carry on successful competition and even to gain the markets of the other Provinces, by their organization, their initiative and by quality and price? In business these qualities laugh at patriotism - which is nothing but a will-o'-the-wisp.

I do not want to do any advertising for anyone, but since it is necessary to take refuge in facts, in order to meet the brilliant sophistry of Father Archambault, let me at least mention the Dionne Groceries, which do business in the West end of the city, among clients who are, for the great part, of English speech. What does that prove, except that, when our people learn to organize, they have no need to take recourse in boycotts? In commerce and industry, it is not "race" which counts: It is practical common sense. We must be equipped to carry on competition, or if not, we shall disappear.

But how are we to carry on competition, when our whole educational system, from top to bottom, by its very nature, drives us away from business and industry. Can we expect that the teachers of our secondary schools, knowing nothing of life and its realities, will teach us the secret of material progress? How can we expect the army of good brothers and sisters to guide us in the field of business? How are we to hope that young men, terrorized throughout their childhood and their youth by narrow discipline, constantly checked in initiative, personality, and even in reasoning, are to become the builders of our economic recovery? How, in such a way, can you form those who will create and dominate, leaders of men of imagination? We do not expect a frank and sincere discussion of our economic weaknesses from men of the type of Father Archambault. No one of that school will have the courage to put his finger on the sore, even if it makes the patient cry out, until all the matter has been driven out. An admission such as I suggest would come ill from those responsible for our decay. Therefore, they content themselves with preaching the infantile and dangerous thing which they call "buying at home". It is an easy means of placing on imaginary causes the responsibility for a state of things created by men who unwittingly sacrifice the future of an entire people to their habits, or even to their vested interests.

JEAN-CHARLES HARVEY

Translation from "LE JOUR"  
April 20th, 1940,  
Montreal.



### THE RACKET OF THE NATIONALISTS

Last week we denounced the sophistry of Father Archambault concerning "Buying at Home". Nationalism in business is not only a heresy -- it is a racket as well. Whenever, in order to extract money from the public, anyone supports this appeal with the argument of nationality, he is seeking to obtain capital under false pretence.

It is in this way that we look at a new publication, called "Réalités Canadiennes-Françaises", seeking to convince our compatriots that they should take life assurance from Catholic and French-Canadian companies, and not from English-speaking and Protestant companies.

We agree with the editors of this sheet, in deploring that Canadians of French speech do not participate in the economic life of the country in proportion to their number. We should ourselves like to see insurance companies founded and directed by men of our own language and our own blood acquire more power. Moreover we know several of these organizations, which have made marked progress in recent years, and who, in time, will become important. We are the first to rejoice in this, and if, in any way, we can help in it, we shall be very proud.

What we do not admit is the dangerous economic heresy which is called patriotism in business. The Dollar has never had, and happily, never will have, nationality. It is cold and calculating as justice. It seeks definite interests, and not some vague racial sentimentality. When you tell the average citizen that he should earn a patriotic wage, make patriotic purchases, and patriotic investments, he smiles and goes on his way. He may seem disposed to listen to you, but in the bottom of his heart he says without end "I will make and invest money according to my own business interests". No amount of Nationalistic subtleties can destroy this simple and irrefutable argument.

In studying the history of business institutions in England, in Canada and in the United States -- I mean those which have acquired some scope -- I do not see a single one, absolutely not a single one, which has been built by exploiting racial sentiment. It is contrary to all the principles of business to build money-making on religion and race. Solidly established institutions, skilfully managed, operating thanks to the industry, intelligence and energy of really practical and informed men, are the only ones that can count on lasting success. The French Canadian institutions which have succeeded, -- there have been some -- owe their success much more to business sense in their management than to patriotic campaigns. Our best business men are not those who shout from the roof tops that they are French-Canadians, and that, as such, they have a right to preference from us. No, these men work, and keep their friendships in every camp. They know that it is as necessary to count on English capital as on French capital, and it is to them that our people owe the fact that they have at least some influence in the economic and financial life of Canada.

If we admit the ridiculous principle that we must do business only among ourselves, the Canadians of French speech, we shall not have to wait long to see the principal sources of French Canadian revenues dry up. We shall soon publish a study of this question, and we shall prove without difficulty that we are in no position to refuse capital of any origin -- be it Anglo-Canadian, English or American. If we refuse this capital one day we shall all starve to death. Even if we kept for ourselves all the "Laurentian" capital we should be obliged to endure such privation that we should appear, in the eyes of the world, as miserable as cows coming from the barn in Spring, after having been fed on straw all winter.

Please, let us stop being idiots. The little journal to which we refer, printed at Lévis, has been conceived and put together in every detail by young men who do not know the A, B, C of business, and who have

not yet shown that they possess a brain. These imbeciles are doing us a serious wrong. They do not even know their own language, and they set themselves up to pontify on business, literature and art.

Let us talk a little less and work a little better. Let us learn to build our economic life on industry, honesty and confidence. Let us, by all means, encourage our own people. There is a whole mass of initiative among us which should be encouraged to survive, but do not let us howl to all the winds that we want to put an end to all those institutions among us which are managed by men who do not speak our language, and do not go to our mass. The practical affairs of life are not built up on words. Poor fools that we are, what would we say to a journal from Ontario, which should commence a systematic campaign against the capital and industry of French Canada, on the pretext that we do not speak the same language as they do, and do not profess the same religion.

J.-Ch. H.

EXTRACTS FROM "REALITES CANADIENNES-FRANCAISES"

April, 1940

PRESENT SITUATION OF INSURANCE CAPITAL IN QUEBEC  
Year 1938

Premiums Paid:-

Life Insurance	\$61,494,549
Fire Insurance	\$13,215,184
Other Insurance	\$12,050,104

Premiums Paid to French-Canadian Institutions:-

Life Insurance	about \$4 million
Fire Insurance	about \$1 million
Other Insurance	Less than \$1 million

Say about \$6 million in \$87 million (7%)

It follows that:-

1. We export capital, through the medium of insurance while our governments and private enterprise seek capital abroad.
2. Our governments are financed by foreign undertakings, which use our insurance capital. A policy which imposes a drag upon us.
3. Undertakings among ourselves, managed by foreigners, are financed by our insurance capital, while our French-Canadian undertakings vainly seek capital.
4. In many cases, the insurance capital furnished by certain classes of society is used against those who furnish the capital

Extracts from a course given by M. Thuribe Belzile, Secretary and General Manager of La Mutuelle-Vie de l'U.C.C., at the School of Social Science of Laval University.

EDITORIAL

Why "Réalités Canadiennes-Françaises"? It is usual to say that need creates the instrument. We have journals of every colour and of every

doctrine in the service of many interests... We have excellent journals and reviews which well fulfil their mission of defending our religion, our language and our rights. But have we a single organ essentially and exclusively devoted to our economic life? Have we a single organ essentially and exclusively reserved for the finance, the industry, the commerce and the agriculture of French Canada? We believe that there is something lacking there. The need of filling this lack explains the birth of "Réalités Canadiennes-Françaises".

An eminent compatriot of ours, a deep thinker as well as a valiant fighter, once uttered this truth -- which is very like one of the truths of LaPalice, but which should be remembered as much as it seems to be forgotten: "A nation which wishes to be mistress of its own fate must be mistress of its economic life". The doctrine of "Réalités Canadiennes-Françaises" is based on these so simple premises. To consolidate our position, to regain positions which we have lost, to remind our compatriots of the strength which their great purchasing power represents, and of the vital necessity of using this vital purchasing power among ourselves, to rally our living strength around a common ideal -- in a word a single object: To become once again the masters in our own economic domain.

Is this objective practicable? Let no one deceive himself. If after two centuries of economic blockade there still exist -- and we have some of them -- solid and prosperous French-Canadian organizations, worthy of being better known, and above all, more encouraged, it is because we have invaluable resources of vital energy among ourselves, a sacred fire which cannot be extinguished and which can be revived by a breath of practical and easily understood patriotism: Patriotism in business.

The Programme of "Réalités Canadiennes-Françaises" is as simple as its doctrine, and it follows logically from it. It is inspired by a single ideal: The enrichment of French Canada by explaining and defending the chief interests of our economic life.

1. Propaganda for our financial institutions, insurance and annuity companies and societies; banks and savings associations; investment and trust institutions.
2. Propaganda for our industry -- large and small, and for our commercial houses.
3. Special propaganda for agriculture and provincial colonization.
4. Formation of a council of business men for the study of new projects, and to seek the capital necessary for their initiation if they are found advisable.

There, in broad lines, is the programme of the journal which we present today to the French Canadian reader. Is it possible to have one which would be more constructive, more positive or more realistic? It is from this positive and realistic character that our name "Réalités Canadiennes-Françaises" is taken. We have joined to it in our mast-head, Athena, Goddess of Peace when she is serene, of war when wrath stirs her; protectress of industry and agriculture, sublime incarnation of ancient wisdom. She symbolizes more than a memory of classic scholarship. She is the head and heart of an ancient people, over whom hover evil auguries. She teaches that fate is not eternal, and that there lies in the brain and in the will of men the power to change their lot into a happier one, better suited for human needs. She holds the key to ideal realities.

Perhaps our economic radicalism -- for "it is necessary to become radical when the realities of which we dream come up against the realities which we meet" -- perhaps we say, our economic radicalism will affect certain opinions, chill certain susceptibilities, and come into conflict with certain interests. We should regret it, but we shall none the less continue our work with the courage and perseverance which infallibly lead to success -- certain of gaining the applause of the great majority of our compatriots. We do not work against anyone, we work for our own interests. We wish the French Canadians to become masters in their own house, and to do something more than prepare a lion's feast for a rival.

We send our people a call for the union of all intelligence and goodwill, for the triumphs of the realities of which we have dreamed.

*Letter on  
General Business Conditions  
1940 by  
Jensen*

Montreal, April 15th, 1940.

Memorandum to: Mr. E. Winslow-Spragge,  
General Manager,  
Montreal Head Office.

*Chemical  
Industry*

Company Business

Early in February, when the writer made a report to you regarding business possibilities for this year, it was stated that a \$4,000,000 year seemed reasonable and that there were possibilities of 1940 resulting in the largest sales volume in the company's history.

To the end of March the sales volume was \$940,748, but, with the negotiations which were about to close on March 30th, it was felt that we were very close to the million dollar mark for the first quarter, in spite of a very disappointing February. In order to bring you up to date, I have looked over the official booking figures, as sent us from Sherbrooke, and our daily record of complete machine orders as received in Montreal. This gives me the figure used for complete machine sales in the following tabulation and the figure is, of course, exclusive of sales tax. So that an approximate figure for part business to the 15th of the month will be included in the estimate, I have selected \$27,500 which is conservative because part business in January was \$82,000 and in February \$83,000 for these entire months. In order to bring the figure right up to to-day with bookings, I have included \$69,500, which is the total of four orders which are actually in the hands of our branches or head office. From this estimate, the total for April 1st to 15th inclusive appears as follows:-

Complete machines	\$ 128,000
Parts Volume	27,500
Orders received, but not booked )	<u>69,500</u>
TOTAL . . . .	\$ 225,000

This total, which is for 3-1/2 months, is at the rate of \$4,000,000 per year.

For the balance of the year I would look for good business in our Stationary Compressor Department, Rock Drill Department and Pulp and Paper Department. I would not expect anything extraordinary in dollar volume from the Portable Compressor - Pneumatic Tool Department nor the Hoist Department, while Pump Department may be able to show an increase depending on how soon our Sherbrooke production of the selected sizes and types of centrifugal pumps gets under way.

I am still optimistic about the business for the balance of the year and I do not feel, at present, that our rate of sales to date is likely to fall down materially. At the same time, we have taken the cream off the orders

for regular product which have come from the shipbuilding and munition contracts which have so far been let in this country. I cannot see ahead, at the present time, prospects for the equivalent of the mixed gas compressor for C.M. & S. Co., the 6000 feet of air for Marine Industries and the 13,000 feet of air for Defence Industries. These orders naturally swelled our total to date this year and were taken into consideration when we made our estimate in February. To continue the present rate, therefore, we will have to count on miscellaneous compressor business, improved rock drill business and improved Pulp and Paper Department business. While these improvements in volume over last year appear feasible, yet the prospects are not quite as good, nor as sure, as the big volume items, mentioned above, were two months ago.

On the general subject of prices, a sellers' market is developing in certain lines and it is, therefore, technically possible to increase prices. Unless costs warrant increases, however, it does not seem that prices should be raised arbitrarily because:-

- (a) Because we developed untold good-will with our present policy.
- (b) Because buyers are on the alert for what is loosely termed "taking advantage of the war to increase prices".
- (c) Because of the questionable availability of additional profits.

On the general subject of shipments, due to the sellers' market mentioned above, buyers are becoming accustomed to longer delivery dates. On major items, it seems reasonable that we can, as required, use longer shipping promises and still hold business. On small items, such as rock drills and parts, we have a great opportunity to drive home the desirability to the buyer of rock drills of dealing with a Canadian manufacturer. This will have to be done by filling all orders promptly as received. General conditions are not as apparent to the mine operators as they are to the industrialists and they feel that we should still be able to produce rock drills and parts and other similar items off the shelf.

FGF/EW

*J. G. Janaber*

May 23rd, 1940.

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

Dear Dan:-

wire

Attached please find copy of letter of May 22nd received from The Honourable C. D. Howe, Minister of Munitions and Supply. To-day at the request of General Macrae I drove him along with Mr. Crone to Sherbrooke, where they tried to impress the Works Manager and the Chief Engineer with the urgency of making early shipment of 6" shells. General Macrae is the Senior British Production Officer resident in Canada, and Mr. Crone worked for him in England for over twenty years.

The Works Manager was forced to confess that we are at least a month later than our plans called for and we cannot produce the first shell before July 2nd. The Board are looking for an extra 5,000 shells a month and have asked us along with several others for an estimate.

No. 2 Building is continuing to get more and more work ahead on the floor and Skelton is finding it extremely difficult to maintain his staff in the face of offers from other people.

You have noted that the British Government have passed an Act of Parliament putting every man and every dollar at the disposal of the Government. Something along the same line but less drastic is prophesied for us in Canada. The Shop are working to-morrow, May 24th, but the writer is taking the day off expecting to do whatever is necessary here on Saturday.

Yours very truly,

First Vice President.

EW-S/DS



CLASS OF SERVICE	SYMBOL
Full-Rate Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a full-rate message. Otherwise its character is indicated by the symbol appearing after the check.

# CANADIAN NATIONAL TELEGRAM



Exclusive Connection  
with  
WESTERN UNION  
TELEGRAPH CO.  
Cable Service  
all the World  
ney Transferred  
by Telegraph

D. E. GALLOWAY, ASSISTANT VICE-PRESIDENT, TORONTO, ONT.

1239 PHILLIPS SQUARE, LA. 1853-6200

STANDARD TIME

MOA141 42=OTTAWA ONT 22 303P

E WINSLOW SPRAGGE=

CDN INGERSOLL RAND CO LTD MTL=

1940 MAY 22 PM 4 03  
C@: DCKeefe  
1 extra  
May 23 DS

URGENCY OF IMMEDIATE REQUIREMENTS NECESSITATES ALL  
CONTRACTORS MANUFACTURING MUNITIONS OF WAR PARTICULARLY  
SHELLS AMMUNITION EXPLOSIVES WEAPONS AND GAUGES WORKING  
DAY AND NIGHT SHIFTS INCLUDING HOLIDAYS AND SUNDAYS UNTIL  
FURTHER NOTICE STOP KINDLY RELAY THIS MESSAGE TO YOUR  
SUBCONTRACTORS INCLUDING MACHINE TOOL SUPPLIERS=

C D HOWE MINISTER OF MUNITIONS AND SUPPLY.

Snellport

May 25th, 1940.

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

Dear Dent-

Thank you for your letter of May 24th. On my motor trip from Ottawa to Montreal and again from Montreal to Sherbrooke and return I had the opportunity of making it very clear to General Macrae that we were dissatisfied with the delay in handing us an acceptable contract. In addition I communicated with Mr. C. D. Howe in accordance with my telegram of May 20th and his reply of May 24th, also my letter of May 25th, copies of all of which are attached. In addition my friend Colonel Galt McCombe of the Anaconda Brass Company, who up to date has spent approximately \$500,000, remains in the same unsatisfactory position that we are. Colonel McCombe is calling on Mr. Hendry, who is now alleged in some quarters to be the next most senior man after Mr. C. D. Howe and a man who is spending his time actually in the War Supply Building, whereas Mr. C. D. Howe as Minister of Transport and Minister of Munitions and Supply would not be able to give attention to individual contracts. I have to-day written to Mrs. Stirrett, General Manager of the Canadian Manufacturers Association, urging that, if possible, Mr. Howe should be induced to give up his position as Minister of Transport or else that General McNaughton should be brought back from Overseas to provide real leadership as the Minister of Supply. The latter would be a calamity except as relating directly to the supply of munitions.

In addition to the above I came in to-day largely for the purpose of pressing Mr. Lecky to send us a revised contract promptly.

In Ottawa last week I was informed that the Production Department had put through a report to the Contract Branch that the prices which we quoted to Sherbrooke Pneumatic Tool Company appeared fair and in their opinion ought to be accepted.

Last week I brought with me a Price Waterhouse recommendation that for purposes of the 100,000 6" shell contract we should be allowed an administrative burden of \$74,010 to cover management and supervision and other intangible expenses occurring in the Canadian Ingersoll-Rand Company organization and not easily made directly chargeable to Sherbrooke Pneumatic Tool Company. The Board came back and have asked for detail as to what this \$74,010 is intended to cover. I have told them that Mr. Young of Price Waterhouse is away but will reply to this question on his return on Monday.

Mr. D. C. Keefe.

-2-

May 25/40.

Thank you for your offer to come to Canada next week, but in so far as the munitions job is concerned I doubt if anything additional could be accomplished by a visit at this particular time. Mr. C. D. Howe is addressing the Canadian Manufacturers Association Convention at Winnipeg on May 30th. It is not improbable that I could do more to get an aggressive policy adopted by attending the convention than by remaining here. I have not yet accepted the invitation to be present, but I have to-day asked the General Manager of the Association if in the event of my going I would be afforded a good opportunity of putting the manufacturers' views before Mr. Howe, or whether this would have to be done exclusively through the Chairman or some other official spokesman.

I want to again state my confidence that although this whole situation is extremely bothersome that I do not think for one minute that the outcome of our work on lathes and on shells will be unprofitable to the Company.

Yours very truly,

SHERBROOKE PNEUMATIC TOOL COMPANY, LIMITED.

W

EW-S/DS

First Vice President.

C O P Y

May 25th, 1940

Honourable C. D. Howe, Esq.,  
Minister of Munitions and Supply,  
Ottawa, Canada.

My dear C. D.,

We received your urgent telegram of May 22nd which has been shown to our officials and men at Sherbrooke and was accompanied by a visit on May 23rd from General Macrae, Mr. Crone and the writer. The situation is far from satisfactory. I am sure it is not peculiar to Sherbrooke. I tried to explain it to General Macrae. I find it difficult to explain in writing without appearing in gracious in the face of your telegram of which I heartily approve. To be perfectly frank the telegram is an orphan. It cannot stand on its own feet. It needs to be supplemented, for example, by a series of well considered direct speeches (not radio) and well conceived bill board advertising.

There has been such a terrible failure to put the issue before those potentially able to work on munitions and to appeal to them for the same sort of loyal service that is being given voluntarily by those in the army. Some of my complaints are as follows:

1. Contractors are given orders with no provision, as in England, to provide against robbing fellow contractors of essential employees.
2. Men are hired as munitions workers without any obligation to remain on the job for a minimum period or during the pleasure of the Department. On the contrary absurd rates of pay, which the Government cannot afford to pay, are being authorized and even encouraged.
3. Maximum hours of work which have been discarded in France and England are being written into Canadian contracts.
4. Machine tools are being supplied by the Board with the stipulation that they may only be used on British contracts and if they are used on any other work the contractor will be charged the amount of duty exemption and a deadlock exists as to who will recoup the manufacturer in such a case. The rule is well intended but stupid in its effect under to-day's condition.

Page two

Honourable C. D. Howe, Esq.,

May 25th, 1940.

5. Orders are given to proceed and months afterwards covering contracts are submitted which do not resemble and are more like a burlesque than a reasonable attempt to interpret the orders as given.

I feel strongly that a soldier-like order in one line should be given to do the job. Mechanical and technical features to be finally ruled on by the Chief Inspector. Contractural or business features to be finally ruled on by the Minister of Munitions. If authority to do these things is lacking, the necessary authority should be given by Act of Parliament.

If these things were done, I submit that you would probably not have to complete the extra building to house additional members of the Supply Board. I submit that under such a plan aggressively carried out, that employers and workers would go more happily to work than at present and all concerned would save an enormous amount of time and expense.

If I appear to have written too vehemently it is only because I firmly believe that the present situation cannot be allowed to continue and cannot be cured by kid glove methods.

Hoping you will be successful in whatever course you may adopt.

Yours sincerely,

First Vice-President.

EW-S/EC

## CLASS OF SERVICE DESIRED

FULL-RATE MESSAGE

DAY LETTER

NIGHT MESSAGE

NIGHT LETTER

PATRONS SHOULD MARK AN X OPPOSITE THE CLASS OF SERVICE DESIRED; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# CANADIAN NATIONAL TELEGRAPHS



D. E. GALLOWAY, Assistant Vice-President, Toronto, Ont.

Exclusive Connection  
with  
WESTERN UNION  
TELEGRAPH CO.

Cable Service  
to all the World

Money Transferred  
by Telegraph

RECEIVER'S NO.

TIME FILED

CHECK

1940

Send the following message, subject to the terms on back hereof, which are hereby agreed to

C O P Y

Ottawa, Ont. 24.

E. Winslow-Spragge

CDN INGERSOLL RAND CO. MTL

THANKS FOR YOUR WIRE OF MAY TWENTIETH WHICH EXPRESSES MY OWN VIEW

C. D. HOWE.

**ALL MESSAGES ARE SUBJECT TO THE FOLLOWING CONDITIONS, WHICH HAVE BEEN APPROVED BY THE BOARD OF RAILWAY COMMISSIONERS FOR CANADA, UNDER ORDER 162, DATED MARCH 30TH, 1916, AND ORDER 48274, DATED 5TH DECEMBER, 1932, WHICH ORDERS WERE PUBLISHED IN THE CANADA GAZETTE ON DECEMBER 24TH AND DECEMBER 31ST, 1932, AND JANUARY 7TH, 1933.**

It is agreed between the sender of the message on the face of this form and the Company with which the message is filed that said Company shall not be liable for damages arising from failure to transmit or deliver, or for any error in the transmission or delivery of, any unrepeatable telegram, whether happening from negligence of its servants or otherwise, or for delays from interruptions in the working of its lines, for errors in cipher, or obscure messages, or for errors from illegible writing, beyond the amount received for sending the same.

To guard against errors, the said Company will repeat back any telegram for an extra payment of one-half the regular rate; and, in that case, the said Company shall be liable for damages suffered by the sender to an extent not exceeding \$200.00, due to the negligence of the said Company in the transmission or delivery of the telegram.

Correctness in the transmission and delivery of messages can be insured by contract in writing, stating agreed amount of risk, and payment of premium thereon at the following rates, in addition to the usual charge for repeated messages, viz.: one per cent. for any distance not exceeding 1,000 miles, and two per cent. for any greater distance.

The said Company shall not be liable for the act or omission of any other Company, but will endeavor to forward the telegram by any other Telegraph Company necessary to reaching its destination, but only as the agent of the sender and without liability therefor. The said Company shall not be responsible for messages until the same are presented and accepted at one of its transmitting offices; if a message is sent to such office by one of the said Company's messengers, he acts for that purpose as the sender's agent; if by telephone, the person receiving the message acts therein as agent of the sender, being authorized to assent to these conditions for the sender. The said Company shall not be liable in any case for damages, unless the same be claimed, in writing, within sixty days after receipt of the telegram for transmission.

No employee of the said Company shall vary the foregoing.

## **CLASSES OF SERVICE**

### **TELEGRAMS**

A full-rate expedited service.

### **NIGHT MESSAGES**

Accepted up to midnight at reduced rates, to be sent during the night and delivered on the morning of the next day after their date. At places where the Company's offices are not open on Sundays, delivery will be made on the morning of the next ensuing business day.

### **DAY LETTERS**

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the ten-word day message rate for the transmission of 50 words or less, and one-fifth of the initial rate for such 50 words for each additional 10 words or less. The minimum charge for transmission over the Company's lines of any Day Letter will be 45 cents.

Day Letters may be forwarded by the Company as a deferred service, and the transmission and delivery of such Day Letters are, in all respects, subordinate to the priority of transmission and delivery of full-rate messages.

Day Letters may be delivered by the Company by telephoning the same to the addressees, and such deliveries shall be a complete discharge of the obligation of the Company to deliver.

Day letters are received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of full-rate messages under the conditions named above.

### **NIGHT LETTERS**

Accepted up to midnight at reduced rates, to be sent during the night and delivered on the morning of the next day after their date. At places where the Company's offices are not open on Sundays, delivery will be made on the morning of the next ensuing business day. The rates for Night Letters are still lower than the standard Night Message rates, as follows: The standard day rate for 10 words for the transmission of 50 words or less and one-fifth of the initial rate for such 50 words for each additional 10 words or less. The minimum charge for transmission over the Company's lines of any Night Letter will be 30 cents.

Night Letters may, at the option of the Company, be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

## CLASS OF SERVICE DESIRED

FULL-RATE MESSAGE

DAY LETTER

NIGHT MESSAGE

NIGHT LETTER

PATRONS SHOULD MARK AN X OPPOSITE THE CLASS OF SERVICE DESIRED; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# CANADIAN NATIONAL TELEGRAPHS



D. E. GALLOWAY, Assistant Vice-President, Toronto, Ont.

Exclusive Connection  
with  
WESTERN UNION  
TELEGRAPH CO.

Cable Service  
to all the World

Money Transferred  
by Telegraph

RECEIVER'S NO.

TIME FILED

CHECK

Send the following message, subject to the terms on back hereof, which are hereby agreed to

DAY LETTER

C O P Y

MONTREAL, QUE. MAY 20-1940

HONOURABLE C. D. HOWE  
MINISTER OF MUNITIONS AND SUPPLY  
OTTAWA, CANADA.

MAY I ADD MY URGENT REQUEST TO WHAT I READ IN THE PRESS THAT CONSIDERATION OF MEASURES NOT DIRECTLY CONNECTED WITH THE EMERGENCY OF WAR AID SHOULD BE ELIMINATED FROM PRESENT DISCUSSION IN PARLIAMENT STOP OTTAWA IS NOT DOING ALL THE COUNTRY DEMANDS TO HELP AVERT THE CATASTROPHE WHICH THREATENS US AND I FEEL THAT DISCUSSION OF ALTRUISTIC MEASURES COVERING POSSIBLE CONDITIONS FIVE YEARS HENCE IS COMPLETELY OUT OF PLACE AND WOULD BE STRONGLY RESENTED BY PUBLIC OPINION TODAY STOP FOR OVER A MONTH I HAVE DESIRED THE OPPORTUNITY OF MAKING THIS PLEA TO YOU IN PERSON BUT HAVE MISSED YOU ON SEVERAL OCCASIONS PLEASE THEREFORE PARDON MY PERSONALLY WIRING YOU AS MINISTER OF MUNITIONS AND SUPPLY URGING THE NECESSITY FOR GREATER AND MORE EFFECTIVE CONCENTRATION BY THE GOVERNMENT ON WAR EFFORT ONLY AND ESPECIALLY ON THAT SIDE OF OUR WAR EFFORT COMING UNDER YOUR CASE.

E. WINSLOW-SPRAGGE

146 Words Chg. Circo.  
11.15 Noon Daylight  
EW-S/EC



ALL MESSAGES ARE SUBJECT TO THE FOLLOWING CONDITIONS, WHICH HAVE BEEN APPROVED BY THE BOARD OF RAILWAY COMMISSIONERS FOR CANADA, UNDER ORDER 162, DATED MARCH 30TH, 1916, AND ORDER 48274, DATED 5TH DECEMBER, 1932, WHICH ORDERS WERE PUBLISHED IN THE CANADA GAZETTE ON DECEMBER 24TH AND DECEMBER 31ST, 1932, AND JANUARY 7TH, 1933.

It is agreed between the sender of the message on the face of this form and the Company with which the message is filed that said Company shall not be liable for damages arising from failure to transmit or deliver, or for any error in the transmission or delivery of, any unrepeatable telegram, whether happening from negligence of its servants or otherwise, or for delays from interruptions in the working of its lines, for errors in cipher, or obscure messages, or for errors from illegible writing, beyond the amount received for sending the same.

To guard against errors, the said Company will repeat back any telegram for an extra payment of one-half the regular rate; and, in that case, the said Company shall be liable for damages suffered by the sender to an extent not exceeding \$200.00, due to the negligence of the said Company in the transmission or delivery of the telegram.

Correctness in the transmission and delivery of messages can be insured by contract in writing, stating agreed amount of risk, and payment of premium thereon at the following rates, in addition to the usual charge for repeated messages, viz.: one per cent. for any distance not exceeding 1,000 miles, and two per cent. for any greater distance.

The said Company shall not be liable for the act or omission of any other Company, but will endeavor to forward the telegram by any other Telegraph Company necessary to reaching its destination, but only as the agent of the sender and without liability therefor. The said Company shall not be responsible for messages until the same are presented and accepted at one of its transmitting offices; if a message is sent to such office by one of the said Company's messengers, he acts for that purpose as the sender's agent; if by telephone, the person receiving the message acts therein as agent of the sender, being authorized to assent to these conditions for the sender. The said Company shall not be liable in any case for damages, unless the same be claimed, in writing, within sixty days after receipt of the telegram for transmission.

No employee of the said Company shall vary the foregoing.

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT MESSAGES

Accepted up to midnight at reduced rates, to be sent during the night and delivered on the morning of the next day after their date. At places where the Company's offices are not open on Sundays, delivery will be made on the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the ten-word day message rate for the transmission of 50 words or less, and one-fifth of the initial rate for such 50 words for each additional 10 words or less. The minimum charge for transmission over the Company's lines of any Day Letter will be 45 cents.

Day Letters may be forwarded by the Company as a deferred service, and the transmission and delivery of such Day Letters are, in all respects, subordinate to the priority of transmission and delivery of full-rate messages.

Day Letters may be delivered by the Company by telephoning the same to the addressees, and such deliveries shall be a complete discharge of the obligation of the Company to deliver.

Day letters are received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of full-rate messages under the conditions named above.

### NIGHT LETTERS

Accepted up to midnight at reduced rates, to be sent during the night and delivered on the morning of the next day after their date. At places where the Company's offices are not open on Sundays, delivery will be made on the morning of the next ensuing business day. The rates for Night Letters are still lower than the standard Night Message rates, as follows: The standard day rate for 10 words for the transmission of 50 words or less and one-fifth of the initial rate for such 50 words for each additional 10 words or less. The minimum charge for transmission over the Company's lines of any Night Letter will be 30 cents.

Night Letters may, at the option of the Company, be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.



*The Steel Company of Canada, Limited*

P. O. Box 460

Montreal, Canada

May 31st, 1940.

H. M. JAQUAYS  
VICE-PRESIDENT

Personal

*Steel work to begin June 28 approx*

*6" shells making of*

E. Winslow-Spragge, Esq.,  
General Manager,  
Canadian Ingersoll-Rand Co. Ltd.,  
New Birks Building,  
Phillips Square,  
Montreal.

Dear Mr. Winslow-Spragge:

Your letter of May 30th, with enclosure, reached me this morning. I want to thank you for the trouble to which you have gone to furnish us this information. We will obey your wishes expressed in your last paragraph on page 3.

I thoroughly enjoyed your suggestion to the Hon. C. D. Howe advocating that a business-like order should be adopted in connection with the placing of contracts to effect a saving in personnel and relieve building expense required to house unnecessary employees. We are not going to speed up matters by installing a lot of untrained Governmental employees to complicate matters or by talking about conscripting industry when industry has been begging the Government for the past two years to permit them to prepare for the emergency which we now face. Those interested in industry apparently realize now, and they realized for a long time, the critical position in which we are placed to a far greater extent than have Governmental Officials. However, it is the same old story.

Again thanking you, I remain, with kind regards,

Yours sincerely,

*H. M. Jaquays*

HMJ/RH.

*W*



Mr. Homer Jaquays.

May 30, 1940.

or attention, balance up operations in such a way as to render the piece work system fully effective and not lapse into a lockstepped rate of production limited by the capacity of the slowest operation.

When the Director of Labour Relations saw this plan he instantly condemned it and stated that he would not under any circumstances permit more than a standard 8-hour shift. He said this was for the purpose of giving a greater amount of employment. We stated that it would necessitate three shifts of inspectors and three shifts of various machinists, mechanics and other service categories in connection with whom there is already an acute shortage of skilled men. He thereupon told us we could operate our way until September 1st but would have to operate his way after September 1st; that we could operate at the rates shown on the schedule until September 1st but would have to operate at his rates (which have been undisclosed so far) after September 1st. This left us in a quandry as we are on, what is called, a target contract and it would be impossible for us to accurately estimate how much more it would cost us to run three shifts than it would cost us to run two shifts. We would have to give the men very much the same earnings per week after September 1st as they had obtained before September and we would have to pay for the third shift on indirect labour. We estimated at a rough guess that it would cost something in excess of \$100,000 additional on a contract which is liable to run at somewhere near \$700,000, if done in the manner we contemplate.

In addition to writing these labour clauses into our contract, Mr. Chase stated that it would be obligatory for us to display these labour clauses in prominent places throughout the shop. I replied that we take on a man or a boy of 18 or 19 years of age and pay him perhaps .30¢ or .32¢ an hour to begin with. Every year for about ten years he expects an increase of two or three cents an hour so that when he is 28 or 29 years of age he expects to be earning something in excess of .50¢ an hour and this is considered to be a fair and equitable average rate of increase. I protested that if the rate of increase provided for machine operators was put up on a notice-board giving to green help a compulsory increase of not less than .10¢ an hour in the first ninety days that all our regular employees would feel they were being discriminated against and that we had been acting unfairly with them all these years. Moreover, I stated that in my experience it was not possible to start people off with these unusual increases and then suddenly stop and operate on a fixed rate thereafter. If I know our labour, as I think I do, there would be

Page three

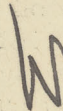
Mr. Homer Jaquays.

May 30th, 1940.

strong pressure brought to bear to continue the increases on some pretext or other at the end of the 4th, 5th and 6th month, for example. In any event I stated that it would be disturbing to our shop to take the rate of increases so completely out of the hands of the management as was contemplated by the proposed contract. I, therefore, refused to sign the contract for this and for other reasons. The proposed contract contains twenty pages of general terms and conditions, 2 $\frac{1}{2}$  pages of labour conditions as well as 8 pages of tabulation referring to capital expenditure and, of course, the usual War Office specification of the article itself. Feeling that all contracts with the Government are in the last analysis liable to be set aside or amended by Act of Parliament I cannot see anything but a waste of time in all this reading matter. Therefore, in a recent letter on the general subject of contracts, addressed to Mr. C. D. Howe, I advocated he adopt a soldier-like order written in one line to machine 100,000 shells, the decision on quality of product to rest finally with the Chief Inspector and the decision of business and contract matters to be vested finally in the Minister of Munitions and Supply. If then they take any sort of pains to act in a reasonably fair and prompt manner, I think we would all be happier to accept such an order given us in good faith and if this were done I stated that in my opinion it would be possible to stop work on the new war supply building because extra staff would not be required to handle the work.

I feel that my representations are probably on the way to being favourably acted upon and, therefore, I would not like to be quoted in this matter but as far as my information is capable of being used to give favourable support to your campaign for greater simplification and less red tape I would be all in favour of any constructive steps you can take from along such lines.

Yours very truly,



EW-S/EC

General Manager.



MONEY TRANSFERRED  
BY TELEGRAPH

# CANADIAN PACIFIC TELEGRAPHS

DIRECT CONNECTION WITH  
POSTAL TELEGRAPHS - COMMERCIAL CABLES  
IMPERIAL CABLES - CANADIAN MARCONI

STANDARD TIME

1940 JUN 4 PM 3 51

CANADA CEMENT BUILDING

Lancaster 5652

C.D. 1R  
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.

RAA99 54 GET REPLY RUSH

TORONTO ONT 4 249P

E WINSLOW SPRAGGE CDN INGERSOLL RAND CO LTD  
MONTREAL

PRIME MINISTER AND COLLEAGUES RECEIVING DELEGATION IN PRIME  
MINISTERS OFFICE OTTAWA ELEVEN OCLOCK THURSDAY MORNING JUNE SIXTH  
WINNIPEG LAST FRIDAY URGING GREATER USE OF CANADIAN INDUSTRY IN WAR  
PRODUCTION STOP PRELIMINARY MEETING AT ASSOCIATIONS ANNUAL MEETING  
OCLOCK STOP PRESIDENT CRABTREE INVITES YOU TO ATTEND PLEASE REPLY  
J T STIRRETT CDN MFRS ASSN



5.10

W

R<sup>o</sup>

THE

*Gurney*

FOUNDRY COMPANY, LIMITED



THE GURNEY-MASSEY CO., LIMITED, MONTREAL  
GURNEY NORTHWEST FOUNDRY CO., LIMITED, WINNIPEG  
THE GURNEY FOUNDRY CO., LIMITED, VANCOUVER

HEATING & COOKING APPLIANCES  
COMMERCIAL ENAMEL PRODUCTS

PLEASE ADDRESS REPLY TO THE COMPANY  
FOR ATTENTION OF THE UNDERSIGNED.

4 Junction Road,  
Toronto, Ont.

June 4th, 1940.

Mr. E. Winslow-Spragge,  
Canadian Ingersoll-Rand Co., Ltd.,  
New Birks Building,  
Montreal, Que.

Dear Ed,-

*James*

I have just heard from Stirrett that the Prime Minister is seeing that group of people on Thursday morning. It is another pretty large deputation, I fancy almost on the order of the last one we attended with. They are meeting together in, I think, Salon "B" at the Chateau Laurier at nine o'clock on Thursday morning, the appointment with the P.M. being eleven. I certainly think you should be there, as I said in my last letter.

I presume you would come up to-morrow night. I plan to fly down, leaving here on the plane that gets me into Ottawa about 8.30 city time. Look me up, if you are about.

With kindest regards,

Yours faithfully,

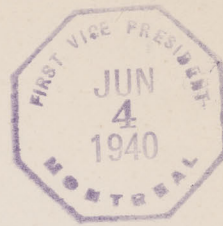
*Holl-*

EHG/A

THE

# Gurney

## FOUNDRY COMPANY, LIMITED



THE GURNEY-MASSEY CO., LIMITED, MONTREAL  
GURNEY NORTHWEST FOUNDRY CO., LIMITED, WINNIPEG  
THE GURNEY FOUNDRY CO., LIMITED, VANCOUVER

HEATING & COOKING APPLIANCES  
COMMERCIAL ENAMEL PRODUCTS

4 Junction Road,  
Toronto, Ont.

PLEASE ADDRESS REPLY TO THE COMPANY  
FOR ATTENTION OF THE UNDERSIGNED.

June 3rd, 1940.

Mr. E. Winslow-Spragge,  
c/o Canadian Ingersoll-Rand Co., Ltd.,  
New Birks Building,  
Montreal, Que.

Dear Ed:

Stirrett called me up yesterday morning. You have no doubt read the report of the C.M.A. meeting at Winnipeg, under which the Secretary <sup>of CMA</sup> was instructed to seek an early meeting between a representative group of manufacturers and the Cabinet, and to urge the appointing of an advisory panel of manufacturers similar to the panel that Greenly led in England before being appointed to this Board. I, of course, did not have the benefit of hearing the argument, but I have some question about the latter, because there are now too many people having to do with this thing; that is just my first impression.

Stirrett wired King, as instructed, and got a wire back that the Secretary of the Council ~~had~~ arranged an immediate meeting. The date is <sup>would</sup> not set yet.



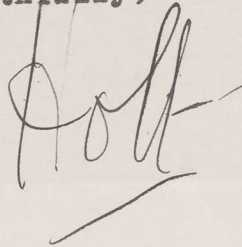
THE GURNEY FOUNDRY CO., LIMITED, TORONTO

SHEET NO. 2 DATE June 3, 1940. TO Mr. E. Winslow-Spragge.

So the purpose of this letter is to register with you that I am very sure that you and I should both be there.

With kindest regards,

Yours faithfully,

A handwritten signature in dark ink, appearing to be 'H. G. A.', written in a cursive style with a horizontal line underneath.

EHG/A

*Manufacturers  
Meeting*

June 5th, 1940.

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

Dear Dan:-

Mr. Harold Crabtree, the new President of the Canadian Manufacturers Association, returned from Winnipeg and had lunch with me at St. James' Club to-day.

As a result of a telegram despatched from the Annual Meeting at Winnipeg a delegation of about 20 people, including Mr. Harold Crabtree, Mr. Holt Gurney and myself, are meeting the Prime Minister and his colleagues in the Prime Minister's office at 11 o'clock tomorrow morning in Ottawa to consider the following recommendations:

1. To appoint some experienced production man to head up the War Purchasing Board, or as it is now called, the Ministry of Munitions and Supply.
2. To send a second delegation to England to try and find out whose fault it is that we, as manufacturers, seem to be doing so little.
3. To form an advisory panel of manufacturers which may be consulted by the government and to whom the government would give all necessary information to enable them to carry out their duties intelligently.

A preliminary meeting is being held to-morrow morning at 9 o'clock to make nominations and discuss nominations for these various jobs. It is seriously felt that if something more constructive is not done in this matter that serious trouble may result. Therefore, although I realize that I have been devoting a lot of the company's time to this general matter, I believe it is essential, as a precautionary measure, for me to make this trip to Ottawa tomorrow morning.

Yours very truly,

*W*

First Vice-President.

EW-S/EC



1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario.  
June 7th, 1940.

Confidential

E. Winslow-Spragge, Esq.,  
General Manager,  
Canadian Ingersoll-Rand Co. Ltd.,  
Montreal, Que.

Dear Sir:

War Production

The following is a report of the Association's delegation to the Prime Minister and members of the Cabinet, Ottawa, on June 6th.

The list of members comprising the delegation is contained in Enclosure 1.

The delegation was received by the Prime Minister and members of his Cabinet listed in Enclosure 2.

The President, Mr. Harold Crabtree, introduced the delegation and spoke to the resolution passed at the Annual General Meeting, in Winnipeg, on May 31st. Enclosure 3.

The following members of the deputation dealt with specific subjects, or summarized some of the information presented to the Annual General Meeting in Winnipeg and discussed at the preliminary meeting in the Chateau Laurier, before the delegation interviewed the Cabinet:

Messrs. W. D. Black,  
Victor Bartram,  
H. G. Bertram,  
E. Holt Gurney  
J. G. Morrow,  
L. W. Simms,  
E. Winslow-Spragge.

*As well as many  
others at General  
Meeting*

The President summarized his remarks under three headings. The first was as follows:

- 1) "That Governmental Ministerial representatives be sent to England at once, clothed with full authority to clear away misunderstandings that presently exist and which would appear to be responsible for Canada having received only such minor orders from the British Government up to this time."

June 7th, 1940

On point No.1, the Prime Minister said that, while his Government would consider the proposal, he reminded the members of the delegation that Mr. Crerar, Minister of Mines and Resources, had been sent to England shortly after the war broke out for the purpose mentioned, and that, later, Mr. Rogers, Minister of Defence, had visited England and France and had just returned. He asked both of them to tell what representations they had made in Great Britain. Both Ministers said that they had urged the British Government to use Canada to the greatest possible extent for war supplies.

Mr. King read an exchange of cables between himself and Mr. Churchill on the same subject.

Mr. King then suggested that he thought it would be more effective if he cabled immediately to the Hon. Vincent Massey, High Commissioner for Canada, asking him to present the views and offers of assistance of the delegation and the Annual General Meeting of the Canadian Manufacturers' Association to the British Government. He asked if the delegation would prepare a memorandum giving this information. The President agreed to do so. Mr. King suggested that, before compiling their memorandum, the members of the delegation should discuss the situation with members of the British War Supply Board in Canada. The President said that this would be done.

The President then presented his second recommendation as follows:

- 2) "The appointment by the Government of an outstanding industrialist, of proven executive and administrative ability, to co-ordinate, develop and direct the production of industry engaged in the manufacture of munitions and war supplies."

The Prime Minister asked Mr. Howe, Minister of Munitions and Supply, to speak.

Mr. Howe did not express a definite opinion on this recommendation, but he said that the Government were looking for men of the type described, and would welcome the opportunity to use their services. Outside of this, the members of the Government did not commit themselves in regard to the recommendation.

June 7th, 1940.

- 3 -

The President then made his third recommendation, as follows:

3) "The mobilization of the entire personnel, skill, experience, equipment and resources of Canadian industry in order to comply with all requirements of the Canadian and British Governments."

The Prime Minister expressed appreciation of this offer and said that his Government would do everything possible to avail themselves of it and to persuade the British Government to do likewise.

The members of the delegation met immediately and appointed a Committee of the following:

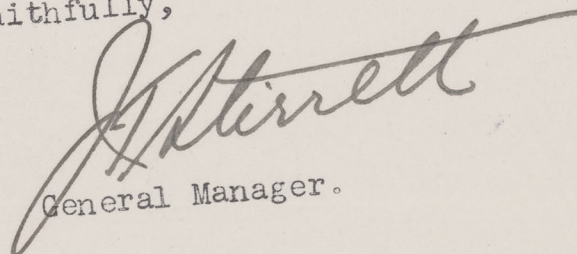
Messrs. H. Crabtree,  
L. L. Lang,  
W. D. Black,  
Victor Bartram,  
E. Holt Gurney,  
E. Winslow-Spragge.

The Committee interviewed representatives of the British Mission and spent over an hour with them, and discussed the situation fully. The Committee then drafted the memorandum requested by the Prime Minister as the basis for his cable to Mr. Massey for presentation to the British Government. This was delivered to the Prime Minister's office last night.

The Committee considered names of suitable men for the appointment mentioned in recommendation No. 2, and also the alternative of drafting the qualifications which they considered a man should have to be appointed to this position. The Committee finally decided that it would be advisable to wait for a reply to the cable which is being sent by the Prime Minister, through Mr. Vincent Massey, to the British Government, before making specific suggestions in regard to recommendation No. 2.

In the meantime, the President will welcome suggested names from members of the delegation who were in Ottawa yesterday.

Yours faithfully,

  
General Manager.

JTS-S

Enclosure 3.

RESOLUTION PASSED AT THE CONCLUDING  
SESSION OF THE ANNUAL MEETING OF THE CANADIAN MANUFACTURERS'  
ASSOCIATION, WINNIPEG, MAY 31, 1940.

The Members of the Canadian Manufacturers' Association realize the tremendous responsibilities which must be borne by the Canadian and British Governments in these times of the utmost gravity and are actuated solely by a sincere and an anxious desire to help our country and Empire in this emergency. When the Association's mission went to England last summer and attained its objects and when the British mission came to Canada last September, it appeared that the way was open for using Canadian factories for war production on a large scale. Unfortunately, only a small fraction of Canadian industrial capacity has been utilized.

The Canadian Manufacturers' Association has a deep rooted conviction that there exist some definite causes that are responsible for Canadian plants receiving orders for only a small percentage of their capacity and respectfully urges the Canadian Government to take steps to send governmental ministerial representatives to England to clear away misunderstandings presently existing in order that Canadian industry may be speeded up immediately and take its full share in the defence of our Empire and country. The Association advocates the mobilization of the entire personnel, skill, experience, equipment and resources of Canadian industry in order to comply with all requirements of the Canadian and British Governments.

The Association strongly urges the appointment of a man of proven executive and administrative capacity to head a national advisory council, the members of which he would select, with wide powers to develop and to direct war production.

The Committee further recommends that a strong delegation discuss these proposals with the Dominion Cabinet at the earliest possible date.

## C.M.A. Begins To Get Results

### Pressure on Ottawa Clears Way For Mobil- izing of Industry

Events have moved swiftly and decisively since the Canadian Manufacturers' Association at its Winnipeg convention sought to speed up war mobilization of Canadian industry.

Last week 12 members of the Cabinet wrestled with the problem for two and a half hours before a delegation of more than 30 manufacturers. Subsequently the following steps have been taken:

1. Prime Minister has sent a personal cable to Prime Minister Churchill.
2. An urgent "speed-up" request embodying the C.M.A. representations has gone to Britain via High Commissioner Massey.
3. In the past week there has been an outpouring of orders on both Canadian and British account.
4. The manufacturers have been asked by Hon. C. D. Howe to name someone whom they deem capable of taking responsibility for war supply along the lines suggested by the C.M.A.

(At Winnipeg the manufacturers urged Ottawa to appoint a man of proved executive and administrative capacity to head a national advisory council, the members of which he would select with wide powers to develop and direct war production.)

#### Plain Speaking to U. K.

In the House of Commons this week, Prime Minister King drew attention to the cable which had been sent to Mr. Massey, at the request of the manufacturers, urging the clearing away of misunderstandings with U. K. officials and the fullest possible use of Canadian industry in the present crisis. Mr. King quoted one paragraph dictated by the manufacturers themselves, which said:

"The time for placing small experimental orders is past. The British and French Governments should advise immediately what they want in large quantities and give Canadian manufacturers an opportunity to learn what is expected of them. On receipt of this information, Canadian manufacturers will make their plans ac-

cordingly so as to use their plants to the best advantage."

#### Air Now Clearer

One result of last week's meeting at Ottawa has been considerable clearing of the air between the manufacturers and the Government. The manufacturers were impressed with the Government's eagerness to receive advice. They felt also that their representations had made a considerable impression on the Cabinet.

One fear now exists: That delays so far experienced will impede industry in handling efficiently the volume of business now under contemplation.

Because so little business has been placed up to now it is feared that a situation comparable to that of the last war may easily develop. In short that the demand for complete industrial mobilization may develop so rapidly as to result in a mad scramble for men, machines and materials.

This is one reason why manufacturers are especially concerned that supply be co-ordinated under a one-man administrator with full authority to direct production.



Reference to  
18/11/40 War



1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario,  
June 18th, 1940.

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

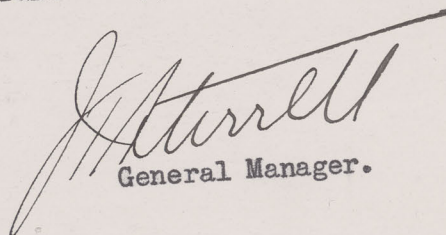
War Production.

Dear Mr. Spragge,

Referring to my letter of June 17th on the above subject, I think you will be interested in the enclosed memoranda:-

- 1) Description of the establishment of National Factories in Canada during the war 1914-1918 from the report of Sir Joseph Flavelle, Chairman of the Imperial Munitions Board.
- 2) Comment on the establishment of National Factories in Canada during the war 1914-1918 by Col. David Carnegie, in his book entitled "The History of Munitions Supply in Canada."

Yours faithfully,

  
General Manager.

JTS-S.

DESCRIPTION OF THE ESTABLISHMENT OF NATIONAL FACTORIES IN  
CANADA DURING THE WAR, 1914-1918, FROM THE REPORT OF  
SIR JOSEPH FLAVELLE, CHAIRMAN OF THE IMPERIAL MUNITIONS BOARD.

"In all cases a commercial form of organisation was adopted, a joint-stock limited company being formed, the capital of which was entirely subscribed and held by the Board, which also financed the companies by means of loans. The Board, as sole shareholder, nominated the directorate of the companies, and through it the management. Each company kept its own accounts and was run as a separate entity on commercial lines. The product of the company was taken over by the Board at a contract price, which was fixed in no case higher, and in some cases considerably lower, than the price at which outside contracts could have been let at the time the factory was erected. Any difference between the price paid by the Board and the operating costs of the company was devoted to amortisation. On this method the companies which were earliest to be established had, by the time of the Armistice, accumulated a surplus more than sufficient completely to amortise their capital cost. The more recent ones, which had not been operating so long, had naturally made less progress in this direction, and in one or two cases hardly anything had been earned. Taking all the companies together, however, their collective surplus, plus the amount realised from disposal of the properties, was sufficient to amortise the total capital cost, and leave a balance of approximately one million dollars for return to the Treasury."

COMMENT ON THE ESTABLISHMENT OF NATIONAL FACTORIES IN  
CANADA DURING THE WAR 1914-1918, by COL. DAVID CARNEGIE,  
IN HIS BOOK ENTITLED "THE HISTORY OF MUNITIONS SUPPLY  
IN CANADA."

---

"Looking always to the interests of the Crown, the Chairman conceived the idea of establishing National Factories, each financed by, and responsible to, the Imperial Munitions Board, and at the same time controlled and run on commercial lines by a board of directors who gave their services without reward.

"FUSES.--The first National Factory was established in Montreal to produce time fuses.

"Sir Charles Gordon, G.B.E., with great ability and courage, backed by the chairman, took the direction of the National Fuse Factory in hand and made a success of a difficult task.

"EXPLOSIVES.--Not less interesting than the production of toluol from the coke-oven gases is the story of explosives production at the National Factories directed by Mr. Howard Murray, Mr. Noble Pirrie, and Mr. Wardleworth. The discoveries made in the manufacture of acetone, first by Mr. Matheson from acetic acid, and subsequently by Dr. Weisman at Toronto from cereals, are of absorbing interest.

"ELECTRIC STEEL.--Another achievement is recorded in the establishment of the British Forgings Ltd. at Toronto. Great accumulations of scrap steel turnings from shells became a drug on the Canadian market and were being shipped to other countries at a trifling sum per ton, while large quantities of shell steel were imported from the U.S.A. Steel manufacturers of Canada could, at that time, utilise only a very small amount of scrap steel turnings which were being produced. A National Factory at Toronto was started on January 26, 1917, and by June 16 the first of ten electric steel furnaces produced shell steel ingots from scrap steel. The plant was the largest

electric steel equipment in the world. By August 18, 1917, it was in full operation.

"AVIATION AND AEROPLANES.—Perhaps the fascinating subject of aviation and aeroplane manufacture will be most engaging to the general reader. Both subjects include a record of accomplishments of rare skill and courage. Mr. George Morrow's name will be associated always with the striking story of how training camps, for the first Flying Corps in Canada, were quickly built and efficiently maintained."

C.M.A.

June 17th, 1940.

Mr. J. T. Stirrett,  
General Manager,  
Canadian Manufacturers Association,  
67 Yonge Street,  
Toronto 2, Ontario.

Dear Mr. Stirrett:

War Production

I very much appreciate receiving your two letters of June 13th and June 14th respectively. In return I attach some papers as follows:

1. My telegram June 9th to Mr. H. B. Chase, Director of Labour Relations, Department of Munitions and Supply, Ottawa.
2. My letter June 13th to Mr. H. B. Chase.
3. Letter of June 15th from Mr. H. B. Chase to the writer
4. My reply of June 17th to Mr. Chase.

I think you know me well enough to realize that my whole time and effort from the very beginning has been to obtain a maximum of Canadian industrial production and incidentally to make my own companies contribute a maximum possible share.

It is impossible for me not to feel that I know better than anyone else how my companies can expand their efforts to the greatest possible extent and to feel that I know this part of my own business even better than either Mr. Chase or Mr. Howe.

I am taking the liberty of putting all this correspondence before you in order to supplement your information on the subject and in the hope that Mr. Howe and Mr. Chase will be induced by the representations of Canadian Manufacturers Association to not try to operate our plants for us or to attempt the almost impossible task of teaching production men on the spur of the moment details of how things are to be done. With the best intentions we are incapable of learning so fast and they are incapable of teaching so fast. If they will tell us what they want even to the extent of telling us to produce a tank without drawing or specifications, we can do it and the machines we produce will add to the effect of fighting capacity in the present war even if by giving us our head, the finished article may not be as good as though we had had the time to produce it for some date in

Page two

1950. It looks as though the whole plan calling for superexcellence in labour relations and in mechanical design and construction is being carried and has been carried to a degree where we now feel like saying it would have been better to have had something, however poor, than to have had nothing, however excellent.

Please continue to do your best for the elimination of red tape and delays and undue efforts at bureaucratic direction of industry at a time when it is essential for us to be unshackled and allowed to go ahead.

Yours very truly,

E.W-S.

General Manager.

EW-S/EG



1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario,  
June 13th, 1940.

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

War Production.

Dear Mr. Spragge,

I am enclosing copy of a letter which has been sent today to the Division Secretaries following previous similar instructions.

Yours faithfully,

*J. Sturtevant*  
General Manager.

JTS-S.  
Enc.

# Canadian Manufacturers Association

(Incorporated)

Toronto 2, Ontario,  
June 13th, 1940.

To Division Secretaries,  
E. Blake Robertson and T. Ashenhurst.

## War Production.

Dear Sir,

One of the objects of the programme on War Production at our Annual Meeting was to lead the newspapers and public to ask why the industrial system of Canada is not being used to a greater extent to turn out war materials. As soon as our statements were released showing the capacity of the Canadian industrial system and the anxiety and readiness of Canadian manufacturers to make it available for war production, the papers started asking WHY, and the public has been echoing this enquiry.

We hope that they will continue asking WHY. Progress is being made, and it is most desirable to maintain the public interest in the vital question of war production. It should not be confined to British buying or French buying in Canada, although this is of great importance. Public attention should be concentrated also on the fact that Canada should be buying for her own needs, and that more Canadian factories should be employed in turning out war materials for Canadian use as well as for British and French use.

Twenty-five years ago, many people thought that there was little probability that Canada would make the more complicated types of machinery. Fortunately, their advice was not taken. During that interval, Canadian engineers and manufacturing firms have made, installed and operated the largest and most complicated forms of mining machinery, pulp and paper-making machinery, hydro electric machinery, including gigantic dynamos, as well as all kinds of advanced industrial machinery. Emphasis should also be placed on the building of modern railway locomotives, and marine machinery. Briefly, Canadian industrial plants can build, or make almost anything that is needed for civilian needs, and they can do the same in war supplies.

The situation, as you know, has changed very greatly, owing to the enormous losses of guns, munitions, and all kinds of military supplies by the British, French, Belgian and Dutch armies. The capacity of the United States is going to be concentrated largely upon the defence programme of that country. In such circumstances, should not all available industrial capacity in Canada be utilized immediately, or as soon as possible in war production, for Canadian, British and French requirements, present and future?



E. B. B. B.  
Lo D. H. H. H.

© 1911

Please take this up with your Chairman and members of your Committees, and through newspapers and public men. Try to keep this point of view constantly before the public, especially for the next few weeks. There has been a very good public response to the views and recommendations expressed at the Annual Meeting in Winnipeg, and at the conference of our delegation with the Government, and it is most desirable to make the best possible use of this and to keep up public interest and support. Will you kindly report frequently as to what is being done in your district?

Yours faithfully,

JTS-S.

General Manager.

MADE IN CANADA

B. C.



1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario,  
June 22nd, 1940.

*Handwritten:* Spragge - BT  
1404 Montreal Trust Bldg

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

Record of Contracts Awarded by Dominion  
Government from July 14, 1939 to March 1, 1940.

Dear Mr. Spragge,

I have your letter of the 20th instant on the above subject.

We agree with your summary of the favourable items. The Government has been urged to go into greater detail, for example, by showing the purchases by Provinces, and even by municipalities, and such requests have been refused.

Our communication with members indicates that the unfavourable criticisms are centered chiefly around the question of revealing prices, and of giving information to the enemy. As you know, this information is largely the same as that issued officially by the Director of Public Information, Ottawa, for publication in the newspapers, obviously with the consent of the Censor and the Department of National Defence. Some of our members support your view that more care should be taken about releasing the information in such a way as to disclose prices quoted by a firm, to its competitors.

We are taking this matter up with the Department, and will emphasize the points which you make in your letter.

Yours faithfully,

*J. Sturrett*  
General Manager.

JTS-S.

*June 22<sup>d</sup> / 40*

P.S. The Hon. C. D. Howe, in introducing an amendment to the Munitions and Supply Act, said, - "As the need grows more urgent we will use this power very extensively. We are getting to the point where, if a manufacturer has a thing which the Government needs, we pre-empt it: we give him what we think is a fair price and if he does not think so, he has an appeal to the courts. In many cases we have imposed our price." *J.S.*

June 20th, 1940.

Mr. J. T. Stirrett,  
General Manager,  
Canadian Manufacturers Association,  
67 Yonge Street,  
Toronto, Ontario.

Dear Sir:-

Record of Contracts Awarded by Dominion Government  
from July 14, 1939 to March 1, 1940.

We have received to-day from the King's Printer the above heavy volume bearing the names of Honourable C. D. Howe and J. K. Sheils, Deputy Minister.

I do not know whether or not the complete assembly and printing of details is standard practice. I do not know whether all things considered it is in the public interest but I would like to have the Association give some thought to the subject and, therefore, I will set down some pros and cons.

FAVOURABLE

1. By laying all the contracts open for every Canadian to see, it is possible that the government may receive credit for activity and honesty and may, therefore, promote loyalty.
2. By giving the price at which each article was bought, there may be a tendency for people, who previously quoted high on the first job, to quote lower on the second job.

UNFAVOURABLE

1. By disclosing all Canadian Government purchases to the competitors of Canadian industry a very condensed and perfect means is afforded for well planned competition, especially competition from totalitarian countries where organized sales promotion plans with government backing could be taken in hand.
2. By giving the price at which each article was bought people, who did not bid on the previous occasion could make certain of quoting well up to the amount previously paid and, therefore, the chance of getting later bids on a lower price scale would be prevented. I think it is true that in commercial life a purchasing agent fairly successfully attempts to create the impression with future prospective bidders that he has bought at a price considerably below the actual price paid.

Mr. J. T. Stirrett.

June 20th, 1940.

If commercial purchasing agents are right then the government plan would appear to be wrong.

3. Some of the soundest and most efficient business organizations sell from year to year at predetermined standard prices. If such a firm obtains an order from the government, it is like throwing their price list open to their competitors who can be reasonably assured that by quoting a dollar below the established price that they will be able to prevent the established firm from obtaining a repeat order.
4. It appears questionable whether by telling the story of our life

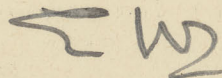
A - to our American competitors

B - to enemy countries

we are not acting to the detriment of Canadian industry and Canadian employment. In commercial business I may be willing to tell you how many saucepans I sold last year. Alternatively, I might be willing to tell you the value of my sales of saucepans but it is unlikely, as a prudent business man, I would tell you both facts. Certainly it is unlikely, in addition to telling you about the one item, that I would be willing to tell you numbers and selling prices of the other 99 items constituting my business. In an analogous way I think it may be proper for the Dominion Government to give out individual pieces of information. I think that the wisdom of telling their whole life is open to question. I am, therefore, drawing the matter to your consideration with the above comments.

Yours very truly,

CANADIAN INGERSOLL-RAND CO. LIMITED



EW-S/EC

General Manager.

Montreal, P. Q.,  
June 1940.

To His Majesty's Government in the  
United Kingdom of Great Britain and  
Northern Ireland,  
C/O The Department of Munitions and Supply,  
Ottawa, Ont.

Re: Draft Contract dated as of 23rd  
February, 1940, between His Majesty's  
Government in the United Kingdom of  
Great Britain and Northern Ireland  
and Sherbrooke Pneumatic Tool Co.  
Limited, respecting the manufacture  
of 130,000 Shell, 6", empty.

Dear Sirs:-

In consideration of your having omitted  
from the above mentioned contract all provisions that  
would entitle you to inspect the books of any firm or  
corporation which controls or is controlled by us,  
we hereby agree and undertake that all of the shells  
referred to in the contract will be machined, finished,  
fitted and installed entirely by us and that no materials  
or components will be purchased by us from any firm or  
corporation which controls or is controlled by us.

Yours very truly,

SHERBROOKE PNEUMATIC TOOL CO. LIMITED,

By

By

*Very good  
letter on war work of  
Second World War*

July 5th, 1940.

Mr. H. A. Burbank,  
Branch Manager,  
Canadian Ingersoll-Rand Co. Limited,  
Sherbrooke, Que.

Dear Herb:-

Subject: Mearle Smith

I have your letter of July 4th. There are two or three different kinds of munitions contracts. The first is a contract for account of the British Government, placed by the Department of Munitions and Supply, Ottawa, and approved by the British Supply Board, Ottawa. To the best of my knowledge and belief there are only about 12 or 15 contracts of this kind let for shells in Canada so far and these have, I judge, all been to those larger firms who established a favourable record with the British Government in the last war.

In addition I know of contracts for ships and ships engines because we happen to be manufacturing some cylinders as sub-contractors for the Dominion Engineering Works.

The other type of contract is one placed by the Department of Munitions and Supply on behalf of the Canadian Government. These contracts usually run very much smaller like one being turned out by the Geo. Hall Machinery Co. at our Sherbrooke Pneumatic Tool Co. plant,

The third type of contract covers what can be classed as standard equipment placed by the Department of Munitions and Supply. These contracts have included in our case - air compressors, portable compressors, pneumatic tools, etc.

There are doubtless many other types of machinery purchases but these are the only types that have happened to come to my personal notice. The figures I have given you are guess work because I have no inside information. With the best intentions in the world I do not quite see how the Department of Munitions and Supply could be expected to use the services of Mr. Smith simply because they are overpowered with work and there are flocks of people whose plants have been inspected and reported on by Col. Ogilvie and who are, therefore, known first hand to the Department. This is like any other sales job. It requires a lot of time and patience but if Mr. Smith were able to devote that time and to handle the thing by personal interview there is no doubt that his services could be utilized when the right job comes along. I should think that the first man to communicate with would be Lieut. Col. G. Ogilvie, Director of Production. If Mr. Smith could send Col. Ogilvie photographs of his plant and

equipment and description, such as you have given me, Col. Ogilvie might be able to arrange for an inspection of the plant or might be willing to see Mr. Smith in Ottawa. Subsequently, or else at the same time, Mr. Smith could communicate with Mr. W. F. Drysdale, Director of Munitions and Gauges who is Mr. Lecky's immediate superior. Mr. Lecky is the one with whom I have had practically all my dealings in connection with our 6" shell contract. Other people handle ships and other people again handle guns.

I again stress that the job of getting ones self known to these people is not going to be an easy one and particularly it is not going to be possible to get very far unless one is prepared to spend time in Ottawa which I would think would be a pretty expensive selling job and might not be justified in view of the uncertainty of the ultimate outcome of the negotiation. Of course, if Gordon Chalmers or anyone else were to give a letter of recommendation it would probably do no harm. I think a couple of photographs and a tabulated list of equipment and a letter from a commercial man like Chalmers would at least put before the Board Mr. Smith's willingness to serve. If Mr. Smith thinks that sending his information over a covering letter from me would do him any good I would be ready to write Mr. Drysdale but would have to drop out of the negotiation once my covering letter had been written.

Yours very truly,



General Manager.

EW-S/EC



1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario,  
July 11th, 1940.

E. Winslow-Spragge, Esq.,  
General Manager,  
Canadian Ingersoll-Rand Co., Limited,  
New Birks Building,  
Montreal, Que.

Dear Mr. Spragge,

War Production.

The following is a summary of recent developments in the production of war supplies:-

June 8th.

Mr. King, Prime Minister of Canada, cabled to the Hon. Vincent Massey, High Commissioner for Canada in the United Kingdom, asking him to urge the British Government to make greater use of Canada's industrial capacity in the production of war supplies. Mr. King sent a similar cable direct to Mr. Churchill about the same time.

For further details, please see July number of "Industrial Canada," pages 123 to 126, inclusive.

June 10th.

The Hon. C. D. Howe, Minister of Munitions and Supply announced in the House of Commons the construction of two munitions plants with a combined capitalization of twenty million dollars, the expense of which was to be shared in one case by the Canadian and British Governments, and, in the other, by the Canadian and French Governments. Since that time, the British Government has assumed the former French Government's obligations.

June 13th.

Mr. Howe announced in the House of Commons that a shell-filling plant, costing a very large sum of money, was being built for the joint account of the Canadian and British Governments.

June 14th.

Mr. Howe announced in the House of Commons that the Government was organizing a new company to co-ordinate the filling of British and French contracts completed, or under way, or to be placed.



E. Winslow-Spragge, Esq.

June 17th.

On June 17th, Mr. Howe described in the House of Commons the functions of the Government-owned companies set up to,-

- (a) produce explosives,
- (b) control the distribution of machine tools,
- (c) manage and co-ordinate the government-owned and operated munitions plants, and
- (d) ensure a supply of certain raw materials coming from sources abroad, which might be liable to interruption.

June 21st.

Hon. Norman McLarty, Minister of Labour, stated in the House of Commons, that technical schools will offer special training to fit workers for "every portion of every industrial plant."

June 28th.

Mr. McLarty announced the appointment of the National Labour Supply Council. The purpose of this Council is to bring to the Minister of the Department advice from qualified representatives of labour and of industry upon all matters touching the supply of labour for war industries. The Council consists of five representatives of industrial employers and five representatives of industrial employees, with one alternate for each member. The representatives of the Canadian Manufacturers' Association are as follows:-

Representatives:

W. C. Coulter, past President, C. M. A., President,  
Coulter Copper & Brass Company, Toronto, Ontario.

C. N. Moisan, President,  
Standard Paper Box Company, Montreal, Que.

Alternates:

W. H. McIntyre, Vice-President,  
Ottawa Car & Aircraft Company, Ottawa, Ontario.

Louis Armstrong,  
Consolidated Paper Corporation, Montreal, Que.

July 1st.

Mr. Howe announced that the Department of Munitions and Supply will take over the work previously done by the British Supply Board in Canada and the United States, and will place orders direct for the British Government, as from July 1st. He also announced that the British Purchasing Commission in the United States, headed by Arthur B. Purvis, President, Canadian Industries, Limited, from this date, will assume complete control and authority, and will deal direct with the British Government instead of through the British Supply

E. Winslow-Spragge, Esq.

Board in Canada. He said that the major part of the personnel of the British Supply Board will remain in Canada and will be used by the Department of Munitions and Supply as technical assistants and to carry out inspections for British orders.

July 2nd.

Mr. Howe announced the establishment of the government-owned and controlled non-profit making organization, The Federal Aircraft, Limited, with headquarters in Montreal, for the purpose of co-ordinating the entire aircraft production throughout the Dominion and accelerating the output of the aviation industry.

The officers of the company are as follows:-

President,	R. B. Bell,	Director, Pickfords Black, Limited, Halifax and other companies.
Gen. Manager,	R. J. Moffett,	Chief Aeronautical Engineer of Canadian Vickers.
Treasurer,	F. J. Jeckel,	Montreal Manager of Hardy and Badden, Chartered Accountants.
Director,	Sidney Dawes,	President of the Atlas Construction Co., Montreal, Que.
Director,	Blair Gordon,	President, Dominion Textile Company.
Director,	Allan Aitken,	Price Bros. & Co., Director of National Life Assurance Company and other com- panies.

July 2nd.

The War Industries Control Board was authorized by Order-in-Council. The Board will consist of the controllers for various departments of industry under the Department of Munitions and Supply, each of which has wide powers to adjust and direct industry to wartime needs.

The members are:-

Hugh D. Scully,	Ottawa.	Steel Controller.
G. C. Bateman,	Toronto.	Controller of metals production.
H. R. MacMillan,	Vancouver.	Timber Controller.
George R. Cottrelle,	Toronto.	Oil Controller.

E. Winslow-Spragge, Esq.

July 3rd.

Mr. Howe announced the establishment of the government-owned and controlled non-profit making company, The Citadel Merchandising Company, Limited, Montreal. This Company is charged with the responsibility of expediting the production of machine tools and other equipment needed for war industries. In addition, the Company will procure from abroad machine tools not produced in Canada and will assist firms occupied with war orders to obtain adequate supplies of equipment.

The officers of the Company are:-

President,	Thomas Arnold,	Chairman, Manitoba Steel Foundries, Ltd.
Vice-President,	L. J. Belnap,	President, Consolidated Paper Corp., Ltd.
Director,	J. D. Johnson,	President, Canada Cement Co., Limited,
Director,	C. E. Gravel,	Director, Bell Telephone Co. of Canada.
Director,	F. K. Morrow,	Director, Ogilvie Flour Mills Co., Ltd.

July 8th.

The Prime Minister announced the organization of the government-owned and controlled non-profit making company, The Allied Supplies, Limited. He said that this Company will be concerned with the administration of the munitions and explosives programme undertaken on behalf of the British Government and of any joint British-Canadian development which may be assigned to do it.

The officers are:-

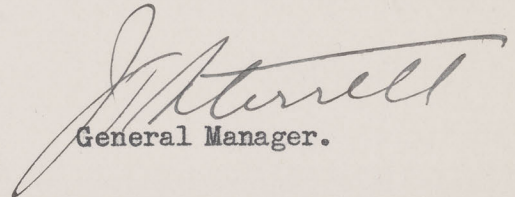
Chairman,	Hon. C. A. Dunning,	An ex-Minister of Finance in the federal government.
President,	Harold Crabtree,	Howard Smith Paper Co., Montréal (President, Canadian Manufacturers' Association).
Directors:	W. D. Black,	President, Otis-Fensom Elevator Co., Hamilton, (an ex-President of Canadian Manufacturers' Association).
	Beaudry Leman,	President and Managing Director of Banque Canadienne Nationale (Past President of Canadian Bankers' Association).
	J. Y. Murdock,	President of Noranda Mines, Ltd., and other companies.
	D. R. Turnbull,	Managing Director of Acadia Sugar Refinery Co., Ltd., Halifax, (Past President of Canadian Manufacturers' Association).

E. Winslow-Spragge, Esq.

Directors: (Continued) R. H. McMaster, President of Steel Company of  
Canada, Montreal.

E. A. Wilson, President and General Manager of  
Ingersoll Machine and Tool Co.,  
Limited, and Vice-President  
and General Manager, Morrow Screw  
and Nail Company, Ingersoll.

Yours faithfully,

  
General Manager.

JTS-S.

CANADIAN INGERSOLL-RAND COMPANY LIMITED



Office of  
CHIEF ENGINEER

SHERBROOKE July 24th, 1940.

Attention Mr. E. Winslow-Spragge.

File No. Sherbrooke General.

To General Manager - MONTREAL OFFICE -

Subject

*Enlistment  
Business  
Lois W.S.*

*Skellern*

*See SM's  
reply  
July 25  
attached  
W*

Dear Sir:-

As you know we have in the Engineering Department an exceptional amount of work which we are having to do. Our business is running at the maximum we have ever had and our inquiries for special machines entailing engineering propositions is running more than we have ever had. In addition to this our staff is being shot to pieces by enlistment. Those who have not already enlisted are very much upset, consequently any unnecessary work that is put on to us is just about reaching the stage of the straw that breaks the camel's back.

I want to draw to your attention particularly three items that have come up in the last couple of days.

Order C11-39. This order was all finished and in the shop with the proper motor pulley assigned to it and all squared away. Then next thing we hear is they decided to use a smaller motor which entails the use of a completely new drive, necessitating smaller belts, a different layout of base and resulted in the machine having to be shipped without any drive, and a terrible scramble around here to try and get a drive out to follow as expeditiously as possible.

Order C3-8104. Radio Valve Company. Please refer to Mr. McMeans' letter to Mr. Steele in connection with the holding up of this machine. I was responsible for holding it up as the order was not right. It called for a motor running at a speed other than that recommended in our data sheets. See the reverse of form DS-867 where it distinctly specifies that if a speed other than that indicated on the data sheet is to be used that special V belt drive

*Shell Order*

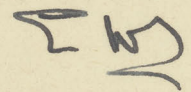
Montreal, Que., July 24th, 1940.

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

Dear Dan:- RE: Contract Respecting 130,000 - 6" Shell, Empty.

For your information we have received and filed in our records this morning copy of the above mentioned contract. This contract was executed on our behalf by the writer as First Vice-President and General Manager and by Mr. J. G. Campbell as Assistant Treasurer. These signatures were witnessed by Mr. F. G. Ferrabee, 16 Bellevue Avenue, Westmount, Que., on the 18th day of July 1940. The contract itself is as of 23rd day of February 1940. The reason we have recorded the date of signature is for the reason that there may be some things appearing in the contract which in the nature of things could not be complied with because they had already been consummated prior to date of signature and Mr. Mann felt that any possible misunderstanding from this cause would be eliminated by recording the date of signature and referring to it and its purpose in our covering letter.

Yours very truly,



First Vice-President.

EW-S/EG

*no shells*

September 24th, 1940.

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

Dear Dan:-

For your information we have been instructed to  
manufacture 70,000 additional 6" shell, making our total quantity  
on order 200,000 in place of 130,000.

Yours very truly,



First Vice-President.

EW-S/EC

WAR WORK OF THE CANADIAN MANUFACTURERS' ASSOCIATION.

A Report from the Executive Committee  
to the  
Executive Council, Canadian Manufacturers' Association,  
Montreal, September 27th, 1940.

The following is a brief survey of the principal work of the Association in connection with the war.

War Production -

At the meeting of the Executive Council, in Toronto, on September 16th, 1937, the Executive Committee drew attention to the development in Great Britain of "shadow factories" to carry on experimental and educational manufacturing of war materials and supplies. Since that time, the following are the principal successive steps in Association activities:-

- (a) At the Annual General Meeting in Toronto, in June, 1937, such subjects as air craft construction, the production of air craft engines, aeronautical design, and the advanced training of air craft personnel in Canadian universities, were given special attention.
- (b) At the Annual General Meeting in Ottawa, June, 1938, war production was discussed. The Minister of National Defence made a public statement on war supplies.
- (c) A special report of the Executive Committee to the Executive Council in Montreal, on November 23rd, 1938, described the organization of the manufacture of war supplies in Canada during the war of 1914-1918, and raised the question of dealing with war production in Canada either by a department of munitions and supply or in co-operation with a British Purchasing Mission. Several deputations visited the Government during 1938.
- (d) A Special Committee on National Defence was appointed on December 19th, 1938.
- (e) The Committee on National Defence compiled information regarding the available capacity of Canadian firms for making war materials and presented this to the Canadian and British governments.
- (f) After discussion at the Annual General Meeting in June, 1939, it was decided to make further recommendations to the Government and to send a Mission to the United Kingdom.
- (g) The Association's Mission visited the United Kingdom during the summer of 1939, and reported to the Dominion Government.
- (h) The British Mission arrived in Canada in September, 1939, and began purchasing through the War Supply Board, which also purchased for Canadian requirements.

Until the invasion of May 10th, 1940, governments of the allied countries appeared to be planning a long range and slowly accumulating, production of war materials. The defeat of Holland, Belgium and France changed the situation.

Arrangements had been under way for a special session on war production at the Annual General Meeting in Winnipeg, May 29th - 31st, 1940, and these were approved by the Executive Committee at a meeting in Toronto, on April 29th. Representatives of the Dominion Government and the British Supply Board had agreed to participate, but some were unable to attend owing to war developments.



The question of war production was discussed at the business sessions on May 30th and 31st, at the Annual General Meeting, Winnipeg, and as a result, a resolution was unanimously adopted and forwarded to the Prime Minister, requesting that he and his colleagues receive a representative delegation of members of the Association in Ottawa at the earliest possible date in order that the members might discuss with him the proposals contained in the resolution. Briefly, these proposals were that, although only a small fraction of Canadian industrial capacity had been utilized by the Canadian and British Governments for war purposes up to that date, there was a very large capacity immediately available for this work, and the Association advocated the mobilization of the entire personnel, skill, experience, equipment and resources of Canadian industry in order to comply with all requirements of the Canadian and British Governments.

The Prime Minister immediately replied that he would be glad to receive a delegation from the Association on Thursday, June 6th. On that date, a group of some thirty members of the Association, including the President, Chairman of the Committee on National Defence, First Vice-President, and the Treasurer, waited on the Prime Minister and eleven members of his Cabinet. Various points brought up in the Association's resolution were discussed at length and the Prime Minister stated that he would place the facts before the British Government through the Canadian High Commissioner in London. On June 8th, the Prime Minister sent a lengthy telegram to the Hon. Vincent Massey, setting out in full the Association's statements and suggestions concerning war production, and concluded his telegram by stating that the Canadian Government was of the opinion that Canadian plants might be utilized to a far greater extent as a source of supply for the allied governments.

The Department of Munitions and Supply has been greatly expanded since early in June, and at the present time, not only places orders for war materials for the Canadian Government, but also for the British Government. Some of the personnel of the British Mission has returned to the Old Country, and others have remained to advise and work with the Department of Munitions and Supply on matters pertaining to British Government orders.

The Government has also established a number of companies to co-ordinate various aspects of Canada's war effort. Allied War Supplies Corporation, headed by the President of this Association, supervises the administration of the munitions and explosives program undertaken on behalf of the British Government and of any joint British-Canadian developments which may be assigned to it. The Citadel Merchandising Company, headed by Mr. Thomas Arnold, is concerned with ensuring the supply of machine tools and other equipment essential to war industries. Federal Aircraft Limited, headed by Mr. R. P. Bell, has been organized to co-ordinate the output of all parts and to expedite the production of the Anson training aircraft. West Coast Industries, headed by Col. H. S. Tobin, acts as a clearing house for all British Columbia in negotiating war contracts for west coast metal working plants. The Canadian Government and British Government have set up in Canada a number of government-owned plants for the manufacture of specific war materials.

Members of this Association now occupy many important positions both in the Department of Munitions and Supply and in these various companies set up by the Government. A list of such members is set out in Appendix 1 to this report.

The following is a statement, in part, issued by the Director of Public Information, at Ottawa, on September 20th, 1940:-

" Something of the impact on Canadian industry of the operations of the Department of Munitions and Supply was revealed today when Hon. C. D. Howe, announced that to date more than 34,000 war orders had been placed with 4,400 Canadian firms. The total value of these orders exceeds \$325,000,000. Further orders to an amount of some \$20,000,000 are pending. The average value of the contracts placed to date by the Department and its predecessor purchasing bodies thus amounts to some \$9,600.

"The figure of total purchases does not include all of the amount being spent to build Government-owned plants to meet war needs. This is because speed

"is a prime requisite in War, and because the many intricate and minute details of such contracts often require weeks of preliminary study before they can be drafted adequately to meet the needs of the country. Thus the Department of Munitions and Supply initiates these projects rapidly by 'go-ahead' letters. On receipt of these letters Canadian manufacturers and contractors begin the work immediately. The project is not, however, included in the figure of contracts awarded until the formal contract is signed which in some instances, owing to the great amount of detail involved, may not be until some weeks later.

"Hence Canada's share in the extensive plant construction program now in progress finds little reflection in the total figure of contracts placed. Nor do these figures include the purchases of material - as opposed to capital expenditures - made through the Department of Munitions and Supply by the United Kingdom. If these purchases now amounting to over \$100,000,000 be included in the total, then purchases by the Canadian Department run to \$445,000,000.

"To be considered in conjunction with the foregoing figures are the expenditures and commitments for more than 100 new plants or plant extensions owned by, or being built for the British and Canadian governments. This program involves a sum exceeding \$225,000,000.

"Because the United Kingdom has been acquiring projects running into the tens of millions of dollars which were originally initiated by the Department of Munitions and Supply, no exact figure of the Canadian portion of this program is available. At the moment, it probably amounts to about 35 per cent of the total. Canada will purchase from Great Britain her requirements of the output of the plants which have been taken over by the U. K. authorities.

"Some of the latest additions to the Government-owned plant construction program include a \$6 million magnesium plant, and another shell filling plant costing in the neighbourhood of some \$8,000,000. The plans for the Alberta chemical plant have been extended in order to increase its output by 50 per cent. The cost of this undertaking has consequently been increased from \$10 million to about \$15 million. The Canadian government has a part interest in these plants.

"The plant construction program, a portion of which is completed, may be divided into the following classifications:-

<u>Type of plant</u>	<u>Approximate sum</u>
Explosives and chemicals	\$58,360,000
Armaments	66,930,000
Ammunitions and its components	30,730,000
Automotive	4,790,000
Base metals, aircraft, misc.	65,050,000
Total	<hr/> \$225,860,000

"The foregoing figures, however, represent only in part the effect of war on Canadian industry and business. Already the war demand has had its impact on the power industry where expansion, amounting to tens of millions of dollars, is in progress. Also, in addition to the plant financing undertaken by the Government, private interests have had to expand their plants in order to meet both civil and military needs."

#### National Registration -

On July 16, 1940, the Minister of National War Services wrote to the Association outlining tentative plans for National Registration and requested the co-operation of the Association in conducting this registration. The Association replied promising the Minister all possible assistance.

Immediately following the announcement, the Association received useful suggestions from members with a view to simplifying and speeding up registration. A number of members suggested that the most practical plan would be to provide facilities for the registration of factory workers within the plant and this suggestion was taken up with the authorities in Ottawa. As soon as the dates for National Registration, August 19th, 20th and 21st, were made public, the Association issued Circular No. 957, which was approved by the Department of National War Services before being sent to members. This circular gave details of plans for special registration in industrial plants. Further details respecting National Registration were conveyed to members by Circular No. 959 and 960.

On August 29th, the Minister of National War Services, Hon. J. G. Gardiner, wrote to the Association expressing his appreciation that so many manufacturers had arranged for the registration of their employees at plant registration booths, thus obviating any possible congestion which might have occurred in polling subdivisions. This letter was reproduced on page 70 of the September issue of "Industrial Canada."

#### Compulsory Military Training for Home Defence -

The National Resources Mobilization Act, 1940, provides for "the mobilization of all the effective resources of the nation, both human and material, for the purpose of the defence and security of Canada." The Department of National War Services was set up to assist in carrying out the purposes of the National Resources Mobilization Act, 1940, and the Hon. J. G. Gardiner, Minister of Agriculture, was appointed Minister of National War Services.

The Association maintained continuous close contact with the Department of National War Services and when the National War Services Regulations 1940 (Recruits) were completed, the Association immediately summarized and explained these to members in Circular No. 965, which was approved by the Department of National War Services. The Department furnished the Association with 4,000 copies of the regulations and a copy was sent to every member with Circular No. 967.

By proclamation, published in an Extra to the Canada Gazette, September 13th, 1940, unmarried men and childless widowers, 21 to 24 years of age as of July 1st, 1940, are instructed to make themselves ready for call for 30 days' military training. The first to be called will be the 21 year old class whose period of training will begin about October 9th, 1940. Sufficient of the 21 year old class will be called to provide the first quota of 29,750 men at the 39 training camps set up throughout Canada. The next quota will include the rest of the 21 year old class and, if necessary, some of the 22 year old class to make up the 29,750, and succeeding quotas will take in the older age brackets up to and including the 24 year old class. The Minister of National War Services stated it was unlikely that any calls would be made for the first year, beginning October, 1940, beyond the 24 year old class of unmarried men and childless widowers as these groups are expected to provide sufficient men to fill the eight 30-day training periods to be held during the year. Subsequently, on September 16, the Minister announced that it may be unnecessary at any time to go far beyond the single men of the 24 year old class to obtain a steady flow of recruits for Canada's compulsory military training program.

#### Labour Supply Problems -

Manufacturers have been anxious lest the scheme of compulsory military training should disrupt industrial staffs engaged in the production of war supplies. This matter has also been the concern of the National Labour Supply Council to which the Association nominated two members. Details of the action taken by the Association in this regard are described fully in the Report of the Industrial Relations Committee.

#### Foreign Exchange Control Board -

The Foreign Exchange Control Board was established by an Order-in-Council of September 15th, 1939, under the Chairmanship of Mr. Graham F. Towers, Governor of the Bank of Canada.

Immediately after its establishment, the Association established close contact with the Board and has maintained this ever since. As occasion arose, the Association has held meetings at which interested members could discuss the regulations of the Board and make representations to Ottawa when considered necessary. In addition, the Tariff Department has had a great amount of correspondence, and many telephone and personal discussions with members affected by the Board's regulations. From the inception of the Board, the Association has informed members by circulars of the various rulings and regulations. In all, the Tariff Committee has issued 5 circulars, Nos. 894, 896, 901, 902 and 928, all of which were approved by the Board. Circular No. 928 was a 37-page booklet consolidating the Board's rulings and regulations as they stood at the end of April, 1940.

#### Restriction of Imports -

Last December your Committee began to study the question of the restriction of imports as Canada was practically the only country in the British Empire which had not controlled importations. It seemed inevitable that Canada would soon have to follow the example of the United Kingdom, of other Empire countries and of some foreign countries and make some provision to continue the importation of products that are necessary, particularly for war purposes, to restrict the volume of imports of products which may be gradually replaced and prohibit the importation of products that can be done without. At the January meeting a sub-committee was appointed to take necessary action in consultation with the Tariff Committee.

In the Budget, June 24th, 1940, the following restrictive measures were announced:-

1. A War Exchange Tax of 10 per cent ad valorem was imposed on the value for duty purposes of all imports, free and dutiable, from non-Empire countries;
2. New and increased excise taxes have been imposed on certain products, both imported and domestic.

This is in addition to the 11 per cent exchange premium on imports from the United States.

In announcing the above changes in his Budget Speech, the Hon. Mr. Ralston made the following statement:-

"In addition to these two substantive measures of a fiscal character for conserving exchange the Government through the policies of the Department of Munitions and Supply and through the operation of Administrators appointed under the Wartime Prices and Trade Board, is also endeavouring to save foreign exchange in its own operations, and it may, from time to time, in respect of certain classes of civilian imports, take other measures of a non-fiscal character for the purpose of meeting this vital need as circumstances seem to require."

Subsequently, in the discussion of the Budget changes in Committee of Ways and Means, Mr. Ilesley, the present Minister of Finance, reiterated Mr. Ralston's remarks that it might be necessary to introduce measures of a non-fiscal character for restricting imports to a greater extent.

#### Assistance with Export Trade -

Since the outbreak of war, the activities of the Tariff Department and the Commercial Intelligence Department have changed to a considerable extent.

The Tariff Department has kept members posted on such matters as prohibited exports, trading with the enemy, enemy traders in neutral countries, import restrictions in other countries, especially the United Kingdom, Australia, New Zealand and the Colonial Empire, the United States Neutrality Act, navicerts, and has issued some 25 circulars dealing with these topics.

Immediately on the declaration of war, the United Kingdom adopted import restrictions whereby the importation of many classes of goods were made subject to import licensing, and from time to time has tightened these restrictions. Members have been kept advised of these changes either by circular or through the pages of "Industrial Canada." The Association has made representations to the Canadian Government in regard to these restrictions and has assisted many members in their individual representations. However, the Government of the United Kingdom has decided that the increasing difficulties following the invasion of the Low Countries and the collapse of France, have made it necessary to further restrict importations, except those of the most essential nature. The present policy of the United Kingdom with respect to importations, as explained by the Rt. Hon. Arthur Greenwood, M. P., Minister Without Portfolio, was set forth on pages 54 and 55 of the September 1940 issue of "Industrial Canada."

The Governments of the Crown Colonies followed the example of the United Kingdom in regulating imports from non-sterling countries, including Canada, and some Colonies which have a very large favourable trade balance with Canada, greatly reduced their purchases of manufactured goods from this country. The Association from time to time made representations on this matter to the Dominion Government urging the necessity of Canadian manufacturers being permitted to retain established connections for their products in the Colonies. In turn, the Government of Canada took these matters up with the Government of the United Kingdom and the import restrictions in some parts of the Empire, especially the British West Indies, have been relaxed to a considerable extent in Canada's favour. In general, it may be said that most Colonies of the British West Indies are now treating imports from Canada on the same basis as imports from the United Kingdom, and most other parts of the British Empire. Circular No. 918 reported this change of policy to the members of the Association.

The dislocation of former sources of supply gave rise to numerous inquiries from manufacturers, and the Commercial Intelligence Department has been engaged in locating Canadian firms interested and assisting many overseas buyers who have been here in the last year. Many manufacturers who have never exported before have been furnished with information on specific points of export procedure.

In the first month of the war, the Commercial Intelligence Committee made investigations as to how British and Canadian industries might co-operate to protect export markets so that British manufacturers might have a second line of defence in Canada in case of necessity brought about by the conservation of raw materials, possibility of destruction of plants at home, uncertainty of shipping and excess demands abroad. The survey was submitted to Sir Andrew Duncan, President of the Board of Trade, who passed it on to the United Kingdom Export Council. At the present time, a number of Canadian firms are manufacturing goods for export in the name of United Kingdom companies. Circulars Nos. 908 and 929 gave members details of this plan.

#### Excess Profits Tax, Income Tax and National Defence Tax -

For the past year, a main concern of the Legal Department has been with the new taxes necessitated by Canada's participation in the war, the Excess Profits Tax, the increased Income Tax and the National Defence Tax. At the Special War Session of Parliament held in September of last year, an excess profits tax was imposed, which was to be calculated either on the profits in excess of a certain percentage of capital employed or at the rate of fifty per cent of the amount by which the annual profits exceed the average profits for the years from 1936 to 1939. The Association, along with other organizations, criticized this Act providing for the tax and at the last Session it was substantially revised. The alternative based on capital employed has been abolished and the excess profits tax is now to be calculated at the rate of seventy-five per cent of the excess over the same four-year average as before, with, however, a Board of Referees having power to fix an arbitrary standard of profits in cases in which the four-year average would give unfair results.

Since the war began, the ordinary tax rate on corporate incomes has been raised from fifteen to eighteen per cent. and a so-called national defence tax of two or three per cent. has been imposed on all incomes of individuals in excess of



1404 Montreal Trust Building,  
67 Yonge Street,  
Toronto 2, Ontario,  
October 18th, 1940.

E. Winslow-Spragge, Esq.,  
Vice-President and General Manager,  
Canadian Ingersoll-Rand Co., Limited,  
New Birks Bldg.,  
Montreal, Que.

Dear Mr. Spragge:-

I am enclosing copy of the text of an address  
which is to be delivered tonight by Air Marshall W. A.  
Bishop, V. C., in Montreal. I thought it would be interest-  
ing to you partly as it shows the contrast between conditions  
now and those existing when our Mission was in England.

Yours faithfully,

*J. Sturtevant*  
General Manager.

JTS-S.

ROYAL CANADIAN AIR FORCE

Public Relations

Release No. 277

Immediate

Note to editors:--

This is the text of an address to be delivered by Air Marshal W. A. Bishop, V. C., before a dinner meeting of Service Clubs in Montreal, and which will be broadcast over a National Network of the Canadian Broadcasting Corporation, from 9:00 to 9:30 p.m. Friday, October 18, 1940.

I welcome the opportunity to speak to this audience tonight and, through the radio, to the people of Canada, so soon after my return from a short and flying visit to England.

When I say "flying visit", I must admit that when I made the decision to fly the ocean it came back vividly to my mind that every New Year's Eve for the last twenty years my New Year's resolutions have always been two that I knew I would be able to keep - one, not to swim the English Channel - second, not to fly the Atlantic.

Being Irish, I have to admit that when it came to deciding to break one of these resolutions I had a few qualms. However, I have no intention, especially now, of breaking the first one.

The actual flight across the ocean was uneventful. We had a short stop in Newfoundland and a very good meal, then late in the afternoon took off for the Irish Coast. A strong wind was following us and far below through the broken clouds I could see great heavy rollers moving across the waters.

The trip was smooth, the only real discomfort being that it was very cold. Our ship was stripped of everything but essentials, but we all managed to sleep most of the way.

On landing in Ireland I went for a short walk through the country lanes to stretch my legs, and came across a delightful Irish policeman. I asked him if he had heard any news of what happened in London the night before. "Sure," he said, "They bombed London all night long. There were some people killed, but I don't think there was any harm done."

I had undertaken the trip to England to see amongst other things exactly how the civilian population was taking the terrific hammering of the aerial blitzkrieg. Immediately on landing I found exactly what I had expected - a cheerful, determined attitude in the midst of a vicious and sustained attack.

I learned that where we landed a lone raider had come over and dropped a few bombs half an hour before. I spoke to people whose homes were right on the coast, and one of them drove me up to London in a motor car, by coincidence the same lady who drove me several times during the last war.

She lived right on the coast and her only desire seemed to be that if Hitler did attempt an invasion, he would choose her particular bit of coast for his venture.

As she said: "We are ready and waiting for him. He don't half know what we'll do to him!"

The British people in fact are almost praying for an attempted invasion.

As I drove into London I must admit to a certain nervousness. It was a lovely clear-sky evening. As my driver explained, there were bound to be some beautiful raids that night. Incidentally, she was right.

In London, by Hammersmith, I found a great traffic jam and she said to me: "If only there would be an air raid warning now, wouldn't it be lovely because all this traffic would disappear and we could get to your hotel in no time." That attitude is typical of everyone to whom I spoke.

Throughout the whole of my visit I saw many and repeated raids, and discussed the war with dozens and dozens of people whose places had been bombed and often completely destroyed. They were all cheerful. They were all carrying on. They were all anxious to know what we felt about them in Canada. And in their minds was one thought, that confident in the knowledge that full-hearted support and help was coming from the sister nations, they would hold on with the sternest determination regardless of whatever hardships and frightfulness might lie ahead.

From the papers and magazines one sees, London appears to be in ruins. That is of course very far from being the case. Everywhere you go in every section of London you will find houses destroyed, buildings blown up and debris, but they are all isolated. One house, one building, may have been blown up by a bomb but the buildings next door to it - actually attached to it - are practically undamaged except that everywhere broken windows are in evidence.

On my first night there I had an interesting experience. I hired a taxi, the driver of which told me he didn't mind being out in the raids, and drove to a friend's house. It is amazing how these taxi drivers can drive about in the dark. We drove up to this house in a district that I know well but I had no idea at all where we were.

As we drove up, the door was opened and the butler hurried us inside but just as we were blinking in the glare of the light of the hallway there was a crash and a piece of one of our shells came through the skylight and at the same moment all the lights went out. Quietly and without any fuss, candles and lanterns were lit and I found out that these are available everywhere you go and nobody seemed to take any notice of it.

Two nights before I left I was again in the same house, also listening to a tremendous barrage and discussing the peculiar fact that it did not worry us nor did it seem to worry anybody else. Suddenly above the noise of the guns I heard the high whine of a bomb coming down and said to my host, Mr. Jack Bickell, "Here she comes." We waited a matter of a few seconds - it seemed many, many minutes - and there was a terrific crunch, the whole house shook and a table beside me was knocked over with a crash, and then complete silence. We knew that it landed very close--actually we found that a stick of five bombs had been dropped about fifty yards away and several of the nearest houses completely demolished.

The roar of the guns was tremendous, particularly to anyone living near one of the large parks, but the extraordinary thing was that it didn't disturb one's sleep very much. I found the most annoying thing was the droning of the German engines. A lone raider would be flying around in the dark, having his engine and propellor so fixed as to make the greatest possible noise and without a doubt trying to keep people awake. You would lie in bed and you would hear him coming nearer and nearer and then suddenly the guns nearest you would open fire and you would feel that you wished he would hurry up and drop whatever he was going to, no matter where. It was rather like waiting for the man on the floor above to drop the other shoe. Sometimes when they did drop, however, it wasn't quite so pleasant.

All these things sound terrifying but to those on the spot it is not so. Life goes on very much the same. People are quite enured to the raid warning. Those who have business to do which takes them into the streets carry on. There is, of course, a general slowing up of speed and volume of work achieved. That is inevitable. But to picture London life as completely dislocated and with everybody spending twenty-four hours a day in air raid shelters is a complete misreading of the situation. The majority of the people are going about their business calmly and determinedly.



One time, in the middle of the night, there was such a terrific bang that I thought my hotel must have been hit. In the morning I walked down Bond Street to find dozens of policemen and others brushing up glass. For several blocks all the plate glass had been blown out of the windows and already, in the early morning, they were sweeping it up into neat little piles. There was no glass in the shop windows. As I walked down I stopped and talked to sales people through the windows and bought some articles. They were all cheerful and laughing - laughing at the fact that no matter what damage was done they were still carrying on and laughing at danger as only that race does when it is right in the middle of it - all determined to make the best of things no matter what comes.

It seemed to me that I constantly found the thought: "Well, this is bad enough but we will probably get much worse before it is over and we are ready to take it." It is only outside that fortress island that doubt ever arises - "Can England hold out?" There is no such doubt in the mind of anyone there.

The news they want to hear day by day is not how much they have been damaged but what damage they have done to the enemy. All they ask is that he be given two blows for every one they get. And today, with the air war as it is, that is exactly what is happening.

One of the enemy's latest devices which does cause a great deal of damage is the aerial mine, which is a huge contraption eight feet in length and carrying 2,000 pounds of explosive. It is dropped with a parachute attached which brings it slowly to earth and, therefore, when it explodes does not penetrate deep into the ground like the ordinary bomb. From it there are not many flying splinters but the blast value is much greater, and houses and windows are shattered for great distances.

These do not always work out perfectly, however.

At a certain Air Force Headquarters I was visiting one morning they showed me a brick garden wall from which had just been removed one of these mines. The wall was beside a beautiful, very high tree and the parachute had caught on the tree and suspended the mine only a few feet from the ground against the wall, so of course the right people were sent for and in the right time the mine was quietly taken away, and that was that.

Precautions against invasion are beyond belief. Every possible place where aeroplanes could land is filled with high obstacles; roads are blocked by steel and concrete and machine gun nests. Everything is ready for them and, as I said before, everyone is eagerly awaiting the so-called invasion. But what strikes one most in trying to get from one part of the country to another in a motor car is that no maps are available; and there are no signs at all, not even on railway stations. Everything has been removed that would give any indication to anyone where they are.

I had the most hopeless afternoon trying to get across country from the west of London. About every half mile I would stop and try to find from somebody the road to such and such a place and invariably the answer would be: "I don't know; I am a stranger here myself." In many cases it was probable they were. But other people would deliberately give me the wrong direction. Even I might be a Fifth Columnist. They take no chances.

At a fork on a main road where I was puzzled, I went into a pub standing beside the road to inquire my way. The proprietor told me that he didn't know which was the right road; he had only been there six weeks and he had not been outside the door. I asked his wife if she knew and she said she did not; also the barman whom by pure chance I saw. The reply was the same. At last I found my way myself and learned later that those people had been living in that part for forty years.

During my visit over there I was called to Downing Street for a chat with Mr. Churchill, whom I knew very well in less troublous times. Suffice it to say that I found him exactly as one pictures him when listening to his inspiring broadcasts - strong, fearless and determined - the stern, courageous, unflinching leader of his people - nay more, the leader of all there is left of freedom in the world today. Great crises in England have produced great men. The threat of Napoleon gave her Pitt. The menace of Hitlerism gave us Winston Churchill.

I also had the honour of a three quarters of an hour audience with the King, and let me say here that every person that I met in England is full of the most profound admiration for both Their Majesties. Their work has been tireless. They are a constant inspiration to their people. The anger at the bombing of Buckingham Palace is tremendous.

My audience with the King was in the same room in which he sat during the last raid on the Palace. He explained to me what happened. A bomb burst first of all in front of the Palace, then the second one in the Inner Court. Hearing the first, he was looking out the window when the second one burst on the opposite side of the Court to his room. He pointed out to me from the same window the men still repairing the damage that was done.

Naturally I spent as much time as possible with our Royal Canadian Air Force over there. They have established wonderful reputations. No 1 Fighter Squadron has been used for some time as a shock troop squadron, and they have well deserved that honour. On all hands I heard the highest praise of them. The Officers I found in very good spirits, very serious and determined but optimistic and full of confidence - delighted on all occasions to engage the enemy wherever they could find him.

During some of my days in London, there were heavy raids and with a clear sky I was able to watch a number of fights in the air - much quicker and faster than in my old days but the same tactics, the same manoeuvres, the same dash and verve. A modern fight in the air reminds one rather of a very exciting attack on goal in a fast hockey game - machines darting in and out at incredible speed.

So I have come back having seen the people of this great nation fighting for very life over their own soil, determined that not one inch of that beloved land shall ever belong to an invader.

They are counting on us. They are holding on, knowing that the fullest support in every possible way will come from us to them. To them the picture is that the Empire is on the march. They know that we are with them through and through

They count on our pilots and aircrews to help them hold that land, and they know that in our schools in Canada, on our spreading air fields is the spirit of boundless vitality, of unquenchable eagerness not to be left out of the great fight for a great cause.

A quarter of a century ago it was the privilege of many of us to go to Britain to help in a great conflict, to do our humble best towards victory. Today we are again in the heart of a still greater conflict, and having so recently seen them in action, it is with the most intense admiration, with the most profound pride that I salute the matchless splendor of our young airmen of today - who through challenge and combat hold grimly and relentlessly the captaincy of the clouds that roll over Britain.

Twenty-five years ago we had difficult and unequal fighting in the skies, but twenty-two years ago we drove the pirate Huns out of the skies of Europe. We did it then and we will do it again.

May I repeat myself - the Empire is on the march. We are all together, and as the months roll by trained pilots and aircrews in their thousands will proceed to the other side to do once again what their forbears did before - blaze the trail of combat and of conquest with Britain -- beside her -- fighting together until the last Messerschmitt fades away and the sound of Dorniers and Heinkels is no longer heard in the land.

The British Commonwealth Air Training Plan is a great success. It was a great conception that will be a magnificent contribution to ultimate victory. A steady flow of pilots, air observers, wireless operators, air gunners has already begun its course from Canada to the other side. That stream of reinforcements, all splendidly trained, will increase from week to week.

It is my definite and sincere belief that the results of this Empire Air Training Plan may well prove to be the most vital factor in our victory. There is no question in my mind -- Germany will not be able to produce the quality of air personnel capable of meeting without defeat such as we will send forth.

Hitler is at last confronted with a force and with a people that relies upon the staunch spirit of men and women who will fight and die for a just cause; who value their freedom more than anything else. They believe with Pericles that "Happiness is freedom and freedom is courage."

The role that once belonged alone to the Mother of our Empire now belongs to all the Empire. The heavy load of responsibility now falls upon the Commonwealth of democratic peoples. The tasks ahead may be hard and heavy -- they most definitely will be. Today the encouragement -- the inspiration -- and the fullest effort of all the Empire must be given without stint to the Mother of us all.

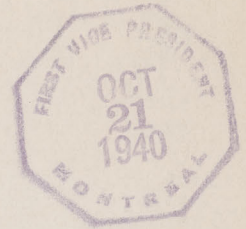
"One who never turned her back,  
But marched breast forward."

They, our kith and kin, are indeed veritable sleepless sentinels upon the furthest frontiers of freedom.

I say to you in the greatest sincerity, without reservations of any kind, that as a result of what I have seen I am still further convinced that England shall stand -- and the Empire will in future -- after these times of travail -- be a greater -- more vital -- more decisive factor in world history than it ever has before.

---

Dominion of Canada  
SECOND WAR LOAN



BANK OF CANADA,  
OTTAWA

October 18th, 1940.

E. Winslow-Spragge, Esq.,  
First Vice-President,  
Canadian Ingersoll-Rand Company, Ltd.,  
620 Cathcart Street, Montreal, Quebec.

Dear Mr. Winslow-Spragge,

The Minister of Finance has asked me to extend to you his sincere thanks for the support you gave the Second War Loan. It was largely due to the encouraging and generous leadership provided by National Subscribers that the impressive total of \$342,247,100. was achieved.

May I add to the Minister's thanks my own deep appreciation for your help in bringing this campaign to a successful conclusion.

Yours very truly,

*W*

Chairman  
National Subscription Committee.

*noted  
dk*

November 15th, 1940.

Mr. John Langdon,  
Eastern Editor,  
Financial Post,  
Dominion Square Building,  
Montreal, Que.

Dear Mr. Langdon:-

I have your letter of November 13th and will answer the last paragraph first.

Unfortunately, in my present position, I cannot permit my name to be used. I am, however, glad to give you my views with the understanding that you will treat what I say as completely confidential.

From the standpoint of getting on with the job, I believe you are right in endeavouring to have an entirely disinterested autocrat at the head of the War Supply Board. In the last war as far as this feature of it was concerned, we were fortunate in having a benevolent despot in the form of General Alec. Bertram to lead us into the job followed by a more strenuous and experienced autocrat in the form of Sir Joseph Flavelle to organize the enlarged program and to ensure economy.

In the present instance the lack of a man to make quick and final decisions during the early stages was distressing and I for one was relieved when Mr. C. D. Howe moved his office and undertook to specialize on War Supply Department work. I have seen no evidence that political considerations have influenced Mr. C. D. Howe's work in the placing of orders between then and now. I realize, as you say, that there may be a possibility of embarrassment in this direction and I also confess that I am not in a position to know what is going on or to judge how much real difficulty can be ascribed to the present set-up. It should be remembered that there are bad features as well as good features to every set-up and more often than not it is the man himself rather than the set-up which governs the success of an operation. A relatively few disappointed bidders can make a lot of noise and their real or fancied grievances should be taken under great reserve and studied with extreme caution before we are justified in demanding a change of method.

I knew Mr. Howe as a consulting engineer but at no time have I seen him or come directly in contact with him in connection with our company's war supply business. This may possibly be a fault or on the other hand may be a measure of his success in delegating work to others. I confess

Page two

that in the last war it was a comfort to have direct contacts and I probably saw General Bertram and Sir Joseph Flavelle and his assistant, Mr. Edward Fitzgerald, about once a month and every one was conscious of their active presence in directing the affairs of the purchasing body. If I knew a better man and felt confident of my knowledge, I would be more impressed with the wisdom of asking for a change because I do not think that a mere change of title would necessarily produce any result. There are many who, like Mr. Wallace Campbell and a number of others, have carried on the affairs of a single company with what appears to be marked success but it does not follow that the same man could step in or step up to the position of Chairman of the War Supply Board with equal success. The head of an industry may be only the peak of a broad pyramid of workers and when he is removed from that pyramid, which was developed through long years of growth, he may be quite unable to function in his usual efficient manner.

I am intensely interested in two or three points connected with our War effort -

- 1st. Having some one in charge of the procurement of equipment and particularly of mechanical equipment with sufficient judgment, authority and determination to command the respect -
  - (a) of those with whom business is being placed.
  - (b) of those heads of government departments whose arbitrary regulations sometimes hinder the placing and the carrying out of contracts in the most expedient manner.
  - (c) of those representatives of official groups for whom the equipment is being purchased.

This final group is not less important than the other two and includes the Inspecting Officers of the consuming group and who came under Sir Joseph Flavelle in the previous set-up but who do not, as I understand it, come under the head of the department in the present set-up and yet are in just as much need of frank consultation and guidance with the aid of qualified experts as any other division.

There seem to be more well intentioned Controllers attempting to function in this war and each controller does not appear to have a full realization of the amount of prodding and controlling that is being inflicted on industry by the other numerous controlling bodies. The head of the Supply Division should be able to recognize when such controls begin to defeat their own object and should have the capacity of freely entering the precincts of the Finance Department and associated departments.

Page three

I know of things that are increasing Canadian costs and decreasing Canadian production to a serious extent and yet it is impossible to find a means of getting these faults eliminated without appearing to talk from a standpoint of self interest. If you have a man of sufficiently broad gauge and determined character to fill the need which your articles describe, it would be extremely important to discuss the suggested name with enough people to bring out the pros and cons.

As I said in the beginning, after the experience of Mr. Wallace Campbell no good man would take the job except with full authority such as I understand was demanded and obtained in the case of Sir Joseph Flavelle. If you have such a good man with full authority it will make little or no difference what title or position he holds so long as he and every one knows him as the undisputed head of the Purchasing Board in all its ramifications.

I would not dream of backing your plan or any other plan involving a change at this time unless I had the fullest possible knowledge and confidence in the man proposed for the job.

I should be very glad if any of the above comments are found helpful.

Yours very truly,

EW-S/EC

Royal Commission on Dominion-Provincial  
Relations Report  
1940

3.

2. THE EXCESS PROFITS TAX ACT.

It will be recalled that when the Excess Profits Tax Act was passed in September, 1939, the Association made strong representations that unless it was drastically amended, great hardship would result to many taxpayers, particularly, by reason of the fact that the "standard profits" were to be the profits of the years 1936 to 1939, both inclusive, without any allowance being made for abnormal circumstances. As a result of the representations made by the Association, and other interested bodies, the Act passed a year ago was amended at the recent session of Parliament, to provide for the setting up of a Board of Referees, with power to take into account the fact that particular industries had no profits, or were depressed during the standard period. Your Committee has been advised by the Commissioner of Income Tax that the Board of Referees is to be set up at an early date, and that immediately thereafter taxpayers will be able to apply to have the question of the fixing of their standard profits referred to the Board of Referees.

There are, however, a number of points on which the new Excess Profits Tax Act is by no means clear, or otherwise open to criticism, particularly in connection with the definition of "capital", and your Committee has appointed a Sub-Committee to make a close study of it, and bring in a report at an early date.

3. WAR CONTRACTS DEPRECIATION BOARD.

As members of the Council will be aware, from the Association's circular, a War Contracts Depreciation Board has



been set up under the Chairmanship of Mr. Justice McTague of the Supreme Court of Ontario, to investigate the circumstances surrounding any war contract, in particular, the amount of the capital expenditure incurred in order to perform the contract and the extent to which such capital disbursements have no reasonable post war value, and to recommend the amount of such capital expenditures upon which special depreciation should be allowed for income tax purposes and at what rate it should be allowed.

This is the method which the Departments of National Revenue and Munitions and Supply have adopted to solve a problem which the Association has put before the Government on a number of occasions since the outbreak of war, both by correspondence and by interviews with the Departments concerned.

Your Committee has been in touch with the new Board and understands that its intention is to allow manufacturers the greatest possible latitude in the writing off of the cost of plant and equipment built or acquired in order to fulfil war orders.

#### 4. NATIONAL DEFENCE TAX.

At a meeting of your Committee held immediately after the National Defence Tax was brought down, it was decided to urge the Government that it should seriously consider changing the tax as brought down to a blanket deduction of 2 per cent from total payroll, leaving the employee to claim at the end of the year a refund of whatever amount he might be entitled to by reason of his wage scale, his married status or his dependents. Such a change, it was urged, would at one stroke do away with all the innumerable difficulties created by the tax, as brought down, in so far as

5.

the employer and employee were concerned, while as regards the Government, the difference between the work involved in administering a blanket deduction from payroll and administering the present tax would be inconsiderable. Among other advantages, it was urged that it would be unnecessary if the tax were changed to a blanket deduction from payroll for the Government to compensate the employer for his trouble in collecting the tax, as the Budget Speech announced would be done. As members of Council will know, these representations were not successful.

As regards the administration of the National Defence Tax, your Committee has had a good deal of negotiation with the Commissioner of Income Tax, particularly on the question whether the employer in deciding whether the tax should be deducted, should take into account only basic wages as distinguished from overtime and bonus, or should make the deduction in every case where the total payment to the employee in question, including overtime and bonus, exceeds \$11.54 per week, in the case of a single employee, and \$23.08 in the case of a married employee. The Commissioner, in the National Defence Tax pamphlet of administrative rulings, recently issued, has stated that only basic wages should be looked at in determining whether the deduction should be made but he has agreed if employers find the other method more satisfactory, there is no objection to their following it.

All of which is respectfully submitted,

H.K. THOMPSON,

Chairman.

Mr. Winslow

MANUFACTURING OPERATIONS FOR 18 PR. SHRAPNEL.

- 2 Layout & Cut to Length.
- 3 Rough Turn.
- 4 Turn & Face Base.
- 5 Bore for Magazine.
- 6 Cut groove & Waves.
- 7 Oil Harden.
- 7A Temper
- 9 Bottle
- 10 Sand Blast.
- 11 Bore- Turn & Thread Nose.
- 12 Re-Tap Nose.
- 13 Grind Body.
- 14 Grind Nose.
- 14A File Radii on groove & fix up for inspection.
- 15 Nick Waves.
- 16 Press on Copper Band.
- 17 Turn Copper Band.  
(Loosen Disc- Clean- Stamp- put in tin cup & tube.  
(  
(Put in bullets & weigh  
(  
(Put in resin & weigh.  
(  
(Put in socket.
- 22 Solder, Resolder & fix for inspection.
- 23 Turn & Face socket
- 24 Ream central tube & fit cap.
- 26 Paint.
- 27 Box.

*Inspected 38  
4*

# Quebec Division

## Joint Annual Meeting Held at Montreal

Members of Quebec Division and Montreal Branch Hear Instructive Reports on Year's Work

FOLLOWING the usual procedure, the annual meetings of the Quebec Division and Montreal Branch were held concurrently on May 12, in the Board Room of the Association, University Tower Building, Montreal.

The joint meeting was featured by the addresses of the retiring chairmen of the Division and Branch, respectively, E. Winslow-Spragge and F. P. L. Lane, and the report of the Division Secretary, which contained a comprehensive record of the

work accomplished during the past year.

H. R. Wake, Aluminum Co. of Canada, Limited, succeeded E. Winslow-Spragge as chairman of the Division, while C. N. Moisan, Standard Paper Box Limited, was elected chairman of Montreal Branch, succeeding F. P. L. Lane. Mr. Lane became vice-chairman of the Division and James Young, Canadian Pratt & Whitney Aircraft Co. Limited, vice-chairman of the Montreal Branch. (For complete list of officers and committees elected see page 92.)

### Address of Retiring Chairman

E. Winslow-Spragge

WE ARE gathered together today at a historic time. As I speak our King and Queen have entered North American waters for the first time.

May their visit be a happy and successful one for they come to us in response to the duty they have so splendidly undertaken to preserve the unity of our Empire and to maintain the rights and privileges under which we live. We hope to outdo ourselves in the warmth of our welcome and I believe this warmth will be equally in evidence when they visit the lands of our great cousin to the South.

The retiring chairman, I am told, is expected to make a review of the more important things coming under his observation during his term of office. So much has happened during the past year that it would be impossible to give anything in the nature of a complete review, but perhaps I can touch briefly on some matters of interest to our members in this province.

It is a generally recognized fact that business thrives on confidence and is disturbed and harmed by uncertainty. Therefore, old and long-established rules and customs should not be lightly set aside if we are to enjoy the prosperity for which we are all striving.

As is usual, much of the Association's work this year has had to do with legislation, and in trying to make our proper contribution toward good legislation we could not fail to observe some tendencies, which, while no doubt they were prompted by good intentions, nevertheless impressed us as being disturbing to that confidence and feeling of reasonable security on which so much of our business progress depends.

I refer particularly to the passing over of the prerogative of Parliament and the substitution in its place of government by order-in-council. It does not appear that the ordinary member of the Provincial Legislature holds anything like the important place he did even a few years ago,

when government was very largely carried on during the session by Parliament. Today, cabinets, by order-in-council, deal with many of the very important phases of the governing of the people.

You will note that in many of the bills passed at the last session, and they are important bills, tremendously wide discretionary powers are placed in the hands of the Lieutenant-Governor-in-Council. One outstanding example was the last-minute amendment to the corporation tax, which gave the Lieutenant-Governor-in-Council power to increase or to decrease the taxes set out in the new Act. As a matter of actual practice this is almost tantamount to there being no Act at all, as the Governor-in-Council, under these wide powers, may vary so greatly the most vital feature of the Act.

The same thing was evident in the Act to amend the Fair Wage Act, which placed in the hands of the government commission appointed to enforce the Act, powers to make decisions and rulings having retroactive effect, that is to say having effect from a date prior to the passing of a given ordinance. The cumulative effect of such uncertainties is undoubtedly one of the factors contributing to the delay in the upward progress of business.

There were other similar instances during the past session where, apparently in an effort to provide elasticity, there have been what we regard as undue delegation of the prerogatives of Parliament.

For business to regain its proper confidence and enthusiasm I feel that these various Acts should be given such mature and careful consideration that considerably less discretionary power could be exercised after an Act becomes law. When an Act is drafted, it is essential to business that its terms be specifically set down so that every citizen affected may know what was intended by Parliament and can tell within close limits the manner in which the law is likely to be applied.

There is one other similar matter with which I would like to deal, and that is the growing practice of the Government of bringing down important legislation in the dying days of the session, and rushing it through before those directly affected have an opportunity of studying the clauses, and intimating to their representatives in Parliament their reactions, and offering in a practical way explanations as to how the clauses will affect them and their economic well being. There was a serious rush of bills in the last few days of the session of the Legislature just closed. Many of the bills were extremely important, such as that dealing with the corporation tax and also the bill setting up a commission to control matters of transportation in the Province of Quebec. I still believe that valuable advice can and should be contributed on measures of this kind by practical businessmen, and I venture to hope that such counsel will be more and more sought after and welcomed as time goes on.

Important bills are too often introduced, and before those affected have had an opportunity even to read the text, they become law. We sincerely urge, therefore, that the practice in this respect be improved and if we in the industrial field feel strongly on this point it is only because we believe the effect is harmful to business, and therefore harmful to employment and to the best interests of the province.

Notwithstanding the fact that there are some features of our current parliamentary methods which we believe can be improved, I want to express our sincere appreciation of the promptness and unflinching courtesy with which our delegates have been received by the Prime Minister and other members of the Government and also by Judge Roy and his associates on the Fair Wage Board. It is our earnest hope that the good understandings which have been developed may be still further continued and improved in the future.

I cannot close these remarks without some reference to the matter of employment. No school nor educational institution nor government body can substitute for the employer himself in opening the gate and giving to the new wage earner his chance of learning to become economically self-sustaining. I feel that greater co-operative efforts in this respect are long overdue.

If, for example, instead of leaving it to chance or leaving it to the Government, an association of employers with its own employment organization would set out to break the blockade by agreeing to take on

Cdn Manufacturing Ass.

C.M.A.  
June 1939

for a one-year period at normal pay— (each employer to take his proportionate number per annum) I feel that with this one year's experience and the capital so earned such enterprise would be engendered in these new workers which ultimately would result in starting so many new things that in a few years the present stalemate would have disappeared. Business would prosper and labour shortage would develop. I feel it is purely accidental that Canada is today supporting a population of 11,000,000. The country would have no greater and no less difficulty in providing a living for either 5,000,000 or for 25,000,000 of population. I feel it is purely a question of enterprise or the lack of it and that if the employment gates were opened to new men as they come along, through an agreed policy and with organized planning and with a year's work to provide actual experience and confidence in themselves—that the undoubted opportunities for developing the country on a far larger scale would be grasped by the younger element and the country started on a new road to prosperity.

We will never get anywhere by allowing each of us old hands to remain so fixed in his groove that thousands of active minds are given so poor a start that, instead of promoting activity and enterprise which old heads cannot effectively supply, we break the spirit of our most potentially valuable people and by our own lack of planning we put them on the dole. I do hope that before long, the Manufacturers' Association and other associations of employers

will take constructive action in the matter. In closing I should like to express my appreciation of the co-operation which I have received during the past year from the members of the Executive Committees of the Quebec Division and of the Montreal Branch and from the members of the various standing committees. And in particular I want to refer to the unfailing helpfulness and courtesy of our permanent staff. I am sorry that my own time was so

much taken up that I did not get nearly as much done for the Division as I would have liked. However, the report of our activities will indicate that we have had, what I hope you will consider a successful year, due principally to the very generous efforts of the other members to whom I take this opportunity of expressing my very sincere thanks and I bespeak for my successor in office a similar degree of your support.



The Chairmen's Table.

Joint annual meeting of the Quebec Division and Montreal Branch



At the Annual Meeting of Quebec Division and Montreal Branch.

Seated at the table, left to right: R. W. Gould, Secretary, Quebec Division; J. E. Walsh, General Manager, C. M. A., Toronto; F. P. L. Lane, newly-elected Vice-Chairman, Quebec Division; H. R. Wake, newly-elected Chairman, Quebec Division; C. N. Moisan, newly-elected Chairman, Montreal Branch; James Young, newly-elected Vice-Chairman, Montreal Branch; A. D. Hutt, Chairman, Transportation Committee, C. M. A. Included in the group standing are: E. Winslow-Spragge, W. S. Hulbig, James H. Webb, A. G. Stewart, R. E. Thorne, J. S. Macdonald, Louis Armstrong, T. H. P. Molson, H. K. McLean, F. H. Hopkins, G. R. Gusten, W. P. MacDougall, G. C. Grubb, A. A. Swayne, F. T. Parker, L. W. Haslett, A. McA. Murphy, F. McKinley, P. H. Desrosiers, F. J. McCann, C. H. Beresford Hands, P. C. Kelly, P. B. Keyes, C. U. Tirrell, B. W. Coghlin, G. E. Nixon, G. T. Creighton, W. J. E. Shea.