

*From Industrial Canada*

## Participation of the Armed Services



**GENERAL A. G. L. McNAUGHTON**  
Minister of National Defence

The Association is indebted to General McNaughton and his colleagues, Hon. C. W. G. Gibson, Minister of National Defence for Air, and Hon. D. C. Abbott, Minister of National Defence for Naval Services, for the extensive and greatly appreciated participation of the Armed Services in the Proceedings of the 74th Annual General Meeting.

General McNaughton has long taken a keen interest in manufacturing in Canada. As President of the National Research Council he accompanied the C.M.A. Mission to Britain in the summer of 1939 and he has followed with close attention the development of the manufacture of munitions and other war equipment in this country.

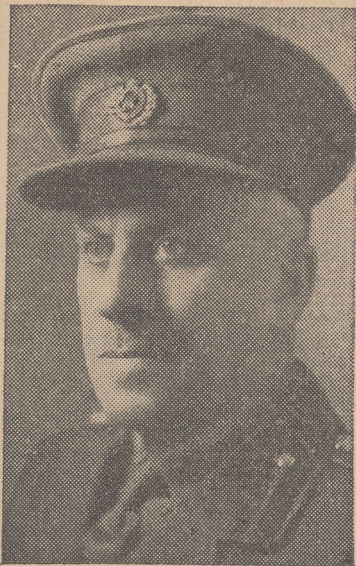
39

# The Montreal

Star July/42

MONTREAL,

## Named to Washington Posts



Blank-Stoller Photo.

**Maj. Gen. M. Pope**

**Rear Admiral**

A Canadian joint staff in Washington with three senior officers representing each of the Canadian Chiefs of Staff was announced last night by Hon. J. L. Ralston, Minister of National Defence. General Pope will be chairman, representing Lieut. Gen. Kenneth Stuart, Chief of the

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Y, JULY 4, 1942

# Old Rush Record

## UNIT TROOPS

top of Alaska when he close of the last "lot" story. Of Can- college, Toronto), he serving among the While still under 40 North. This brought or the last decade years only a man ed the vast spaces Church everywhere. lers competed with

rate of the First Church, Toledo."

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ion of the Old Ten- 1, Tennent, N.J., is year its 250th anni- June 21, was the y when an histor- preached by the arles H. Neff, at he original church gelical movement and erected the ollege" to train William A. Jones, e Presbytery for just observed his serv in

# Congregations Join Forces For Summer

## Many Churches to Adopt Summer Policy At Today's Service

Following the practice of other years, many congregations in Mont-real will unite for services during the months of July and August. A number of churches have also announced that no evening services will be held during the summer months.

### STANLEY PRESBYTERIAN

The congregations of Dominion-Douglas United Church and Stanley Presbyterian Church will hold joint services during July and August. In July services will be held in Dominion-Douglas, with Rev. Dr. Frank S. Morley occupying the pulpit, and with Stanley choir under Walter Clapperton. In August services will be held in Stanley Church with the choir of Dominion-Douglas under J. M. Walkley, and Rev. MacGregor Grant officiating. Tomorrow Dr. Morley will preach on "Spiritual Anaemia."

### ROSEMOUNT JOINT SERVICES

This month the congregations of Rosemount Central and Rosemount First United churches will worship together in Rosemount First United Church. Tomorrow morning

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# 'THANKS, GOD BLESS YOU' IS GENERAL'S FAREWELL TO VAST ARMS FACTORY

Fondles New Cannon With  
Gunner's Hands—Lauds  
Canadian Ingenuity

TO SEE MORE TODAY

By GREGORY CLARK

Montreal, Feb. 7 — Lieut.-Gen. A. G. L. McNaughton's first day back home, let loose amidst Canada's industrial war effort, had a rather glorious end. He spent the whole day Thursday in three giant Montreal plants looking at Canadian-designed and Canadian-made tanks and guns. They were plants so vast that it seems vain to try to tell you they were as big as three or four city blocks. And it may be you may not think the end of the day truly glorious.

But here is how it went, and all we who tramped after him across miles of concrete, amidst Niagaras of power and through battle barges of thunderous sound, can ask you to bear in mind is that Gen. Andy McNaughton, lean as a rake, unpretentious as any good farmer you ever knew, proud as Lucifer himself, and straight-grained as a vanadium steel drill, is the one sole man who has in the keeping of his hands and heart and head, the lives and deaths of somewhere near a quarter of a million Canadians. At the end of this day, when the general got in his car, W. M. Townsend, the director of the plant that makes the greatest and most numerous of tanks we are sending to our boys, reached in and took the general's hand. "Look," said Gen. McNaughton. "Thank you. Thank you, and God bless you."

And the car door slammed and the director of a many million dollar plant stood back and waved his hat and the keeper of our sons and brothers, the man whose yes or no, whose go or stop, has all our hopes and fears in it, swung in his seat to look and wave back to the small, drab-clothed, soft-spoken man, as unpretentious as the general, who makes the tanks, who employs the engineers and the designers and the thousands of workers who at this moment, day and night, are blasting shapeless steel into the best tanks in the world.

Began Before War, He Says

General McNaughton made the newspapermen a little speech at the end of the day. It is a pity he cannot make it within the hearing of every Canadian. Maybe he will before he goes back over the water.

"All this stems," he said, "from a mission the Canadian Manufacturers' association sent to Britain and Europe in August, 1939, a few days before the outbreak of the war. Holt Gurney and Winslow Sprague were the leaders of the mission. They went abroad to learn how to convert Canadian industry to the uses of war. At the outbreak of war Canada had no war industry, in any sense of the word. The conversion of our industry and the expansion of it into the colossal organization it is today is the most heartening fact in the world.

"This mission predicted that with North American methods of mass production and the skilled workers and skilled management that are the essentials of that mass production, we could turn out guns, for example, in one-third the time it took to turn out guns by the best standard practice in Europe. I do not mention anybody in particular. To-day I have seen guns being turned out in one-third the time it takes by the standard process of Europe.

War of Production

"I wish to repeat what I have said before; this war is a war not of soldiers but of brains, ideas and methods of production. What is new today will be obsolete tomorrow and obsolete the day after. By the brains of our industrial thinkers and planners, by the skill of our workers and by the support of our people as a whole, the fighting men of Canada will be equipped to fight and outwit and destroy our enemies.

"In these three great plants today I have seen every evidence that Canadian industry is in full stride. I can go back to my command in Britain now with the confidence that Canadians are all in step."

Coming to Canada, Gen. McNaughton passed the convoy that

successfully delivered the first of the new Canadian cruiser tanks to the Canadian armored units in Britain. In the Montreal plants, Gen. McNaughton saw and spent two hours with that same tank. He saw it from gross ugly steel castings and steel plate, about as interesting as raw macaroni, to the finished land battleship leaping across the snow on its last trials. He saw the crude castings, uglier than a child's mud pies, being machined into sleek and terrible turtle shells weighing tons.

He watched the workers, battalions of them, in straight line production, shoving these turtle shells along step by step, the bases, the treads, the engines and the turret being added.

Climbs Into Seat, Swings Gun

Finally, he climbed into the finished ship and sat in the driver's seat. He sat in the gunners' seat, this old gunner, and swung the gun and sighted the sights and swept the turret about. Victor Sifton, master-general of the ordnance, was with him and they disappeared into the steel whale's belly.

"They're looking for another place to make a hole in it," surmised Major-Gen. C. N. McCrea, the British gun expert who was in the party.

In the entire day, which started with a visit to the first plant straight from the station, on the arrival of Gen. McNaughton's party from Ottawa, the general saw no bigwigs, no presidents, no chairmen of the board. He saw only the plant managers, the engineers, the works superintendent. Being an engineer himself, he wasted no time talking to workers to ask them what they were doing, because he remembered, across the past two years, what they were doing as well as the workers did themselves. But he did look at steel and its thickness. And he did pick up shapings of steels and bend an intent stare on them. And he did ask queer questions as to why this casting was of brass and why that one was of aluminum alloy. And he did look with glee unconcealed at some of the curves and quirks of these new mighty tanks.

Cast Steel Tank Canadian Idea

For it is no secret any more that the using of cast steel for the main body of tanks is a Canadian idea. Most of us heard of casting tank bodies through American sources. The idea dawned and was first applied right here, and it has speeded up tank production enormously and has made possible imagination in design undreamed of with welded and rivetted steel planks. Gen. McNaughton talked with the very men who cast the steel.

In the gun factory, by no means the only or even the greatest of our gun factories, he saw the guns going along the same straight line of production from raw steel billets, lifeless as logs, to guns finished and sleek and beautiful as Petty drawings. Over some of the new ones he lingered like a boy. He is an old artillery general. His hands are a gunner's hands. He heaved the breech levers, slammed the practice shells home, felt in the bore with his fingers, petted them. It was a bloody shame they did not give him one of them to carry off in his arms and take away in the car with him.

Today, he is down at the Sorel plant, guns again. Last night he addressed the Engineering Institute of Montreal and set some hundreds of gray heads dreaming. Dreaming of the new, the strange, the surprise weapons which will turn the dread tide back. But the best picture of him to carry over Sunday is the one of him shaking the hand of the director of the tank plant, in the car, outside the colossal new works bigger than three city blocks, and saying, gratefully, earnestly, passionately—"Look, thank you. Thank you. And God bless you."

*Very Impressive*

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*Remark of  
A. G. L. McNaughton  
1939.*

TORONTO DAILY STAR  
February 7/42.

## MCNAUGHTON SEES WAR PLANTS HERE

Canadian Commander Is  
'Pleased and Encouraged'  
By His Visits

### VIEWS TANKS AND GUNS

General Pays Tribute to  
Workmen and Engineers at  
Three Factories in Mont-  
real District

Lt.-Gen. A. G. L. McNaughton, after making a tour of major war plants here yesterday said that the present war was "a constant struggle in weapon-types—a struggle of wits."

The Canadian Corps commander added that "this struggle of wits is even more important to victory than the struggle of fighting men on the battlefield."

The General yesterday morning visited the Canadian Pacific Railway Angus Shops where light and infantry tanks are being built and in the afternoon inspected plants of the Montreal Locomotive Works, where medium cruiser tanks are under construction, and Dominion Engineering Works, which is producing anti-tank guns.

At the conclusion of his visits, Gen. McNaughton acknowledged the enlightenment the inspections had been to him and expressed gratification that so much progress was being made in Montreal war industries. He said he had looked forward to coming back to Canada to find out at first hand exactly what steps were being taken to provide the allied fighting forces with the equipment which they so much need. The result he had seen that day exceeded his most sanguine anticipations. This, he said, was very heartening.

Gen. McNaughton paid tribute to the "missionary" work accomplished by Holt Gurney and Winslow Spragge on the occasion of their visit to England before war was declared, but not before war was expected, and it was due to their investigations and the work subsequently directed by them that Canada was in a position today to prosecute the war industries with the effectiveness which had been made manifest to him in Montreal that day. It was clear that, in making the mechanized equipment which was so essential in present day warfare, Canadian industrialists were, with splendid ingenuity, adapting the best methods to the exacting needs.

Canadian soldiers and their allies needed all the tanks, guns and munitions that Canadian industries could give them and it was scarcely necessary for him to add, the General said, that industrial development should go continually forward and that the output of our war industries should proceed with ever increasing rapidity. He had been interested to learn that progress has been made in this respect to a marked degree so that at last one-third greater output is being obtained by the workmen due to their individual and collective efforts and the skill and efficiency with which they are working their machines.

Gen. McNaughton concluded with an expression of admiration for the ingenuity and competency of the skilled workers whose armor-piercing guns and cruiser tanks had afforded him so much pleasure and encouragement that day.

The Canadian Corps commander was accompanied by Lt.-Gen. Kenneth Stuart, chief of the Canadian General Staff; Maj.-Gen. A. E. Macrae of Halifax, military technical adviser to the Munitions and Supply Department; Brig.-Gen. E. de B. Panet, officer commanding Military District No. 4; Lt.-Col. R. Girard, G.S.O. 1 of M.D. 4; Victor Sifton, Master General of Ordnance, and J. H. Berry, Director-General of Automobile and Tank Production.

At the Dominion Engineering Works, officials who received the military visitors included H. D. Welsford, vice-president and general manager; H. M. Black, manager of the Longueuil plant, and J. G. Notman, manager of manufacturing.

At the Montreal Locomotive Works, the officials who directed the inspection were W. M. Townsend, works manager, and J. H. Berry.

C.P.R. officials accompanying the party on the Angus Shops visit were D. C. Coleman, vice-president; H. B. Bowen, chief of motive power and rolling stock; H. R. Naylor, works manager, and T. F. Donald, assistant works manager in charge of munitions production.

THE INTERNATIONAL NICKEL COMPANY  
OF CANADA, LIMITED



ROBERT C. STANLEY  
CHAIRMAN AND PRESIDENT

25 KING ST. WEST  
TORONTO

April 29th, 1942

Mr. E. Winslow-Spragge, Vice President & Gen. Mgr.,  
Canadian Ingersoll-Rand Company Limited,  
118 New Birks Building,  
Montreal, Que.

Dear Mr. Winslow-Spragge:

The immediate problem--yours and ours--is that of rendering the utmost aid toward winning the war. I feel that you as a valued customer and friend of this Company should know how we are operating under present conditions.

The enclosed transcript of an address to our shareholders gives an idea of how completely this Company is engaged in the war and how we plan to re-establish a peace-time industry in a different world when the conflict ends.

I wish particularly to stress one of our prime objectives--"to retain the good will of consumers of nickel, many of whom have been held to be engaged in production non-essential to the war". "Good will" means many things--not the least is a recognition of the value of co-operation.

If you have any specific suggestions as to how cooperation can be practically pursued under existing conditions I would be glad to receive them.

Yours sincerely,

Enclosure

*Interesting letter -  
April 1942  
Read speech -*

The International Nickel Company  
of Canada, Limited

ADDRESS TO SHAREHOLDERS

*by*

Robert C. Stanley  
*Chairman and President*

ANNUAL MEETING

April 29, 1942  
Toronto, Canada

Our position in the post-war period will, I believe, depend largely on the manner in which we conduct our affairs during the war. The engineering uses of nickel in war materials are similar to those in peace-time industry, and a peace-time world must eventually be rebuilt. A sound procedure to guide this Company would appear to be—*First*, to enter the post-war period with ample financial resources—*Second*, to avoid debt with the attendant danger of fixed charges in a possible subsequent period of depression—*Third*, to enter the post-war period with the lowest production costs attainable. This calls for plant efficiencies all along the line, which will aid our war effort and our future as well—*Fourth*, to retain the good will of consumers of nickel, many of whom have been held to be engaged in production non-essential to the war.

We shall make every endeavor to conserve and strengthen the financial structure of the Company. Substantial emergency reserves will be established as business conditions permit and cash and other assets will continue to be built up to the end that we may be prepared to meet circumstances as they may arise from the war or in its aftermath.

During the war, however, the first obligation of every corporation, as of every individual, is to give the utmost support to his Government in the prosecution of the war. Your management recognizes this obligation. Our specific duty is to produce the maximum quantity of metals essential to the war effort. In the vigorous performance of this duty we shall continue to devote the full measure of our resources and experience.



to the war effort. I therefore take pleasure in expressing, on behalf of your Board of Directors, sincere and hearty commendation of the services rendered.

The reserve for the Retirement System amounted to \$18,408,661 at the year-end, and against this liability government and other securities of \$18,384,431 were held as at that date. As stated at former meetings, this Retirement System is financed entirely by the Company without contribution by employees. It was inaugurated in 1928 to provide security to employees by affording old age and disability pensions, and benefit payments in case of death. There were 425 employees on the superannuation rolls at the end of the year, as compared with 396 at the end of 1940.

We have continued to keep in touch with our pensioned employees by having representatives of the Company visit them in their homes. I am glad to advise you that as a group the pensioners appear to be living in circumstances which are very satisfactory. Needy cases are given special attention and we endeavor to show these retired men that their many years of faithful service are not forgotten and the Company retains a sincere interest in their welfare.

The plan of contributory sickness and non-occupational accident insurance, for all employees whose remuneration is on an hourly or piece-work basis, has been in effect since 1937 and continues to be a popular measure. This insurance provides a weekly income during absence from work on account of sickness or non-occupational accident and the Company contributes approximately 50 per cent of the premium cost. During the year 6,804 employees participated in the cash benefits stipulated in the plan.

*On the occasion of the Annual Meeting of the Company, which was held at Toronto on April 29, 1942, Mr. Stanley made the following address:*

We are now in the third year of a devastating war, a war which differs greatly from earlier conflicts in that it is a contest of machines as well as of men. A prompt and adequate supply of ships, tanks, guns and planes from the industrial front at home is vitally necessary if battles are to be won, whether on sea, on land or in the air. Our Company is an important war supply unit in that its products enter into most of the implements of mechanized warfare.

The status of the Nickel Company in industry has changed completely since 1939. During the twenty years following the last world war our activities were directed toward the creation of commercial uses for nickel. We were successful to such an extent that nickel became almost exclusively a peace-time metal and was no longer classified as essentially a munitions metal. The Company gained a prominent place in peace-time industry.

The superior qualities inherent in the various types of nickel bearing steels and in the many non-ferrous alloys of nickel which have been developed are those very properties sought by manufacturers of war equipment. Thus for the duration of the war we are once more a munitions industry, with all of our nickel and copper being used to advantage in the war effort. However, when the war is over industry will have gained a far greater knowledge than heretofore of the characteristics of nickel, which should assure the continued use of the metal in a multitude of engineering applications. In the meantime, producers of non-essential supplies can no longer secure any nickel whatsoever.

The Annual Report of the Company for 1941 which was mailed last month, and the series of letters sent to shareholders throughout the year, contain all of the information which in the national interest it is deemed advisable to disclose during this period. My remarks to-day will, therefore, be restricted to comments on matters with which you may be already somewhat conversant.

At past meetings I have referred to our long-term program of balancing smelter and refinery capacity with mine output, and of extracting a more uniform grade of ore to insure greater flexibility in mining operations over a longer period of time. The program was carefully planned, having in mind the economic future of the Company.

As I have already stated, the major problem facing industry in the United Nations at this time is the problem of immediate production. The nickel industry is no exception. Our metals are of vital importance in the production of essential equipment for our armed forces. It has therefore become necessary, because of the exigencies of war, that our long-term economic plan be altered and that all of our efforts be concentrated on a prompt increase in output.

To meet the unprecedented demand for nickel we have undertaken an expansion program which will involve a capital outlay of nearly \$35,000,000. This calls for opening additional ore properties, sinking of mine shafts and the installation of surface and underground plant and equipment, as well as the enlargement of concentrating, smelting and refining works. When this expansion program is completed our capacity will be increased by approximately 50,000,000 pounds of nickel per

of these expenditures to be made at the mines and smelters, and, as already mentioned, an increased production will be available by this year-end.

For the fourth successive year our dividend policy remained unchanged and dividends were declared in United States currency in conformity with the practice which has been maintained for thirty-six years. Four quarterly dividends were paid on each class of stock and amounted to \$1,933,899 for the preferred and \$29,156,338 for the common, a total of \$31,090,237.

At the year-end your Company had 21,898 employees in Canada, Great Britain and the United States, comparable with 19,269 at December 31st, 1940.

Although our activities are essential to the war effort many of our employees have preferred military service and thus far over 2,200 have joined the armed forces. I report with deep regret that a number of these young men have died in service.

Our employees are supporting the war effort not only physically but financially as well. Not less than \$4,000,000 in War Bonds and War Savings Certificates have been purchased by the employees in our various plants and offices since the war began in 1939. In addition liberal contributions have been made to war relief organizations.

The gratifying results of the year under review could not have been achieved without the united effort and whole-hearted co-operation of these employees as a group. They have had to make many sacrifices, and undergo many hardships, especially those in Britain, in making this splendid contribution

The portfolio of government securities maturing subsequent to 1942 was increased from \$2,553,131 to \$7,626,277. Cash and short-term securities maturing in 1942 were increased from \$55,680,601 to \$63,005,115, or \$7,324,514. In the portfolio of short-term securities we carry substantial quantities of Canadian Treasury Bills and United States Tax Notes in anticipation of tax payments.

Our Company takes pride in the part it is playing in Canada's war finance. We are an important factor in the source of foreign exchange in the form of United States dollars and we are large holders of Dominion Government bonds. The war finance of Canada has been admirably planned and executed with a view to placing War Loans with the public and throwing a minimum of burden on the Chartered Banks. It is our policy to retain as nearly as possible all of the War Bonds that we acquire. In September 1939, we held \$8,000,000 of Dominion Government securities and on April 1st, 1942 these holdings were in excess of \$23,000,000. During the period we have subscribed to \$24,200,000 of Dominion War Loans, inclusive of the loan just issued.

Inventories rose from \$32,502,616 to \$34,785,800, or \$2,283,184. This increase occurred in the supplies and other items purchased for use in operations and new construction required by our production expansion program. The metal inventory, including both finished metals and metals in process, decreased approximately \$650,000.

Capital expenditures during 1941 totalled \$11,739,041 and it is anticipated that such expenditures for 1942 will be substantially higher. Our program provides for the major portion

year over the 1940 output. This rate of production will be attained in 1943.

Experience leads to the belief that our augmented productive capacity will be far in excess of the industrial requirements of the world after the termination of the war. Costs and overhead charges are likely to be substantially higher. It must be realized also that under this production program the Company is paying an enormous toll in the form of non-replenishable ore reserves.

To compensate in a measure for this unavoidable disruption of our long-term economic program of operations, the Government of the Dominion of Canada has permitted us to amortize within a five-year period the amount of the expansion program expenditures up to a total of \$25,000,000. We have adhered to the policy of financing this and all other expansion programs with the Company's own funds.

Concurrently with the speeding up of operations and plant expansion our research activities have likewise been accelerated. Technical problems dealing with new applications of nickel are being currently solved in co-operation with governmental departments. Throughout all of this work the most economical use of nickel is being emphasized. Technicians and sales executives have been loaned to the Governments for aid in perfecting the plans of allocation of nickel to producers of war equipment. Moreover, our technical men are working with consumers who are using nickel for the first time, in order that the metal may be effectively and conservatively used. Our field service men are also aiding in every way possible those of our customers who have been deprived of nickel. By

recommending new compositions in steel or substitute materials many of these concerns can continue to exist and will undoubtedly return to using nickel after the war.

In September last our contract with the British Ministry of Supply for delivery of the major portion of our output of "ORC" electrolytic copper was renewed for another year. The terms remain the same as in the original contract, delivery f.a.s. Canadian port at a price, in Canadian currency, approximating that ruling on the London Metal Exchange just prior to the declaration of war, with allowances for increases in costs over pre-war costs. The terms of this contract are also applicable to our deliveries of copper in Canada for munitions production. The price realized is substantially less than the price ruling in the United States. This difference in price applied to our large tonnage amounts to a substantial sum which may be considered as our portion of the Canadian Copper Producers' contribution toward winning the war.

All of our mines and plants in Canada were operated at full capacity throughout the year. Furthermore, to augment nickel production we treated and refined the entire bessemer matte output of Falconbridge Nickel Mines, Limited, for which we had provided additional facilities.

We have also provided a new plant at our Huntington Works in the United States, primarily for refining raw material supplied by the Metals Reserve Company, a United States Government agency.

Our Huntington Works is on a full time war production basis. More than \$3,000,000 has been appropriated for equipment to turn out special matériel for the United States Army

and Navy. I am pleased to report that this Works was one of the first fourteen plants in the United States to receive from the Bureau of Ordnance of the United States Navy its "E" pennant signifying excellence. This honor was awarded in recognition of quality of product and prompt fulfillment of requirements.

Our plants in Great Britain are all on a war footing and are working continuously on a full time basis. All activities, including research, are carried on with the full sanction and co-operation of the Government. In spite of the risks of ocean transport I am pleased to report that since the beginning of the war our losses at sea have been trifling, due to well protected ocean lanes.

Notwithstanding increased sales the net profit dropped from \$35,544,772 to \$34,356,401, a decrease of \$1,188,371. This is accounted for largely by higher taxation, by special provision for short-term amortization of war-time capital expenditures and by higher production costs. While our costs have risen since the outbreak of the war they continue to be satisfactory in view of the pressure on operations due to increased war requirements.

Tax provision for the calendar year 1941 was \$26,328,792, an increase of \$5,198,089 over the preceding year. This provision amounted to \$1.80 per share of common stock compared with \$1.45 in 1940. It will be noted that the accrued tax liability at the year-end stood at the staggering total of \$29,900,520.



1404 Montreal Trust Bldg.,  
67 Yonge Street,  
Toronto 2, Ontario,  
May 28, 1942.

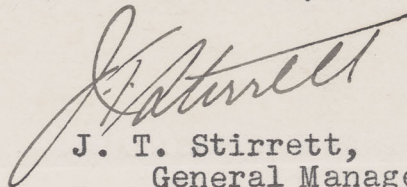
E. Winslow-Spragge, Esq.,  
Vice-President and General Manager,  
Canadian Ingersoll-Rand Company Limited,  
New Birks Bldg.,  
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

As a member of the Mission of the Canadian Manufacturers' Association which visited the United Kingdom in 1939, it is hoped that you will find the enclosed describing the 71st Annual General Meeting at the Royal York Hotel, Toronto, on June 8th, 9th and 10th, 1942, of particular interest.

The President hopes that members of the Mission will be able to assemble at the meeting, exchange memories of their visit and assess some of the results.

Yours faithfully,

  
J. T. Stirrett,  
General Manager.

JTS/FM.

*Monday June 8/42*  
*"War Production" - Main Session*

# Canadian Manufacturers' Association (Incorporated)

CIRCULAR No. 1192

1404 Montreal Trust Building,  
67 Yonge Street, Toronto 2,  
May 27th, 1942.

## SEVENTY-FIRST ANNUAL GENERAL MEETING—TENTATIVE PROGRAMME ARRANGEMENTS

Dear Sir:

Referring to the Association's Circular No. 1182, respecting the Seventy-First Annual General Meeting of the Canadian Manufacturers' Association, Incorporated, in the Royal York Hotel, Toronto, June 8-9-10, 1942, we set out herewith more detailed tentative programme arrangements. This tentative programme takes the place of the one which accompanied Circular No. 1182.

As explained in Circular No. 1182, the Annual General Meeting this year is taking the form of several meetings to be held concurrently in different rooms, each meeting being really a conference on a special subject or group of related subjects. General sessions will be held as indicated. The various group sessions on specific subjects will provide members with an opportunity for discussing their problems with principal Government officials and others interested.

Any member who is interested in any phase of War Production is especially urged to attend the main conference on War Production which will begin at 10:00 a.m., Monday, June 8th. Following this main session on War Production, the meeting will assemble into three conferences each beginning at 11:00 a.m. in separate rooms. Therefore, members are asked to assemble promptly at 10:00 a.m. for the important main session on War Production.

In addition to those listed in the attached preliminary programme as taking part in the proceedings, a number of Federal Cabinet Ministers have indicated their intention of being present if their parliamentary duties permit.

In view of the several conferences on important current subjects that will be carried on at the same time, it is likely that members will not only wish to attend themselves, but will desire to have with them other members of their staffs who specialize in one or another of these topics. Therefore, you are cordially invited to bring with you as many members of your staff as you desire, whether or not they are members of the Canadian Manufacturers' Association.

It will be of great assistance if your Committee can get an early estimate of the number who are likely to be present at the various conferences in order that a room of appropriate size may be allotted to each separate conference or meeting.

Therefore, your Committee respectfully requests you to fill out and return the enclosed form at the earliest possible moment (unless you have already returned the form which accompanied Circular No. 1182). A return addressed envelope is enclosed for this purpose.

All functions will be informal (business or summer clothing).

As usual, ladies will be welcome at luncheons and dinners.

The Executive Council urges members to be present at the Annual General Meeting, if it is possible for them to do so, and to take part in the discussions.

Yours faithfully,

HAROLD CRABTREE,  
President.

J. T. STIRRETT,  
General Manager.

J. M. McINTOSH,  
General Secretary.

ALL CIRCULARS ARE ISSUED FOR THE CONFIDENTIAL INFORMATION OF MEMBERS  
OF THE ASSOCIATION AND ARE NOT FOR PUBLICATION IN ANY WAY.

W. J. Scott, K.C., Director of Fire Services, C.D.C. (A.R.P.), Province of Ontario, Toronto, Ont.  
 Supt. V. A. M. Kemp, Officer Commanding the Royal Canadian Mounted Police, Toronto, Ont.  
 Dr. B. T. McGhie, Deputy Minister of Health and Hospitals, Province of Ontario, Toronto, Ont.  
 Wm. J. Bryce, Chief, Woodstock Fire Department, Woodstock, Ont.  
 Captain Edward F. Bevis, Toronto Fire Department, Toronto, Ont.  
 Col. W. R. McCaffrey, Secretary, Canadian Engineering Standards Association, Ottawa.

**9.30 a.m. Price Control Conference:** (continued).

Discussion of the following subjects:

*Subsidies.* *Price Control generally.*

Among others, the following will take part in the programme:

H. B. McKinnon, President, Commodity Prices Stabilization Corporation, Wartime Prices and Trade Board.  
 J. E. Coyne, Assistant to the Chairman, Wartime Prices and Trade Board.

**9.30 a.m.** Also continuation of separate conferences on War Production and Manpower.

**12.30 p.m. LUNCHEON.**

Address: E. P. Taylor, Vice-Chairman, British Supply Council in North America, and Director-General, British Purchasing Commission.

**2.30 p.m. Manufacturing, Materials, and Shipping Controls:**

Chairman: L. D. Wilgress, Deputy Minister of Trade and Commerce.

To include the following subjects:

*Steel Control,* *Shipping.*  
*Metals Control.* *Export Control.*  
*Control of Supplies.*

Among others, the following will take part in the programme:

R. C. Berkinshaw, Assistant Deputy Minister in charge of Industrial Controls, Department of Munitions and Supply, and Chairman of the Wartime Industries Control Board.  
 F. B. Kilbourn, Steel Controller, Department of Munitions and Supply.  
 G. C. Bateman, Metals Controller, Department of Munitions and Supply.  
 A. H. Williamson, Controller of Supplies, Department of Munitions and Supply.  
 John M. Evans, Chairman, Executive Sub-Committee, Advisory Committee on Export Control.  
 T. C. Lockwood, Transport Controller.  
 A. L. W. MacCallum, Director of Shipping, Shipping Priorities Committee.  
 C. M. Croft, Secretary, Shipping Priorities Committee.  
 G. R. Heasman, Chief, Export Permits Branch, Department of Trade and Commerce.

**2.30 p.m. Post-War Planning Conference:** (continued).

**2.30 p.m. Civilian Defence Conference:** (continued).

**2.30 p.m. Price Control Conference:** (continued).

**2.30 p.m. Special Technical Groups on Gun Production and Merchant Shipbuilding:** (continued).

**2.30 p.m. Conferences on War Production and Manpower:** (continued).

**6.45 p.m. ANNUAL DINNER.**

Address: (To be announced later.)

G. H. Lash, Director of Public Information, Department of National War Services, will present a programme including the showing of the Department's new moving picture "Germany's World Plan".

Entertainment.

**WEDNESDAY, JUNE 10th, 1942**

**10.00 a.m. General Business Session:**

Reports and references from conferences on the two preceding days.

Resolutions.

Election of Officers and Committees.

**12.30 p.m. LUNCHEON.**

Address: Right Honourable Malcolm MacDonald, High Commissioner for the United Kingdom of Great Britain and Northern Ireland.

Dr. Stacy May, Director, Statistics Division, War Production Board, Washington, D.C.

*Preliminary Programme*

**SEVENTY-FIRST ANNUAL GENERAL MEETING - CANADIAN MANUFACTURERS' ASSOCIATION**

**Royal York Hotel, Toronto, June 8th, 9th, 10th, 1942.**

As explained in the covering circular, conferences on different subjects are being held concurrently in separate rooms.

**MONDAY, JUNE 8th, 1942**

**8.30 a.m. Registration Office opens.**

NOTE: Everyone attending any meeting, conference, luncheon, or dinner, is asked to register, whether or not he or she is a member of the Association. The registration desk will be kept open continuously throughout the three days of the meeting.

**10.00 a.m. War Production—Main Session.**

Chairman: Harold Crabtree, President, Canadian Manufacturers' Association.

G. K. Sheils, Deputy Minister of Munitions and Supply, will describe the organization and functions of the Department.

Following the Main War Production Session those present will assemble in the following conferences:

(a) War Production. (b) Manpower. (c) Price Control.

**11.00 a.m. War Production Conference.**

Discussion of the following subjects:

*Production of Various Kinds of War Equipment and Materials.*

*Planning of Production.*

*Sub-Contracting.*

*Displaced Industries and Surplus Manufacturing Capacity.*

F. H. Brown, Assistant Deputy Minister in Charge of Procurement, Department of Munitions and Supply, and Secretary, Production Committee, Department of Munitions and Supply, will speak on the subject of "Urgency of War Production".

F. L. Jeckell, Director-General of the Industry and Sub-Contract Co-Ordination Branch, Department of Munitions and Supply, will speak on "Sub-Contracting".

Dr. Richard Petrie, Industry and Sub-Contract Co-Ordination Branch, will discuss the subject of "Displaced Industries".

Among others, the following will also take part in the programme:

Major-General R. F. Lock, C.B., Chairman, Inspection Board of the United Kingdom in Canada.

Engineer Rear-Admiral H. A. Sheridan, C.B., Deputy Head, British Admiralty Technical Mission.

Ralph P. Bell, Director-General, Aircraft Production Branch, Department of Munitions and Supply.

E. J. Brunning, Director-General, Ammunition Production Branch, Department of Munitions and Supply.

H. J. Carmichael, Director-General, Gun Production Branch, Department of Munitions and Supply.

Desmond A. Clarke, Director-General, Shipbuilding Branch, Department of Munitions and Supply.

W. F. Drysdale, Director-General, Industrial Planning Branch, Department of Munitions and Supply.

J. deN. Kennedy, Director-General, Legal Branch, Department of Munitions and Supply.

H. K. Thompson, Director-General, Munitions Contract Branch, Department of Munitions and Supply.

G. S. Braden, President, Small Arms, Ltd., Long Branch, Ont.

H. R. MacMillan, President, Wartime Merchant Shipping, Ltd., Montreal, P.Q.

Lieutenant-Colonel W. E. Phillips, D.S.O., M.C., President, Research Enterprises, Ltd., Leaside, Ont.

Jos. M. Pigott, President, Wartime Housing, Ltd., Toronto, Ont.

A. S. Tindale, Comptroller, Department of Munitions and Supply.

Captain G. L. Stephens, Chief of Naval Engineering and Construction, Department of National Defence, Naval Service.

Captain G. M. Hibbard, Chief of Naval Equipment and Supply, Department of National Defence, Naval Service.

A. B. Coulter, Director of Naval Stores, Department of National Defence, Naval Service.  
Terence Sheard, Air Member for Supply, Department of National Defence, Air Service.  
Robert Smith, Director of Procurement (Equipment), Department of National Defence, Air Service.

#### 11.00 a.m. Manpower.

Discussion of the following subjects:

<i>National Selective Service.</i>	<i>Compulsory Military Training.</i>
<i>Control of Transfer of Labour.</i>	<i>Unemployment Insurance.</i>
<i>Wages and Salaries Controls.</i>	<i>Industrial Accident Prevention.</i>
<i>Minimum Wage Regulations.</i>	<i>Workmen's Compensation.</i>
<i>Training Projects.</i>	

Among others, the following will take part in the programme:

Dr. Bryce M. Stewart, Deputy Minister of Labour.  
Arthur MacNamara, Associate Deputy Minister, Department of Labour.  
Elliott M. Little, Director, National Selective Service, Department of Labour.  
George Hodge, Member, Executive Committee, National War Labour Board.  
Prof. Gilbert E. Jackson, Member, National War Labour Board.  
H. Taylor, Member, National War Labour Board.  
E. R. Complin, Executive Director, National War Labour Board.  
Allan M. Mitchell, Commissioner, Unemployment Insurance Commission.  
R. F. Thompson, Supervisor of Youth Training Projects, Department of Labour.  
J. C. Macfarlane, Member, Consultative Committee, National Selective Service.  
F. A. Sherman, Member, Consultative Committee, National Selective Service.  
R. A. Bryce, President, Canadian Institute of Mining and Metallurgy, Toronto.

#### 11.00 a.m. Price Control.

*Standardization of Products and Simplification of Practice.*

Among others, the following will take part in the programme:

Hugh A. Mackenzie, Director, Division of Simplified Practice, Wartime Prices and Trade Board.  
Various Co-ordinators and Administrators under the Board.

#### 12.30 p.m. LUNCHEON.

Address: E. M. Little, Director, National Selective Service.

#### 2.15 p.m. General Business Session.

President's Annual Review.  
Treasurer's Report.  
Report of the Executive Council.

#### 3.00 p.m. War Production.

Resumption of Session with G. K. Sheils, Deputy Minister of Munitions and Supply in the chair.

Also at 3.00 p.m. three special technical groups will convene in separate rooms. Each of these groups will be presided over by the Director-General of the Department of Munitions and Supply in charge of this work, and will be attended only by prime contractors, sub-contractors, or prospective sub-contractors for these types of war equipment. These conferences will be:

**Aircraft Production**—Ralph P. Bell, Director-General, Aircraft Production Branch, Department of Munitions and Supply.

**Ammunition Production**—E. J. Brunning, Director-General, Ammunition Production Branch, Department of Munitions and Supply.

**Naval Shipbuilding**—Desmond A. Clarke, Director-General, Shipbuilding Branch, Department of Munitions and Supply.

#### 3.00 p.m. Manpower Conference (continued).

#### 3.00 p.m. Price Control Conference (continued).

#### 6.00 p.m. President's Reception.

#### 6.45 p.m. DINNER.

Address: Sir Norman Birkett, K.C., Chairman, Advisory Committee for Defence Regulations, London, England.

H. H. Webb, Department of Munitions and Supply, will present the Department's "Greater Production Programme" by moving pictures and radio.  
Entertainment.

TUESDAY, JUNE 9th, 1942

#### 9.30 a.m. Priorities:

Chairman, R. C. Berkinshaw, Assistant Deputy Minister in charge of Industrial Controls, Department of Munitions and Supply, and Chairman of the Wartime Industries Control Board.

Discussion of the following subjects:

<i>Production Requirements Plan.</i>	<i>Co-ordination of the use of Canadian and United States Materials.</i>
<i>PD-3A Certificates.</i>	
<i>PD-1A Certificates.</i>	<i>Miscellaneous.</i>
<i>"P" Orders.</i>	

The following members of the Priorities Branch will also take part in the programme:

W. E. Uren, Director-General of the Priorities Branch.  
A. A. Walker, Director, United States Priorities Division, Department of Munitions and Supply.  
H. W. Tucker, Priorities Branch, Department of Munitions and Supply.

#### 9.30 a.m. Special Technical Groups on the following subjects:

Gun Production—H. J. Carmichael, Director-General, Gun Production Branch, Department of Munitions and Supply.  
Merchant Shipbuilding—H. R. MacMillan, President, Wartime Merchant Shipping, Ltd.

#### 9.30 a.m. Post-War Planning:

Chairman: J. S. McLean, Member, Committee on Reconstruction.

Discussion of the following subjects:

<i>Post-War Manufacturing and Export Trade.</i>	<i>Use of Natural Resources.</i>
<i>Employment.</i>	<i>Public Works.</i>
<i>Demobilization and Rehabilitation.</i>	

Among others, the following will take part in the programme:

Dr. F. Cyril James, Chairman, Committee on Reconstruction, and Principal and Vice-Chancellor, McGill University, Montreal, P.Q.  
Dr. R. C. Wallace, Member, Committee on Reconstruction, and Principal, Queen's University, Kingston, Ont.  
Brig.-General H. F. McDonald, Chairman, General Advisory Committee on Demobilization and Rehabilitation.  
Robert England, Executive Secretary, General Advisory Committee on Demobilization and Rehabilitation.  
Dr. L. C. Marsh, Research Advisor to the Committee on Reconstruction.  
Walter S. Woods, Associate Deputy Minister, Welfare Branch, Department of Pensions and National Health.  
Senator Norman P. Lambert, The Senate, Ottawa.  
W. H. Moore, M.P., The House of Commons, Ottawa.  
John Harold, Chairman, the Workmen's Compensation Board, Province of Ontario.  
Dr. H. B. Speakman, Director, Ontario Research Foundation, Toronto, Ont.  
D. G. McKenzie, President, Canadian Chamber of Commerce, Montreal, P.Q.  
H. H. Hannam, President, Canadian Federation of Agriculture, Toronto, Ont.  
E. A. Corbett, M.A., LL.D., Director, Canadian Association for Adult Education, Toronto, Ont.  
Martin Baldwin, Curator, The Art Gallery of Toronto, Toronto, Ont.  
Dr. Gordon Bates, General Director, Health League of Canada, Toronto, Ont.  
Professor A. F. Coventry, Department of Zoology, University of Toronto, Toronto, Ont.

#### 9.30 a.m. Civilian Defence:

To include the following subjects:

<i>Fire Precautions (Industrial Fire Brigades, etc.).</i>	<i>Sabotage.</i>
<i>A. R. P. (Wardens, etc.).</i>	<i>Blackouts.</i>
<i>Plant Maintenance and Repairs of Damage.</i>	<i>First Aid and Medical Services.</i>
<i>Bombardment Insurance.</i>	<i>British Experience.</i>

Among others, the following will take part in the programme:

Hon. R. J. Manion, M.D., Director of Special Air Raid Precautions, Department of Pensions and National Health.  
Hon. Gordon D. Conant, K.C., Attorney General, Province of Ontario.  
Percy Bugbee, Chairman, Plant Protection Committee, Office of Civilian Defence, Washington, D.C., and General Manager, National Fire Protection Association, Boston, Mass.  
Captain Donald S. Leonard, State Commander, Citizens Defence Corps, East Lansing, Mich.  
Judge I. M. Macdonell, Vice-Chairman, Civilian Defence Committee (A. R. P.), Toronto, Ont.



Cdn. Manufacturers Ass.

1943 C.M.A

## THE PRESIDENT'S ANNUAL REVIEW

**W**E MEET this year in a different atmosphere from that of recent years. Darkness has changed into dawn with the promise of the full light of the morning. The nightmare of possible defeat and slavery is gone. Victory is on the horizon.

The grim battle of the Atlantic, which began in September, 1939, still goes on but the enemy is failing in his purpose of cutting the life line between North America and Great Britain. The Battle of Britain in 1940 witnessed the crushing defeat of the Luftwaffe by the Royal Air Force, but the danger of invasion remained. 1941 saw the battle of Russia begin with its early terrible defeats. 1942 witnessed the battle of Asia and more disasters, followed by the splendid Russian successes. Throughout these years ran the changing pattern of the extraordinary series of defeats and victories in Africa, that graveyard of empires, and it is in Africa, with its buried cities and civilizations, that a final great triumph in a theatre of war has been won.

### War Production

During those fateful years, our Association, in its own sphere, has been endeavouring to assist in the war. You will recall that, during our Annual General Meeting in 1939, filled with forebodings, we arranged to send our Mission to Great Britain for the purpose of trying to help co-ordinate the war manufacturing of Canada and Great Britain. Before and during our Annual General Meeting in Winnipeg in 1940, we learned from the press and radio of the disastrous sweep of the German hordes through Norway, Holland, Belgium and France. We were cheered by the rescue of the British army at Dunkirk, but realized what the loss of its war equipment meant. At that time, we were trying to organize the manufacture of munitions but had attained only a small measure of success. During the Annual General Meeting of 1941, at the Seigniory Club, Quebec, we reported encouraging progress in manufacturing war supplies. At our Annual General Meeting in Toronto in 1942, we were able to say that the manufacture of war supplies had passed all previous records by wide margins. This year, we know that war production has set new marks. Moreover, it is officially estimated that about 70% of

Periods  
of war

our production is exported to the United Nations and that Canadian supplies are being used in great quantities in all theatres of war.

### **The Task Ahead**

Victory, complete and final, although coming closer, is not yet in the grasp of the United Nations. The Germans are still holding the land fortress of Europe, with access to the wealth and resources of that continent and are masters of millions of enslaved people who are supplying their war and peace requirements. The Japanese are entrenched in the island fortress of the Pacific adjoining Asia and in Asia. They have conquered an immense empire, one of the richest parts of the world, filled with war supplies of every kind and exceedingly difficult to reconquer. There is much hard fighting ahead. It may be the sort of fighting that is highly concentrated in time and may be over soon with victory to us, or it may be spread over a long period and become a war of attrition. Which type it will prove to be is a matter of opinion but it is the part of wisdom to prepare for both eventualities and to press forward with all our strength, especially when some successes are coming to us after many bitter and costly defeats. It has been the democratic tendency of the free peoples to look too hopefully at the bright side of international situations and to refuse to realize the evil intentions and the sinister plans of their enemies. This should be avoided, lest victories turn quickly into defeats, as they have done before when vigilance gave way to complacency. The most certain hope of victory is to keep dealing our enemies repeated blows in all theatres of war with all the rapidly accelerating strength of the United Nations.

### **Canada's Efforts**

With some confidence, Canadians can take stock of their war efforts to date. Admitting and regretting all our former omissions and mistakes, for a population of fewer than twelve millions, our achievement is, at least, creditable. The total strength of our armed forces is over 700,000, serving in practically all theatres of war. 22,000 women are in the uniforms of the services. In addition, are the thousands in the merchant marine and the Reserve Army.

The industrial system of this country is adjusted to war. The number of those employed in manufacturing has increased from 650,000 to 1,250,000, or nearly double, and the value of manufactured products has increased from three and a half billions to eight bil-



# CANADIAN PACIFIC TELEGRAPHS

*Telegram sent to  
C.D. 2X  
Can. Manuf. 142  
by G.W.S to be*

CLASS OF SERVICE	
Full Rate	
Day Letter	
Night Message	
Night Letter	
Please mark an X opposite the class of service desired.	

MONEY TRANSFERRED BY TELEGRAPH TO PRINCIPAL POINTS IN CANADA AND THE UNITED STATES



CABLE CONNECTIONS TO ALL PARTS OF THE WORLD  
RADIOGRAMS TO SHIPS

*read at meeting - which  
though illness he was unable  
to attend*

TIME FILED
CHECK

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

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

DAY LETTER

Montreal, June 5th, 1942.

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

MANY THANKS YOUR KIND LETTER TWENTY EIGHTH REGRET THAT ILLNESS IN MY FAMILY HAS COMPLICATED MATTERS SO THAT I SHALL BE UNABLE TO ATTEND ANNUAL MEETING STOP I THINK MANUFACTURERS ASSOCIATION MAY WELL BE PROUD OF THE FORESIGHT AND PUBLIC SPIRIT THEY DISPLAYED IN ORGANIZING THE MANUFACTURERS MISSION TO ENGLAND IN THIRTY NINE STOP I THINK THE CANADIAN GOVERNMENT MAY WELL BE PROUD OF THE WISDOM THEY DISPLAYED IN SENDING WITH US GENERAL MCNAUGHTON WHOSE PRESENCE WAS OF SUCH VERY GREAT VALUE STOP I THINK THE BRITISH GOVERNMENT MAY WELL BE PROUD OF THE EXTREMELY QUICK AND EFFECTIVE STEPS THEY TOOK TO IMPLEMENT OUR SUGGESTIONS BY FORMING AND SENDING THEIR REPRESENTATIVES BACK TO CANADA WITH US PLEASE CONVEY MY REGRETS TO OUR CHAIRMAN HOLT GURNEY WHOSE AUTHORITATIVE HANDLING IN ENGLAND CREATED SO FAVOURABLE AN IMPRESSION

135 words Chg Circo  
3.10 P.M.  
EW-S/EC

E. WINSLOW-SPRAGGE

**D. L. HOWARD**, Assistant to General Manager, Montreal  
**E. H. GOODFELLOW**, Assistant Manager, Montreal, Que.

**R. R. BACON**, Supt., Sudbury, Ont.

**H. S. INGRAM**, Supt., Toronto, Ont.

**W. S. EMERY**, Supt., Montreal, Que.

**C. W. MACDONALD**, Supt., Saint John, N.B.

**W. M. THOMPSON**, Assistant Manager, Winnipeg, Man.

**P. G. McLEAN**, Supt., Vancouver, B.C.

**L. A. RAYMOND**, Supt., Calgary, Alta.

**T. H. HOLMES**, Supt., Moose Jaw, Sask.

**A. J. CLARK**, Supt., Winnipeg, Man.

**TERMS AND CONDITIONS UPON WHICH TELEGRAPH AND CABLE MESSAGES SHALL BE TRANSMITTED ARE PRESCRIBED BY ORDER No. 49274 DATED DECEMBER 5th, 1932, OF THE BOARD OF TRANSPORT COMMISSIONERS FOR CANADA, AND PUBLISHED IN THE CANADA GAZETTE.**

It is agreed between the sender of the message, on the face of this form and this Company, 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 cypher or obscure messages, or for errors from illegible writing, beyond the amount received for sending the same.

To guard against errors, the Company will repeat back any telegram for an extra payment of one-half the regular rate, and in that case the Company shall be liable for damages, suffered by the sender to an extent not exceeding \$200, due to the negligence of the 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.

This 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 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 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. This 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 Company shall vary the foregoing.

### CLASSES OF SERVICE

#### FULL RATE TELEGRAM

A full-rate expedited service.

#### NIGHT TELEGRAM

Accepted up to 2 a.m. 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 open on Sundays, and on the morning of the next ensuing business day at places where the Company's offices are not open on Sundays.

#### 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 telegram 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.

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 telegrams.

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 telegrams under the conditions named above.

#### NIGHT LETTERS

Accepted up to 2 a.m. for delivery on the morning of the next day after their date at places where the Company's offices are open on Sundays, and on the morning of the next ensuing business day at places where the Company's offices are not open on Sundays, at rates still lower than its standard night telegram 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.

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.



# CANADIAN PACIFIC TELEGRAPHS

CLASS OF SERVICE	
Full Rate	<input type="checkbox"/>
Day Letter	<input type="checkbox"/>
Night Message	<input type="checkbox"/>
Night Letter	<input type="checkbox"/>
Please mark an X opposite the class of service desired.	

MONEY TRANSFERRED BY  
TELEGRAPH TO PRINCIPAL  
POINTS IN CANADA AND  
THE UNITED STATES



CABLE CONNECTIONS TO  
ALL PARTS OF THE  
WORLD  
RADIOGRAMS TO SHIPS

TIME FILED
CHECK

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

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1404 Montreal Trust Building,  
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135 words Chg Circo  
3.10 P.M.  
EW-S/EC

E. WINSLOW-SPRAGGE

*E.W.S. writes letter of  
resignation to Canadian Ingersoll  
contacts after his heart attack  
A.B.*

CANADIAN INGERSOLL-RAND  
COMPANY, LIMITED.

EXECUTIVE OFFICE

NEW BIRKS BUILDING  
PHILLIPS SQUARE

MONTREAL, QUE.  
CANADA

September 17th, 1942.

Dear

This will perhaps be the last letter you will receive from me as General Manager.

Up until a very short time ago I had every expectation of being able to get back to my desk by October first. My doctor had told me that I was making what he calls an excellent recovery, but, unfortunately, his detailed report is to the effect that I should not attempt to subject myself to the same strain again.

Unfortunately, there is no way, for one of my temperament, to make the necessary all-out Wartime production effort without exerting even greater strain than before. I have talked this matter over with the President and we are thoroughly in agreement. The present staff, headed by Mr. Ferrabee, have done splendidly during my absence. I am convinced that this performance will continue and it would, therefore, be an unwarranted risk to disturb it.

In view of this situation I yesterday officially tendered my resignation, as Vice-President and General Manager, with the hope that it will become effective at the earliest possible moment. You will appreciate that this is a sad blow to my hopes of being useful to the Company during the present War.

But there is a brighter side. For thirty-three years I have enjoyed the privilege of working for Canadian Ingersoll-Rand. Five of these years were spent in the Sales Department and were among the happiest years of my life. Toronto, Cobalt and Porcupine - these were my first three jobs. Then at Montreal in 1912 as an unofficial Acting-Manager pinch-hitting for Walter Duggan who had become ill and, subsequently, to our great sorrow, died. Then four hectic years of War during which I was divorced from regular business and became head of our Munitions Department which grew to a total of over 4000 employees.

Sept 17, 1942

- 2 -

About the middle of the War our extraordinarily hard working General Manager, Mr. Gilman, had a serious heart attack and thereafter spent most of his Winters in the South. My association with him during his illness became most interesting and instructive and helped me greatly when I became Sales Manager and Assistant General Manager.

During all those years I learned about Grace & Company, Ingersoll-Rand Company, New York, Ingersoll-Rand, London, and came to think of the Company as a great bond of union among the English speaking peoples. The satisfaction I derived from this, the pride I took in the wonderful success of the Company and the opportunities I had of travelling widely and making friends - these were delights which no present misfortune can take away. After Mr. Gilman's death my position became more arduous.

In saying good-bye to you and all the staff, as General Manager, I recall the happy times we have had together and perhaps I can leave one or two thoughts with you. I learned to value loyalty and willingness to make a try more highly than almost any other qualities. I can hope nothing better than that any successor or successors, I may have, will experience the same pleasure that I have in this regard. Next, I feel there is a great power for good in getting the right people active in such associations as the Canadian Institute of Mining and Metallurgy and the Canadian Manufacturers Association. The experienced, well educated people in these associations can effectively improve business practices and usefully guide legislation and show a helpful interest in good Government.

I understand that the Company is going to keep me on as a Director and to confer on me an honorary title of Vice-President, but I am afraid my active period with you is over and so I will bring this letter to a close by wishing to all and your families the best of health, happiness and success in your undertakings coupled with the hope that when opportunity permits you will come and see me and let me know how things are going with you and with our mutual friends.

With kindest regards,

Yours sincerely,

EW-S/EC

General Manager.

November 11th, 1942

Brooke Claxton, Esq., K.C., M.P.,  
231 St. James Street,  
Montreal, Que.

Elimination of Waste.

Dear Brooke:-

Would you care to attempt the curtailment of useless usage of paper or if not would you care to put me in touch with someone who might be interested in this subject ?

On returning to Montreal yesterday I was shocked to find the porch and my cellar choked with circulars of various kinds, 90% of which appeared perfectly useless and took up the time not only of the pulp and paper trade to produce but must have wasted time all the way along the line, plus the time of the ultimate recipient.

On returning to my office this morning I find eleven envelopes like the enclosed which are purely national waste at this time in my opinion.

It seems to me that if there were a committee appointed by the Government to receive material which in the opinion of the original recipients were of no value that a way might be found of censoring and eliminating some of the useless material which at present goes into waste paper baskets and which in the aggregate must be a great time waster.

Yours very truly,

W

EW-S/EC





House of Commons  
Canada

231 St. James St. West, Montreal,  
November 25th, 1942.

E. Winslow-Spragge, Esq.,  
620 Cathcart St.,  
Montreal, Que.

(EDWARD)  
Dear Edwin,

I should have acknowledged your letter of 11th November before this. I agree with you about waste, particularly about waste of paper. Something is being done at Ottawa to cut that down but it is a difficult job to do without interfering unduly with freedom of enterprise and speech.

Thanks again for bringing this to my attention. I will try to follow up what you suggest in various ways. I hope you will not hesitate to pass on anything like this at any time.

With kindest regards,

Yours sincerely,

*Brooke Claxton*  
*per Dms*



*for Shields*

PLEASE REFER  
TO FILE.....

DEPUTY MINISTER  
OF  
MUNITIONS AND SUPPLY  
OTTAWA, CANADA

November 30th, 1942.

PRICES --- SUB-CONTRACTING

Dear Sir:

In its price-negotiation activities, the Department of Munitions and Supply proceeds on the general acceptance by manufacturers of the consensus of Canadian opinion that there shall be no profiteering from this war and, moreover, that the costs of production must be driven down to the lowest level which modern methods and strict economy can contrive. The soundness of these twin objectives, in principle, has never been seriously challenged.

It follows that where the Department is obliged, in default of anything better, to place a prime contract of the cost-plus or ceiling-price variety, it lays firmly and directly upon the prime contractor the responsibility for seeing that these objectives are observed in all his own purchases, whether of raw materials and "off the shelf" components or of detailed parts requiring special manufacture which have to be sub-contracted. It follows further that an adequate record must be maintained by the prime-contractor of all such price negotiations for audit purposes.

From time to time it has been suggested that it does not matter what price a prime contractor allows a sub-contractor and that it is for the Government later on, by exercise of its audit powers, to discover for itself what the sub-contractor's profits are and to recover anything it considers excessive. A little reflection will make it clear, however, that this is neither logical nor practicable. When a prime contractor undertakes to produce an instrument of war to a set schedule of delivery dates, he obviously accepts the responsibility not only for the selection of sub-contractors but for all negotiations with them on lines which conform with Government policy. Moreover, if proper protective measures are not taken and the sub-contractor receives a higher price than is warranted, the excess profits are apt to be dissipated or spent on plant improvements before the Government could audit the costs and make a claim for recovery.

COMPETITIVE TENDERS

The Department adheres to the view that where it is possible to get at least three genuinely competitive tenders the acceptance of the lowest bid received from a competent producer is the most reliable assurance that costs are controlled and profit margins held to reasonable limits. Wherever possible, this is the method which prime contractors should adopt. They must, however, use all vigilance to see that real

*Meeting of C.M.P.A. Toronto Nov: 20/42*

SUMMARY OF PRINCIPAL BUSINESS TO BE DISCUSSED

AT THE EXECUTIVE COUNCIL MEETING, TORONTO, NOVEMBER 27th, 1942.

*E.W. Member of Executive Council*

COMMITTEES

EXECUTIVE

Problems Arising out of the War - Munitions Production, Curtailment of Industry, Manpower, Labour Relations, Priorities, Controls, etc., Reports of Standing Committees, Reports of Divisions and Branches, Finance and Administration.

INDUSTRIAL RELATIONS

National Selective Service, Collective Bargaining, Management-Employee Joint Committees, Absenteeism.

TARIFF

Wartime Prices and Trade Board - Orders and Regulations, Import and Export Restrictions, Reciprocal Customs Arrangements between Canada and United States re War Materials.

COMMERCIAL INTELLIGENCE

Priorities, Combined Production and Resources Board of the United Kingdom, United States and Canada, Canada-United States Joint War Production Committee, Manufacturing and Materials Controls.

TRANSPORTATION

Transport Controller's Order on Maximum Carloading of Carload Traffic, Shipping Situation, Freight Rates - General Investigation in United States, United States Tax on Freight Charges, Agreed Charges - Applications and Orders.

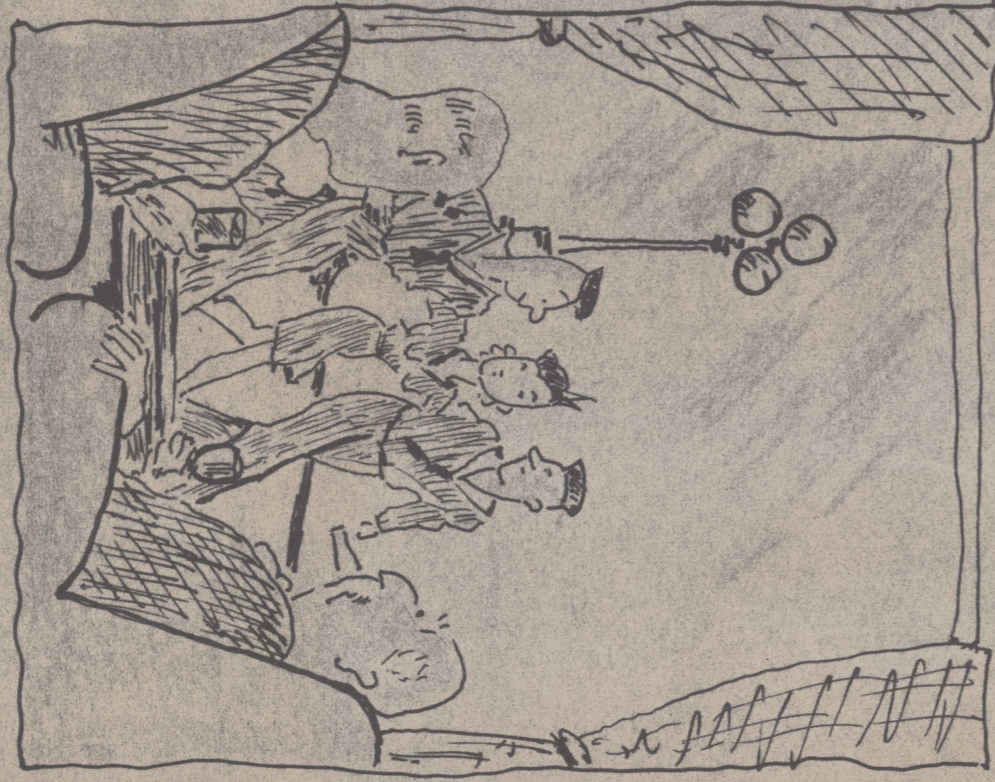
LEGISLATION

Income War Tax Act:  
(a) Proposed pay-as-you-earn amendment.  
(b) Depreciation.  
Audit of War Contracts,  
Validity of Controllers' Orders.

INSURANCE

War Risk Insurance, Canadian Government Scheme for Compensating Civilian Defence Workers.  
War Automobile Insurance.

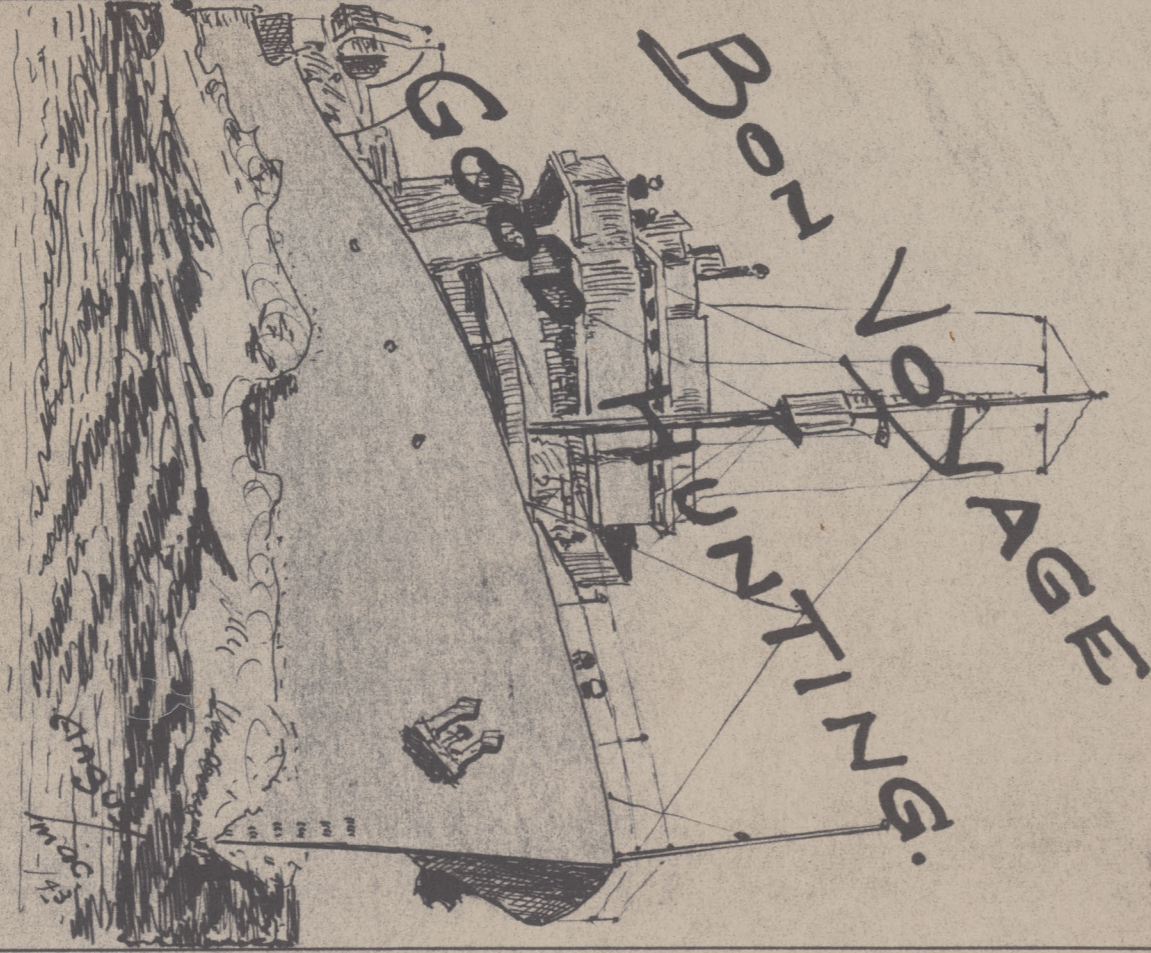
"A corvette and two destroyers,  
eh, Admiral?"  
Montrealer.



DEPARTMENT OF MUNITIONS & SUPPLY,  
-CHAPEL LAURIER - OTTAWA. 18-7-43

HUGH H TURNBULL.

To



- MENU -

LOBSTER COCKTAIL  
"ASDIC"

BARNACLE SOUP

"FRIGATE" de MIGNON

"WESTERN ISLES' SPUDS

COUPE "FAIRMILES"

BISCUITS de MER

DEMI TASSE

BILGE WATER

Scotch:- oil Fuel Tanks To Be Well

Filled. Before Casting off.

Cigars - Cigarettes. Free Issue to  
RATINGS only - OFFICERS Will  
practise Conservation of Critical  
materials by Smoking their own.



Canadian  
Press Clipping

Service

481 University Ave., Toronto

1943

INDUSTRIAL

TORONTO, ONT.

FEB. 1943.

# Summary of Changes in Listings Directory for February

The principal changes which occur with such frequency to make use of the latest. Every effort is made to date as possible.

Administrator and D. Williams, H. D. Humphreys and B. A. McDougall are Directors.

The name of R. B. Trott appears as Director of Furniture under the Retail Trade Administration.

Metal Furniture is no longer listed under the Supplies heading.

A considerable number of changes in the addresses of administrators and directors have been made this month but these are too numerous to mention.

Under the Supply Division of the Board a Standards Section is being set up with Dr. R. T. Elworthy, formerly of the Department of Munitions and Supply, as chief.

C. L. Evans appears as Director (Planning Research) in the Ration Administration.

D. O. Stewart has been appointed Enforcement Counsel for the Board at the Regional Office in Charlottetown, P.E.I.

has been made for the Combined Production and Resources Board which will be found under the International heading.

## Advisory Committee on Economic Policy

This Committee has been reorganized. W. A. Mackintosh, who was previously Assistant to the Chairman, is now Vice-Chairman. R. H. Coats, formerly Dominion Statistician, has retired from the Committee. New members are Donald Gordon, Chairman of the Wartime Prices and Trade Board; Arthur MacNamara, Deputy Minister of Labour, and Oliver Master, Acting Deputy Minister of Trade and Commerce.

## Department of Munitions and Supply

The principal change this month in this department is the amalgamation of the Tank Production Branch with the Automotive Production Branch. J. H. Berry, who was Director-General of the Automotive Production Branch and Acting Director-General of the Tank Production Branch, is now Director-General of the amalgamated branches.

E. C. Perley, who was Director of the Tank Production Branch, is now Director, Production, of the Automotive and Tank Production Branch.

The name of R. C. Napier appears as Director, Production Control, of the Automotive and Tank Production Branch.

The following changes should be noted in the personnel of the Ammunition and Gun Production Branch. H. R. Malley is now listed as Director, Ammunition Components. Col. G. Ogilvie is now Director, Ammunition Filling. R. D. Keenleyside is Director, Guns and Instruments and A. H. Zimmerman, Director, Small Arms.

Dr. R. T. Elworthy no longer appears as Director of the Chemicals and Explosives Production Branch. He has been transferred to the Wartime Prices and Trade Board as chief of the new Standards Section of the Board.

A. D. Cobbam has been appointed Associate Financial Advisor and E. Winslow-Spragge, Special Negotiator, under F. H. Brown, the Financial Advisor.

The name of R. W. McCollough has been inserted as Director of the Defence Projects Construction Branch.

E. W. Croll and C. B. Doheney have been added to the list of assistants to the General Purchasing Agent.

Under the Wartime Industries Control Board, John Schofield replaces C. Blake Jackson as Controller of Construction. The name of A. S. Nicholson disappears as Associate Timber Controller.

## Wartime Prices and Trade Board

S. A. Cudmore, Dominion Statistician, has been appointed a member of the Board.

J. G. Taggart has resigned as Foods Administrator and F. S. Grisdale, who has been Deputy Administrator, is now listed as Acting Administrator.

Geo. B. Wilson, previously shown as Assistant to the Administrator of Electrical Apparatus and Machinery, is now Deputy Administrator.

H. S. Hunnisett has been appointed Director (Animal Fats) under the Oils and Fats Administration.

Under Pulp and Paper, the Paper Boxes, Envelopes and Packages Administration and the Converted Paper Products Administration have been combined as the Packages and Converted Paper Products Administration. C. V. Hodder is

## Government-Owned Companies

K. C. Notman, who has been listed as Manager of the Technical and Purchasing Division of Citadel Merchandising Co. Limited, has been appointed a Vice-President of the Company and now appears as such.

A. E. Naylor has succeeded Thomas Arnold as President of Cutting Tools and Gauges Limited. Roy T. Wise is no longer listed as Vice-President of this company and the name of J. H. Coffey now appears as General Manager.

V. W. T. Scully is no longer listed as Secretary-Treasurer of Plateau Co. Limited. J. S. Lewis, who has been Manager of the Company, is now Manager and Secretary-Treasurer.

Under Victory Aircraft Limited, E. C. Fox is now listed as Vice-President, W. P. McQueen as Secretary and R. J. Murray as Treasurer.

*Industrial Canada*  
*Feb 1943*

April 3rd, 1943

Wartime Bureau of Technical Personnel,  
Department of Labour,  
Ottawa, Canada.

Attention: Mr. G. G. Mills.

Dear Sirs:

I have your letter of March 30th and note that under Order-in-Council PC.246, Part 3, you believe I should have made a report to your office. The facts are as follows:

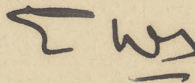
As a result of a letter of January 14th from Department of Munitions and Supply, Mr. Frank H. Brown, Financial Adviser (copy attached), my Company agree that I should be on loan to the Department five days a week. I have retained an office at the Company where I am available for consultation on Saturdays and Sundays.

In accepting a voluntary position with the Department without remuneration and on the so-called dollar a year plan, I do not feel that I have terminated my association with Canadian Ingersoll-Rand Company in the manner contemplated by PC.246 and I think it would be prejudicial to my interests to have you hold any other view.

Will you kindly acknowledge this letter and advise me that you are satisfied with the above explanation.

Yours very truly,

CANADIAN INGERSOLL-RAND COMPANY LIMITED



Vice-President.

E.W-S/C

*E. W. Milow-Spragg*

FOR USE OF THE EMPLOYEE

DOMINION OF CANADA



**Form TP. 2.**

(Permit to employ)

Employer must retain and produce this permit as required by authority granting same.

**PERMIT TO EMPLOY A PERSON UNDER ESSENTIAL WORK (SCIENTIFIC AND TECHNICAL PERSONNEL) REGULATIONS, 1942, P.C. 638**

WARTIME BUREAU OF TECHNICAL PERSONNEL

(A division of National Selective Service)

Name of Employer..... **Department of Munitions and Supply**

Address..... **Ottawa, Ontario**

The above-named employer is hereby granted permission to employ

**E. Winslow-Spragge**

(Name of employee)

as referred to in application dated **April 2, 1943**

for a period of..... **Until further notice**

as a..... **Special Negotiator- Asst. to the Financial Adviser**  
(Professional classification of worker, or description of work)

For Minister of Labour,

*A. G. ...*  
for DIRECTOR

WARTIME BUREAU OF TECHNICAL PERSONNEL

Issued at Ottawa, Ontario

**April 5, 1943**

Date.....

# Renegotiation of War Contracts Poses Serious Problem

## Industry and Government at Odd on Seemingly Impossible Task, Which, It Is Held, Could Be Accomplished by Defining Excessive Profits

The writer of the following letter is a member of the New York Chamber of Commerce, the National Manufacturers Association, and has been president of the Johns-Manville Corporation since 1929. In 1939 he received the Vermilye Medal from the Franklin Institute of Pennsylvania for outstanding contribution in the field of industrial management.

TO THE EDITOR OF THE NEW YORK TIMES:

Surely the members of the House Ways and Means Committee, in seeking light on the vexatious question of renegotiation of war contracts, are faced with a dilemma. I am convinced that the committee wants to do the right thing. The right thing, of course, is to prevent undue profits from war, but to do so without injury to business. The committee has heard advice from industry and from the Government departments. There seems scarcely a point at which the two find common ground. I am afraid the committee will have little light from the sources which should aid it most, and will face the dilemma of choosing between one extreme and the other.

This is unfortunate. I say this because I think there is no difference of principle between industry and the Government representatives and because I think that people who agree on principle ought to be able to work out method.

### Industry Represented

Among others, the committee has heard the Chamber of Commerce, the National Association of Manufacturers and representatives of the cotton-textile and aircraft industries. If these are not industry itself, they are at least representatives of a considerable portion of industry.

Without attempting to distinguish their views too exactly, they appear to believe generally that the Renegotiation Law should be repealed. That opinion is not always so bluntly stated, but I take it to be implied when they say that excessive profits can be prevented by the tax laws. In support of this urging, they say, in effect, that the Renegotiation Law is dangerous because, by failing to say what profits are excessive, it requires government by men instead of by law.

I understand the viewpoint to be also that the tax laws get most of any excessive profits anyhow and, if they miss any, the tax laws can be amended to get them. In brief, it appears to be the view of the industrial representatives that the Renegotiation Law is entirely bad and the tax laws are a trustworthy medium for the execution of the principle which is at stake.

The Government departments, represented by the Under-Secretary of War and the retiring chairman of the War Department Price Adjustment Board, say, in substance, that the Renegotiation Law is an admirable piece of machinery and that the tax laws would not be a satisfactory substitute. Mr. Karker does, indeed, agree that the Renegotiation Law "is a dangerous and un-American statute," but he says we are in a dangerous and destructive war, which justifies unusual precautions and conditions. He thinks the sources of criticism are "the minorities that always exist—the 10 per cent minority of the greedy, self-centered and selfish in industry."

### Wastage Feared

Mr. Patterson is reported to have said that "confiscatory taxes may eliminate excessive profits but will inevitably result in wastage of manpower and materials."

Now I submit that there are obvious defects in both positions. Until it has been demonstrated that the tax laws will in fact prevent excessive profits—and this has not yet been demonstrated—we cannot call them a solution. Where there is such universal complaint about the Renegotiation Law, on the other hand, it cannot be so perfect as its proponents seem obliged to assert.

I say again that it seems unfortunate that, before a committee of Congress which earnestly wants to do what is right, the two interests cannot come closer in their viewpoints. I think it is the more unfortunate because I do not

believe there is as much disagreement between them as would appear from what they say.

There is another unfortunate aspect of the testimony. Passing for a moment the propriety of the present law, and assuming that it is all it should be, the question still remains whether its mandate can be carried out. As to this the testimony is almost completely silent. It is true that Mr. Karker felt obliged to take cognizance of the size of the administrative task. He says the objection has been raised that the task is administratively impossible, but that "administrative impossibility has been proved not to be true."

### Truman Group Doubted

Of course, the doubt was first expressed by the Truman committee and is therefore entitled to some deference. It is supported by much more than mere authority, however. It is confirmed by the figures of renegotiation. The Truman committee estimated that there would be 85,000 cases to be renegotiated pursuant to the statute. A projection of the latest figures of settlements released by the renegotiation agencies indicates that 9,000 settlements will be made this year. Those 9,000, if I understand their composition, include verbal agreements not yet approved by higher authority nor committed to writing.

True, there is something of a veil covering the whole question of the size of this task. The only estimate yet available is the one by the Truman committee. Either the negotiating agencies themselves do not know how many cases there are or prefer not to say. By implication, however, they have admitted that the original task was impossible, because they are recommending that the exemption be increased to \$500,000.

I shall not pause here to ask how they reconcile this recommendation with the principle they are defending or why they think that "unusual precautions and conditions" are required for large contractors but not for smaller ones. I shall merely point out that apparently they do not even know how this increased exemption will modify their task. The only appraisal I have heard was a guess that it will reduce the number of cases to 20,000. As such guesses go, this figure is probably low; but, in the progress made to date, there is no evidence that even that number of settlements could be made annually.

### Observing Incentives

The renegotiation authorities have expressed concern over the lack of incentive to efficient operation which they say would be the result of applying any other method than the present law. It may, accordingly, be permissible for someone else to point out the kind of incentive offered by an impracticable administrative task. Under the lash of such a task, and in the attempt to live up to the assurances that the job will be done, the renegotiation personnel will be under strong incentive to dispense with true negotiation and have resort to the speed of summary assessment. I do not believe the departments want that, but they do risk it by assuming an impossible task.

The impossibility of the administrative task warrants concern that the principle of preventing undue profit from the war may be lost in the shuffle. I know that the great body of industry believes in this principle. I am sure the testimony by the representatives of industry indicates no dissent from it.

Apart from sentiments of patriotism, in which I think industry shares equally with any other portion of our people, there is a selfish reason for enforcing the principle. I do not believe industry can afford to have its reputation blackened by letting some of its members retain excessive profits nor that it has any wish to run this risk. The addition of the vexatious problems of renegotiation to all the other obligations under which business managements labor in common with the rest of our populace has driven many of them to feel that they would give anything, even to the payment of greater taxes, to be rid of it; but it would be a great mistake to assume that this proceeded from a desire to permit undue war profits.

The main reason for the lack of a

common ground of discussion is the absence of any definition of excessive profits. How can methods be devised when no two persons seem able or willing to agree on how to define excessive profits? Congress said in the statute that excessive profits meant anything found as a result of renegotiation to be excessive profits. The definitions, of course, have as many as there are cases. In industry each company looks at its own profit, measures it against some standard such as its sales or, more likely, its devotion of time, effort, facilities and resources to the war effort, and concludes that it can't possibly be accused of realizing excessive profits, and that anyhow, if there is any doubt, the excess profits tax of 81 per cent must have got them.

For the solution of this question we need a definition as a meeting ground of opinion. Strangely, the testimony is almost silent on the fact that Congress has already made such a definition. Congress was faced with much the same question when it wrote the Excess Profits Tax Law. In order to levy that tax it had to say what profits were not "excess." After a great deal of consideration it agreed upon a definition. It determined that profits were not excess if they did not exceed a pre-war average or a specified ratio to invested capital. Since that definition the excess profits tax has been administered upon that basis, and I have heard little criticism of it.

### Conclusion Advanced

Whatever difference there is between "excess" and "excessive" is, I am sure, on the side of the latter. Accordingly, it seems completely reasonable to conclude that the profit which Congress said was not "excess" for the purpose of computing the excess profits tax would not be "excessive" from the standpoint of the principle under present consideration.

Of course, the renegotiation officials find a great many reasons why they should deal with profits before taxes rather than with profits after taxes. But I think we ought to be practical. I shall resort to the viewpoint of the ordinary man, and suggest that the only profit made by a man or a business—the only profit which can be justified as reasonable or castigated as excessive—is the profit which he retains after he has paid his taxes.

Therefore, if, after paying taxes, the profit derived from war contracts is not greater than the profit which is exempt from excess profit tax, the possessor cannot possibly be said to have realized undue war profits.

If this test were applied, if, before renegotiation begins, they screened out all contractors whose profits after taxes are not greater than their normal income, then the remaining number of contractors with whom renegotiation should be conducted would be a very small percentage, perhaps not more than 10 or 15 per cent, of the whole number. The administrative difficulty now is in trying to renegotiate with all of them. When those who clearly have not realized excessive profits have been screened out by this simple test the task of renegotiation with the remainder becomes a practicable one.

### Problem Unsolved

Industry has a great many very good reasons why the Renegotiation Law is objectionable. The Government departments have a great many very good reasons why the Renegotiation Law serves a useful purpose. They are both right, but they do not solve the problem. We ought not to compromise the principle of preventing undue war profits. And we ought not to burden industry unnecessarily in preventing them.

Let industry recognize that, though renegotiation is not a desirable process, it is unavoidable for the small number of cases where excess profits may exist. Let the Government departments recognize that it is better to do a good job on the cases that are really doubtful than to surrender the principle by attempting too much. Only by that sort of mutual concession, I believe, is the question to be solved satisfactorily.

LEWIS H. BROWN.

New York, Sept. 24, 1943.



## OPA ADMITS INTENT TO PUSH SUBSIDIES

Will Ask Congress for Funds to Pay What It Prefers to Call Production Bonuses

### CITES ROLL-BACK ORDER

By CHARLES E. EGAN

WASHINGTON, Sept. 25—Despite efforts to step gingerly about the subject, the Office of Price Administration has been compelled to admit it intends asking Congress to appropriate funds for subsidies (or production bonuses as the agency prefers to call them) during the present session.

According to recent reports here, the way for the request will be prepared first by a message from President Roosevelt citing to Congress the need for a subsidy program to curb living costs. What reception the proposal will receive from Congress remains to be seen.

OPA is counting strongly, however, upon a change of heart on the part of Congress. It pictures subsidies along with strict price control as one of the indispensable tools in performing the tasks which the legislative branch of the Government has placed upon its shoulders.

#### Resentment Voiced

When talking informally officials at OPA voice a resentment against the criticism which the announcement of their roll-back program for potatoes, apples, oranges, onions, lard, vegetable oils and peanut butter aroused throughout the country this week.

They hold that that program, along with the roll-back programs covering meat, butter, lettuce, cabbage and fish, was necessary if the agency is to carry out the mandate of Congress and roll back living costs to the Sept. 15, 1942, level.

"We are not going to argue about whether the policy of rolling back prices to September 15 makes sense or not," one official said yesterday. "The statute orders us to do so—and it authorizes subsidies for the purpose where it is the only way the objective can be accomplished.

"Personally I think that a forthright stand as to wages and taxes should have been taken also, but regardless of my personal feelings about the general pattern of economic stabilization, we here know that the OPA has been ordered to do a job—and we intend to do it."

The price agency maintains that with the \$100,000,000 fund which it hopes to get to manage roll backs on prices it can effect the 2.3 per cent drop in the cost of living which it promised some time ago.

#### Living Costs Down

The meat and butter, lettuce, cabbage and fish roll backs instituted earlier have already pushed living costs down by 1.6 per cent, according to the Bureau of Labor Statistics index, officials argue.

The meat and butter roll backs were accomplished through subsidy payments made direct to producers. On the other items the roll back was accomplished merely by fixing a price limit at all levels of distribution and thereby compelling those handling the products to adjust profit margins downward in order to conform. As a result of the cabbage-price regulation, it was held, the price of cabbage dropped from 11.5 cents a pound in May to 4.9 cents in August.

Defenders of the OPA roll-back program, which ultimately is to be expanded to cover all fresh fruits and vegetables, assert that living costs rose 6.2 per cent between Sept. 15, 1942, and May of this year. Three-fifths of the increase, they hold, was due to advances in prices for fresh fruits and vegetables.

In the period in question prices

### ROLLING BACK PRICES



Harris & Ewing  
At top, Chester Bowles, general manager of the Office of Price Administration. Bottom, Marvin Jones, War Food Administrator.

for fresh fruits and vegetables rose 58 per cent. Other factors in the cost-of-living index showed only nominal increases, it was held. Rent remained stationary; clothing rose 1.3 per cent, house furnishings 0.9 per cent and miscellaneous products (including fuel, etc.) rose 3.2 per cent in price. Food items, other than fresh fruits and vegetables, were under price controls and rose only 4 per cent in the same period.

#### Sharp Rise in Fruit Prices

Despite the fact that the fresh fruits and vegetables constituted only one-quarter of the average food budget, OPA officials said, advances in that field had been so sharp as to disrupt the entire stabilization program.

Most of the task of rolling back prices, according to the price executives, will be accomplished by cutting marketing margins of distributors, as was done with cabbage, and also by holding prices at the farm level. OPA executives maintain that of the 58 per cent increase in fresh fruit and vegetable prices between September, 1942, and last May, almost two-thirds was made up of increases in margins for distributors and slightly more than one-third went to the growers.

Although there would be some Government purchasing of produce and subsequent re-sale to distributors at a loss, this would be held to a minimum, officials said. In most instances it will be done to take care of regional situations where spoilage of a crop is threatened.

Most of the cash expended would be to subsidize costs of moving fresh produce to market, it was added.

To consumers the program will mean a steady decline in prices of cost-of-living items, if OPA's plans work out. Once the Sept. 15, 1942, level has been reached, OPA intends to "hold the line," utilizing subsidies and strict price enforcement to keep the price line static.

## \$200 BILLION PACE IS EXPECTED SOON

Gross National Production Is Put by the Government at \$188,000,000,000 for '43

### DOUBLING THE 1940 RATE

By FREDERICK R. BARKLEY

WASHINGTON, Sept. 25—What the American people can do in the productive line when they really flex their muscles has been demonstrated in many reports, but few of these are as dramatic as the recent accounting prepared by the Department of Commerce on national production under the stress of war.

This report recounted that the gross national production this year is expected to reach the unprecedented total of \$188,000,000,000 and is further expected to be pouring out of the farms and factories at the end of the year at an annual rate of \$200,000,000,000. The latter rate would double the rate of output in the last quarter of 1940.

Gross national production is defined by the department as the aggregate value of currently produced goods and services flowing to Government, to consumers and—for purposes of gross capital formation—to business. It is measured for each period in terms of the current purchasing value of the dollar and thus is subject to some adjustment to obtain the actual physical volume of output.

#### Unprecedented Increase

However, Department of Commerce experts say that although rising prices have thrown the comparative totals somewhat out of absolute adjustment, such adjustment still would show an unprecedented increase in the volume of physical product and of services rendered private and governmental consumers.

With this qualification, here is a statistical picture of how national production has leaped upward under the demands of war as compared with years prior to and during the depression and subsequent peacetime recovery, expressed in billions of dollars:

1929	.....	99.4	1937	.....	87.7
1930	.....	88.2	1938	.....	80.6
1931	.....	72.1	1939	.....	88.1
1932	.....	55.4	1940	.....	97.1
1933	.....	54.8	1941	.....	119.5
1934	.....	63.8	1942	.....	151.7
1935	.....	70.8	*1943	.....	188.0
1936	.....	81.7			*Estimated

Thus it will be seen that while changes in the price level make these figures not absolutely comparable, they do show roughly an increase in the national output of goods and services from a pre-depression peak of about \$100,000,000,000 to an annual expected rate at the end of this year which, if achieved and sustained for a year, would mean an essential doubling of the then-considered tremendous national productivity of 1929, the last pre-depression year.

#### Fast Pace Analyzed

The population has increased over this period, but at nothing like the pace of the country's industrial output. And while the purchasing power of the dollars in which the output is measured also has fluctuated upward and downward, no Government statistics show any shifts remotely comparable with the depression decline and the post-depression and wartime rise in national output.

One important change has been the expansion in the nation's working force, under the demands of war production, through the drawing upon women and elderly persons not heretofore employed. On the other hand, this increase in the working force has been pretty well counterbalanced by the withdrawal of men—and women—to enter the armed services.

In its latest report the Department of Commerce attempts to give a picture of how this great increase in the national product is being distributed among various groups of the population. It does



# St

This in our son times t self an — two ironica likely r enemy

1936-45

Renegotiation of War Business.

R. E. Saunders, B. Com., C.A.

The term renegotiation in connection with war business has come to be applied to a form of review of financial statements and supporting data that was initiated by the former Department of Munitions and Supply and is being continued by the Department of Reconstruction and Supply. While the procedure now followed did not come into general use until the latter part of the war the principle involved is not a new one. In June, 1939, before the declaration of war, Parliament passed an act that would have limited profits on war contracts to 5% of the capital employed. This method was soon found to be impracticable and the act was repealed. However, it left no doubt that the representatives of the people felt that something over and above ordinary commercial buying practices would be necessary to control the prices paid for munitions and supplies. That this feeling was not confined to members of Parliament is evidenced by the large number of contractors who came forward even during the early years of the war and made voluntary refunds based on what they themselves considered to be excessive prices. Profit margins that they would have felt justified in retaining under peace time conditions seemed out of keeping with the scale of remuneration received by the men serving overseas.

Another factor that has made the present form of renegotiation procedure necessary is the close control which the Department endeavoured to maintain over costs and profits. This made its prime contract work less attractive than sub-contracts and other forms of indirect war business. One of the functions of renegotiation, therefore, is to ensure that all companies that have been engaged directly or indirectly

in war work are treated as nearly as possible on the same basis.

It is probable that by this time the greater portion of those companies more or less directly engaged in the war effort have made settlements or are familiar with renegotiation procedure. There remains a large number of companies, however, which have had no contact with the Department and for this reason find it difficult to comprehend the extent to which renegotiation is applicable to their operations. These companies are receiving enquiries from the Department for figures covering sales and profits together with requests for estimates of the amount of war business involved.

As far as the sales and profits are concerned the information should be easily obtainable from the companies' records in the form required. The estimate of war business, however, is sometimes a difficult one to prepare and, where considerable analytical work would be involved, a rough approximation only should be submitted for the Department's preliminary review. A more detailed study can be made later on if this appears to be necessary.

If the Department indicates that a refund is required matters can frequently be simplified by arranging an interview with one of the renegotiation officers in Montreal, Ottawa, Toronto or Vancouver. This should enable the representatives of the company to form an opinion of the amount of refund involved and determine the character and extent of the data to be assembled for the final presentation.

The following form indicates the salient features to be considered and also provides a useful tabulation of the

results of each year's operations.

Year ended .....	<u>Sales</u>	<u>Cost</u>	<u>Profit</u>	<u>% Profit to Cost</u>
War - previously settled				
War - subject to renegotiation				
Civilian				
Total				
Adjustments				
Total per financial statements				

Determination of Total War Sales

The definition of war business, insofar as it concerns the Department, is set forth in some detail in Section 13 of the Munitions and Supply Act as amended by Section 11 of the Reconstruction and Supply Act. Stated in more general terms, the Department is required to satisfy itself as to the reasonableness of prices charged for all goods and services which have entered into the cost of its purchases of munitions and supplies during the war period. Such costs include not only raw materials and component parts but depreciation and other overhead items. The amended section also provides that the periods subject to renegotiation on an overall basis shall end with such fiscal year of the company which includes September 2, 1945. With regard to individual contracts entered into prior to September 2, 1945, however, there is no limit to the period in which subsequent deliveries may be renegotiated.

No difficulty arises in segregating the war business represented by direct sales to the Department nor is there any doubt as to the status of a sub-contract to supply component parts to a prime contractor. Similarly many companies can indicate groups of customers or lines of product that are just as obviously civilian. In between these two extremes lies the great mass of ordinary commercial goods and services that have become involved in the production of munitions and

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supplies. To break this group down into the two classes of sales usually requires that it be studied from both points of view: viz. - how much can be identified with war supplies and, how much with civilian.

The following methods have been found satisfactory by many companies depending upon the type of business and the completeness of the accounting records:

1. Analysis of major product lines.
2. Analysis of individual orders and their priority ratings.
3. Analysis of sales to principal customers.
4. Study of pre-war sales volume and the effect of the war on sales of various product lines.
5. Consideration of figures previously submitted in order to obtain special depreciation rates and priorities for materials and labour.

It is sometimes possible to show that one or more lines of products or services are by their very nature of no value in the production of munitions and supplies although they may be nonetheless essential for civilian purposes. Other lines, on the contrary, may have been diverted entirely to war purposes. To the extent that segregation of business can be made on this basis the work of classifying total sales by other means is reduced.

Where the sales are confined to a few large orders it may be practicable to review these in detail and, by reference to priority ratings, customer and type of product, segregate the war business from the civilian. The priority ratings require a certain amount of interpretation and are not of much value before the middle of 1942 when they did not apply to many materials which were entering into war supplies.

An analysis of the company's customers combined with a study of product lines is usually the most satisfactory means of reaching an estimate of the respective amounts of war and civilian business. To keep the work within reasonable bounds the analysis can be confined to the major customers and, sometimes, to representative months of the year. The figures should be extracted from the most convenient source and it is usually unnecessary to adjust the individual accounts for such items as freight and sales tax so long as the total can be reconciled fairly closely with the sales shown in the financial statements. With some customers it may be quite obvious from the type of product involved that it will be used entirely for war purposes, or vice versa, and these sales can be classified accordingly. Where the "end-use" of the sales is not readily apparent, however, it has frequently been found satisfactory to apply a percentage representing the extent to which the customer was engaged in war work during the year under review. This percentage can be obtained usually as follows:-

- (a) from personal knowledge of the customer's business,
- (b) by correspondence with the customer, and
- (c) in some instances by reference to the Department.

Once the sales to the individual customers have been so classified it is a simple matter to arrive at an average percentage of war business for the year.

Many companies sell largely through jobbers or deal with customers who are engaged very indirectly in war work and so would not be able to obtain satisfactory results from the preceding methods of analysis. Sometimes a reasonable approach can be found by estimating the amount of civilian business obtained

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during the war period on the basis of pre-war experience. In fact, a brief study along these lines should be made in any event to act as a check on the figures obtained by other methods. In using the results of pre-war operations, however, consideration must be given to the effect of wartime conditions. An upward trend in civilian business that might have been expected to project itself through the period 1936 - 39 into the war period 1940 - 45 may actually have been reversed by shortages of materials or the conversion of the plant to war production. On the other hand there are some lines of business that have enjoyed an exceptional increase in civilian sales due to the large volume of spending power available and the ability to find substitutes for high priority materials. In other words the effect of the war on the company's markets and sources of supply must be studied and proper adjustments made to the pre-war volume.

In this connection it might be as well to point out that the standard profits established for excess profits tax purposes are not an essential factor from the Department's point of view, although they may provide a useful guide to the volume of civilian business. The Department is not in a position to allow unreasonably high profits on war work in order that a company may retain total profits equal to the amount of its standard profit.

x In addition to determining<sup>in</sup> the total volume of war business some consideration may have to be given to separating sales previously reviewed and settled with the Department from the portion still subject to renegotiation. Many companies throughout the course of the war have periodically submitted actual costs on all or part of their war work and made whatever refunds were necessary

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to the Department, its agents or certain prime contractors. These sales should be shown separately from the remaining war business.

It is important to realize that a renegotiation settlement cannot relieve the contractor of the responsibility for fulfilling the terms of each individual contract. Cost-plus or similar forms of contracts must be amended sooner or later to indicate the final price agreed upon and it is desirable to have this done before the final presentation of data is made. Sometimes the renegotiation officer is able to assist in cleaning up the last details of such contracts.

#### Cost of Sales

Where a portion of the company's war business has already been reviewed and settlements made which are satisfactory to the Department the relevant costs should be segregated and shown separately in the presentation. The remaining costs will then have to be apportioned between the war business subject to renegotiation and the company's civilian business.

The allocation of costs between war and civilian sales should follow the principles laid down in costing memorandum M. & S. 433; i.e. war sales should bear only those costs which are necessary to produce the goods and to complete delivery.

Some companies have confined their war work to a separate section of the plant or have in any event been able to maintain a satisfactory segregation of costs. These can be used in the presentation although some adjustment may be necessary for renegotiation purposes if it is apparent that the allocation of overhead has unduly favoured the civilian business. For the



page 8.

majority of companies, however, separate costs will probably not be available or a large part of the war business may consist of the company's regular product. In such cases apportionment of costs (after disallowances) must be made on an overall basis.

A pro rata apportionment based on sales volume is sometimes found to be satisfactory provided there has been no substantial increase in the rate of profit over that prevailing in pre-war years. Where it is found, however, that the war business has occasioned an overall increase in the rate of profit an apportionment of costs in ratio to sales would leave the civilian business with profits properly attributable to war sales. Sufficient adjustment should then be made to the ratio to reduce the rate of profit on civilian business to a reasonable figure. In other words, the Department expects to have the economies that usually result from a higher production volume used for the benefit of the war business.

#### Fair and Reasonable Profit

In determining what should be a fair rate of profit on the company's war business the Department is confined to a limited scale of percentages but, within that limited scale, decides each case on its merits.

Some operations by their very nature are adaptable to mass production methods and readily produce a large sales volume. In many instances this large volume can be obtained with a relatively small capital investment or the fixed assets may have been financed by the government through special depreciation or other form of capital assistance. For these companies a low

page 9.

rate of profit will provide a return which is reasonably commensurate with the amount of capital employed and the services rendered.

Other operations, on the contrary, involve long manufacturing periods, frequent design changes and interruptions to production or a high degree of engineering skill and enterprise on the part of the management. The volume resulting from this second type of business usually does not fully reflect the value of the services rendered and warrants therefore a higher rate of profit.

In citing factors which a company feels should be considered in its favour it should be borne in mind that specific examples carry much greater weight than do generalities. Merely to state that substantial cost reductions have been accomplished through improved methods or changes in design is not nearly so effective as a list of items showing the estimated savings stated in dollars.

This article is not intended to be an exhaustive treatise on the subject of renegotiation. It outlines briefly the principal items to be considered when assembling data for submission to the Department of Reconstruction and Supply and indicates a few of the sources from which the figures may be obtained.

# CHATEAU LAURIER



CANADA'S HOTELS  
OF DISTINCTION  
OWNED AND OPERATED BY  
CANADIAN NATIONAL RAILWAYS

THE CHARLOTTETOWN, CHARLOTTETOWN  
THE NOVA SCOTIAN, HALIFAX  
CHATEAU LAURIER, OTTAWA  
PRINCE ARTHUR HOTEL, PORT ARTHUR  
THE FORT GARRY, WINNIPEG  
PRINCE EDWARD HOTEL, BRANDON  
THE BESSBOROUGH, SASKATOON  
THE MACDONALD, EDMONTON

SUMMER RESORTS  
JASPER PARK LODGE, JASPER NATIONAL PARK, ALTA.  
MINAKI LODGE, MINAKI, ONT.  
PICTOU LODGE, PICTOU, N.S.

63 Pulman Ave

OTTAWA, ONT. 19 Feb 1944

A. K. E. Naughton

My dear Edward

This is just a line to acknowledge  
your note of 17 Feb which <sup>envelope</sup> ~~has~~ brought over.  
I do thank you most sincerely for what  
you have said. I do look forward to having

a chat with you in the near future and  
as soon as we get into our apartment  
again I think I will get in touch with you  
and see if we can arrange to meet.

I was delighted to hear from Peter  
that you are fully fit again. and looking  
an active part in directing Canada's  
M. & S. programme. I have strong views on this  
which I would like to tell you.

— which my wife <sup>transmits</sup> ~~proves~~ with kindest regards  
I am, yours  
A. K. E. Naughton

SHERBROOKE PNEUMATIC TOOL CO. LIMITED.

VOLUME BUSINESS

1940-1944 ( May 31 ) SHOT PROOF

		<u>SHELLS SHIPPED</u>	<u>VALUE</u>
<u>1941</u>	Shot Proof	2,359	16,277.00
<u>1942</u>	Shot Proof	3,266	25,499.90
		<u>5,625</u>	<u>41,776.90</u>

TOTAL VOLUME BUSINESS

1940 - 1944 ( May 31 ) SHELLS & SHOT PROOF

		<u>SHELLS SHIPPED</u>	<u>VALUE</u>
<u>1940</u>		8,000	
<u>1941</u>		179,057	1,212,243.30
	Shot Proof	2,359	16,277.00
<u>1942</u>		394,111	1,389,258.64
	Shot Proof	3,266	25,499.90
<u>1943</u>		29,986	98,014.50
<u>1944</u>		65,757	422,481.25
		<u>682,536</u>	<u>3,163,774.59</u>
		<u>5,625</u>	<u>41,776.90</u>
		<u>676,911</u>	<u>3,121,997.69</u>

JUNE 6TH, 1944

"C"

SHERBROOKE PNEUMATIC TOOL CO. LIMITED.

VOLUME BUSINESS

1940 - 1944 ( May 31 ) Shells.

	<u>SHELLS SHIPPED</u>		<u>VALUE</u>
<u>1940</u> Contract No. 31 6" Shell This was Target Portion included in 1941 billing figure as 1940 - 1941 operations combined	8,000		
<u>1941</u> Contract No. 31 6" Shell Total 6" Shells called for by Contract at time of change to 5.5" Shell	87,542 <u>95,542</u>		
	<u>95,542</u>	662,574.80	
Contract No. 31 Continued but for 5.5" Shell	91,515	<u>549,668.50</u>	1,212,243.30
<u>1942</u> Contract No. 31 5.5" No. 31 Total Shells	31,951	187,238.64	
	<u>219,008</u>		
Contract No. WSL 72-105 4.5" 72-159 4.5"	362,160	1,202,020.00	1,389,258.64
<u>1943</u> Contract No. WSL 72-105 4.5" 72-159 4.5"	29,886 <u>392,046</u>	97,129.50	
Contract P. O. 435 5.5" Shell(80Lb.)	100	885.00	98,014.50
<u>1944</u> Contract P. O. 435 5.5" Shell(80Lb.)	65,757		422,481.25
			<u>\$3,121,997.69</u>

JUNE 6th, 1944.

SHERBROOKE PNEUMATIC TOOL CO.,  
LIMITED

EXECUTIVE OFFICE

620 CATHCART STREET  
P. O. BOX 40

MONTREAL, QUE.  
CANADA

June 6th, 1944.

*Only small  
part of any use.*

Mr. E. Winslow-Spragge,  
Ottawa,  
Canada.

*Re - Production of Shells  
at SPT Co*

Dear Ed:-

Pursuant to our conversation on Saturday morning, there is attached memorandum (A) "briefing" the information in the S.P.T. files from the Fall of 1939 to the time of incorporation. This may serve to refresh your memory on preceding and subsequent events. Several of the letters mentioned in this memorandum are important. I have numbered them in the margin of the memorandum and they are attached carrying a corresponding number. I handed you on Saturday a copy of the chronological account of the operations of the company, as outlined in a letter to the Minister of National Revenue dated March 23rd, 1942. There is attached (B) a continuation of this chronological account in some detail.

You also asked for a tabulation of the volume of business both in numbers of shells and dollar value, from the start of our company until the present. Such a tabulation is attached (C).

It is clear to me that our one thought during the Fall of 1939 was to co-operate with the Government in the best possible manner and that the incorporation of the S.P.T. Company was a result of this kind of thinking. In other words, the company might just as well have been formed in October or December 1939 as in February 1940. You will note, in the memorandum, that on November 9th you and Mr. Campbell called on Messrs Mann, Lafleur and Brown regarding the incorporation of the company.

In these circumstances, it seems only reasonable that this company's standard profit should be set by the Board of Referees and that Section 15-A of the Act should be amended to read "Incorporated prior to 1940 or when definite evidence of intention to incorporate prior to that date is established".

Yours very truly,

FGF/EW  
Encls.

*500*

Montreal, June 6th, 1944

"A"

MEMORANDUM TO: Mr. F. G. Ferrabee,  
General Manager,  
Montreal.

Dear Sir:-

The following information has been taken from the files originally opened by CIRCO and subsequently transferred to S.P.T. from whom they were obtained.

① The first intimation that CIRCO would probably be called upon to manufacture shells was contained in a letter, dated October 16, 1939 -- from E.W-S to P.H.S. -- "that Mr. Crone of British Mission and Mr. Swaby, who was with the Imperial Munitions Board in 1917, sounded me out to-day -- could visit Sherbrooke -- with view to possibility of our manufacturing for them 2,000 - 6" shells per week."

Oct.19,1939 - Letter from E.W-S to P.H.S. -- "You and Mr.Newton and Mr.Haight should try to get down in black and white as complete a plan as possible for the manufacture of 2,000 - 6" shells per week, double shift operation.

Oct.20,1939 - Letter from P.H.S. to E.W-S - "Found drawings, etc. - - starting tabulation necessary to produce 2,000 - 6" shells per week. "

Oct.20,1939 - Handwritten note from Newton to Winslow-Spragge, asking if he could get over-all length of 6" shell.

② Oct.20,1939 - Letter from Edward FitzGerald, War Supply Board, stating "British Mission have indicated there will probably be requirements for 2,000 - 6" shells per week. It may be that your present plant, as it stands, or augmented, or possibly with wholly new equipment, could give the production required. If you desire to consider the manufacture of these shells ----- "

Oct.21,1939 - Message S.R.N. to E.W-S - "To make 2,000 - 6" shells per week will require approximately 60 CIRCO lathes or machine tools, 12 purchased machine tools -- Total = 72, - - -."

"Expect initial expenses providing tools,etc. at between \$175,000 and \$200,000. "

"Expect to ship first shell about 4 months from date of order."

Oct.21,1939 - Letter E.W-S to E.FitzGerald - "Spent Wednesday at plant with Messrs. Crone and Swaby and I think after our visit it was felt that it would be mutually advantageous for us to consider the manufacture of 6" shells at the rate mentioned."

Oct.24,1939 - Letter E.W-S to S.R.N. - "Appointment arranged with Mr. O'Neill, Ottawa, 10 o'clock Friday."

Oct.25,1939 - Wire E.W-S to S.R.N. - Friday appointment confirmed.

Oct.26,1939 - Mr. Haight reported to Mr.Skelton result of visit to Jones & Lamson, Springfield, Vt. Report covered findings on types of machines, speeds, material, etc. in connection with shells.

3 Oct. 27, 1939 - S.R.N. to E.W.S. - reporting on trip to Ottawa. "General Lock outlined they wanted us to consider supplying 2000 - 6" shells per week on 2-shift basis. Wanted estimates of plant, equipment, etc. "

Oct. 30, 1939 - Letter E.W-S. to E.FitzGerald attaching copy of S.R.Newton's report and stating "This is basis on which we are to make estimates. Please advise if our understanding is entirely correct. "

Oct. 30, 1939 - Letter E. FitzGerald, War Supply Board, to R.S.Hart, V.P. National Steel Car, Introducing Messrs. Newton and Haight, asking they be permitted to examine operations on shells.

Oct. 30, 1939 - Letter E.W-S. to S.R.N. advising that Edward FitzGerald has given enquiry for forgings to various companies and will pass on the information to CIRCO.

Oct. 31, 1939 - Letter S.R.N. to E.W-S. discussing type of forgings preferred.

Nov. 1, 1939 - Letter <sup>from</sup> R.J.Magor in connection with quoting on 50,000 to 104,000 - 6" shell forgings. Inquiring also as to inspection requirements, etc.

Nov. 2, 1939 - Letter E.W-S. to Magor advising forgings required for British Government, subject to their inspection requirements, and also stating - "I have heard of no reference to the Canadian Government in connection with the present enquiry."

Nov. 3, 1939 - Letter Edward FitzGerald, of War Supply Board, to E.W-S. stating Newton's understanding of Ottawa discussion reasonably correct.

Nov. 6, 1939 - Letter Edward FitzGerald to Newton asking proposals for 6" shells to be submitted in duplicate.

Nov. 7, 1939 - Phone message Haight to Dominion Engineering requesting if D.E.G. are going to quote on nose press for 6" shell.

Nov. 9, 1939 - Letter S.R.N. to E.W-S. "Pretty well lined up on estimates on equipment required."

\* Nov. 9, 1939 - Messrs. Winslow-Spragge and Campbell called on Messrs. Mann and Lafleur re incorporating Sherbrooke Pneumatic Tool to perform, independently of CIRCO, such war contracts as you may think it advisable should be performed by a subsidiary company.

Nov. 14, 1939 - E.W-S. in Sherbrooke discussing proposal.

Nov. 15, 1939 - S.R.N. to E.W-S - reference to message received from Lecky to the effect will see Newton in Ottawa on Friday.

Nov. 15, 1939 - Letter S.R.N. to War Supply Board, Edward FitzGerald.

Submission of Proposal A - - shows cost of equipment for machining rough forgings, including boring operation.

Proposal B - - shows cost - machining, equipping of forgings with smooth forged inside finish, thereby eliminating the boring operation.

"In general we propose to separate our munitions work from our general production by doing our munitions work at a separate plant, located in Sherbrooke, Que. and previously used for this same purpose. In the main we propose to equip the



munitions plant with lathes, tools, cutters, gauges, etc., manufactured at our main plant at prices approximately 22% below the prices at which similar equipment is produced for commercial sale."

Nov. 17, 1939 - S.R.N. phoned E.W-S. from Ottawa "Proposals seem to look all right. Ottawa wants to know cost to increase production 25%".

Nov. 20, 1939 - Letter to War Supply Board, Roger Malley, giving information covering additional equipment required to increase production.

Nov. 24, 1939 - Letter from Lecky to CIRCO, Sherbrooke, Subject - 100,000 6" shells, asking that tender in duplicate be sent to Ottawa.

Nov. 27, 1939 - S.R.N. wrote Lecky asking for times on 6" shell and stating that \$7.00 had been paid for 6" shell in 1918.

Nov. 29, 1939 - Letter E.W-S. to Overseas Department, War Supply Board, enclosing proposal and quoting on shells, materials, machinery, terms of payment.

NOTE: Letter seemingly sent to New York. Mr. Keefe advised not to commit CIRCO. E.W-S. letter apparently not mailed.

Nov. 29, 1939 - E.W-S. to D.C.K. proposing to visit New York re proposal.

Nov. 29, 1939 - Handwritten note S.R.N. to E.W-S. "Think we should get more than \$5.00 per shell."

Dec. 6, 1939 - E.W-S. in New York with D.C.K. discussing proposal.

Dec. 7, 1939 - Telegram from Lecky asking when tender will be submitted.

Dec. 7, 1939 - Lecky follows telegram with letter "Understand submission will be in Monday 11th."

Dec. 9, 1939 - Letter E.W-S. to D.C.K. re prices going to Ottawa Sunday night.

Dec. 9, 1939 - Quotations re forgings, base plates, bands received.

Dec. 9, 1939 - Letter E.W-S. to Overseas Department, Ottawa, reference to supplying plant and equipment - - Proposals A and B - - and "After the fullest discussion, we can see no advantage, either to us or to the Board, in our placing the purchase orders for these items of raw material. On the other hand we feel there are definite disadvantages." etc.etc.

Dec. 11, 1939 - Lecky advises <sup>Proposal</sup> receiving consideration of British Supply Board.

Dec. 13, 1939 - E.W-S. writes D.C.Keefe reporting on Ottawa trip.

Dec. 14, 1939 - E.W-S letter to D.C.K. indicates that Mr.Keefe regarded 100,000 shell order as being too large to start on.

Dec. 15, 1939 - Wire D.C.K. to E.W-S. to visit New York.

Dec. 21, 1939 - E.W-S. letter to Overseas Department on subject that Company would feel more comfortable if order placed for 10,000 instead of 100,000 shells.

Jan. 8, 1940 - E.W-S to Wallace Campbell, Chairman, War Supply Board, Ottawa - Re 100,000 - 6" shells. Realize there must be good reason for deferring the placing of large shell orders.

Jan. 11, 1940 - Lecky replies stating question regarding the supplying of components likely to be settled in a few days.

Jan. 24, 1940 - E.W-S letter to D.C.K. discussing visit to Ottawa during which Lecky was asked if there were any developments in connection with 6" shell.

Jan. 25, 1940 - Letter D.C.K. to E.W-S. asking for further information.

Jan. 26, 1940 - Telegram D.C.K. to E.W-S agreeing in principle and asking E.W-S. to go to New York.

Jan. 27, 1940 - Letter E.W-S to D.C.K. advising Contract No.31 had been instituted and suggesting if we are to get order officially addressed to S.P.T.Co.Ltd. -- it would be easiest to have Company formed and start papers right from beginning; also asked "May I have your approval to apply for Charter?"

\* Feb. 6, 1940 - Letters Patent granted to S.P.T. Company.

\* Feb. 8, 1940 - War Supply Board notified that S.P.T. received Charter.

C O P Y

①

CANADIAN INGERSOLL-RAND COMPANY LIMITED

Montreal, October 16th, 1939.

Montreal Personal.

Mr. P. H. Skelton,

Works Manager - SHERBROOKE OFFICE.

Dear Sir:-

For your private and confidential information Mr. Crone of the British Mission along with Mr. Swabey, who I remember as having been with the Imperial Munitions Board in 1917, sounded me out to-day as to whether he could come out to Sherbrooke with me on or about Wednesday, Oct. 18th, with a view to the possibility of our manufacturing for them 2,000 6" shells a week. As Mr. Newton will be away I think you should try to get in touch with whoever he told to get out the old drawings of shell lathes and equipment and have these segregated so as to be able to readily put our hand on the type of equipment which would be approximately adopted for 6" shell manufacture. I also think that it might be desirable to do a little sweeping and cleaning at the Jenckes in preparation for the visit. My own opinion is that Mr. Crone will find it very difficult to do all his Montreal visits in time to come out with me on Tuesday night, but I am holding myself in readiness for his call.

Please do not let this word get around.

Yours very truly,

E. Winslow-Spragge

EW-S/DS

General Manager

9

WAR SUPPLY BOARD

Ottawa, Ontario,  
October 20th, 1939.

CONFIDENTIAL

Canadian Ingersoll Rand Co.,  
Montreal, Que.

Gentlemen:

The British Purchasing Mission have indicated that there will probably be requirements for 2000 (two thousand) 6" shells per week.

It may be that your present plant as it stands, or augmented, or possibly with wholly new equipment could give the production required.

If you desire to consider the manufacture of these shells, will you kindly arrange to send duly qualified representatives to Ottawa, to discuss with the technical officers of this Board and the British Purchasing Mission, such fuller particulars or details as you may require, to enable you to submit, at a reasonably early date a definite proposal for the supply of the above.

When replying please state when your representatives will be prepared to come to Ottawa. We would like to know as to this in advance so that we may provide for a meeting that will not conflict with others.

Your attention is drawn to the fact that a number of Canadian tool manufacturers have already been informed of the character of tools required.

It is particularly requested that this correspondence be treated as confidential and no publicity given to the matters therein contained.

Yours truly,

EDWARD FITZGERALD  
for WAR SUPPLY BOARD  
Per: S.W.O'Neill

C O P Y

CHATEAU LAURIER

3

Ottawa, Ontario.

Oct.27/39.

Dear Ed:-

MEETING WITH WAR SUPPLY BOARD  
10 A.M. Friday - October 27.

PRESENT: General Lock, Messrs James Crone, Roger Malley,  
Col.Ogilvy and S.R.Newton.

General Lock outlined they wanted us to consider supplying 2000 - 6" shells per week - on a 2 shift basis. Wanted estimates of plant and equipment, etc. but at this time were not interested in estimates on the shells themselves. I asked how many others might be making this size of shell. They would not answer this, but said others were being requested to quote in the same way we were. They would not say whether more than one order for this size shell would be placed.

Mr. Crone then went into further details. The figures we prepare are to be supplied to Mr. E. FitzGerald of the War Purchasing Board, segregated as follows:

1. Putting buildings into order. This would include the light and power lines, air and compound piping, handling equipment, etc.
2. Machines and installation.
3. Jigs, tools and fixtures for our own use.

It came out that we are to provide our own material, we will have to get forgings for the shell and base plate, the copper band, varnish, etc. (on the same basis as we are asked to quote - basis - our - 1 - 2 - 3 and then cost of forgings.

The Board would guarantee an order for a 52 week contract - 104,000 shells, subject to cancellation and reimbursement should the war terminate, but this group was essentially engineering and not commercial.

Mr. Crone asked for a layout of our shop and how we propose to handle the job, this will have to be prepared and be available when the figures on the equipment are presented.

The Board had no detailed information of the operations on the 6" shells but gave me all the details on the 3.7 which we can study and evaluate.

I made arrangements to get permission for Mr. Haight and myself to visit the National Steel Car Co. at Hamilton. They were considered the best people to contact.

We may have to make some provision for storing a certain percentage of finished shells in case there are not at all times shipping facilities.

Yours sincerely,

BOB

C O P Y

④

WAR SUPPLY BOARD

O T T A W A, Ontario.  
24th November, 1939.

CONFIDENTIAL

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

Dear Sirs:-

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

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

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

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

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

Kindly observe the following:-

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

CONFIDENTIAL

Overseas Department,  
War Supply Board,  
Ottawa, Ontario.

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

(3) Cont'd.

total amount stated in one sum. This should be the figure you have agreed with the Director of Production.

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

(a) Date by which production will commence.

(b) Anticipated output at commencement.

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

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

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

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

Yours faithfully,

(Sgd.) W.S.Lecky.

for the War Supply Board

WSL/gh

" B "

The following are the facts subsequent to those outlined in the Brief of March 23rd, 1942 --

The 4.5" Shell contract, referred to in the Brief as necessitating a second change-over, was awarded S.P.T. The change-over was made and production in swing to the extent that the first shipment of 4.5" shells went forward on April 29 although the contract was not finally signed until June 5th. The number of shells was increased from 300,000 to 392,800 by Amendment signed August 18, 1942.

362,160 Shells were shipped in 1942 for a value of \$1,202,020.00.

29,886 were shipped in 1943 for \$97,129.50 to complete the contract as agreed (a short shipment of 754 due to lack of forgings).

Prices varied from \$3.75 to \$3.25.

25,000	shipped @	\$3.75
50,000	" @	3.50
225,000	" @	3.25
92,046	" @	3.25

The last 4.5" Shell was shipped about the 8th of February, 1943.

The shop then closed to all intents and purposes except for certain key men and clerical staff to clean the place and bring the work up-to-date.

Word was received towards the end of March or the 1st of April that a new contract was in the offing, this time for 5.5" shells which, if the contract were given us, would necessitate another change-over. A Capital Submission went forward about April 15th and in anticipation of a contract the shop was put in order and plans made to cope with the new type shell production problems.

The go-ahead was given in June. Additional men were hired, orders placed for equipment, experimental work conducted in connection with swaging hammer developed by staff with aid of Mr. Cramp of the D.M. & S.

The first batch of 5.5" shell were shipped on August 23, 1943. The staff by this time had been built up to approximately 325 men.

Shortly after the first shipment and after approximately 2,000 shells had been turned out, word was received to slow down as Ottawa wanted the weight and band to be altered. A number of men had to be discharged but a large number had to be retained in the event of definite instructions, which were expected momentarily, being received. However, no definite word came through and it was decided that in the best interests of all the plant be closed down. All personnel, with the exception of the police force and firemen, were discharged and some of the clerical staff brought into Montreal. All the work of building a competent working crew was for nought.

This condition continued until about January 20, 1941 when we were advised to proceed.



Page two

As a result of the various difficulties encountered in 1943 only 29,986 shells were shipped for a total dollar value of \$98,014.50.

A new staff and force of workmen, of approximately 450 men, was built up and on March 2nd the first shipment was made.

Since then 65,757 shells have gone from the plant for a total value of \$422,481.25. The price originally agreed upon was \$8.85 for the first 10,000. This was changed subsequently, by arrangement, to \$7.50 for the first 15,782, and \$6.25 for those shipped to June 30th., at which time a survey of costs is to be made and price adjustment, if any, to be considered.

Montreal, June 6/1944  
JGC/C

DEPARTMENT OF MUNITIONS AND SUPPLY

TO: Directors General and Heads of Branches,  
Controllers,  
Presidents of Crown Companies,  
Directors and Heads of Divisions.

FROM: G.K. Sheils

WHEN REPLYING  
REFER TO FILE.....1-1-43

December 11, 1944

RE: Organization

Please note the following changes in the organization of the Department of Munitions and Supply.

A second "Associate" position is hereby created in the Office of the Financial Advisor.

Mr. E. Winslow-Spragge, at present a Special Assistant to the Financial Advisor, is appointed an Associate Financial Advisor.

Mr. G.H. Montgomery, who has recently joined the staff, is appointed a Special Assistant to the Financial Advisor.

The above changes are effective as of December 15, 1944.

*G.K. Sheils*  
Deputy Minister

*e.w.s  
worked under*

*Financial Advisor Mr. G. H. Brown  
of Department of Munitions & Supply  
under C. D. Howe*



OFFICE OF  
THE MINISTER OF MUNITIONS AND SUPPLY  
OTTAWA, CANADA

*Personal*

April 18th, 1945.

To: Mr. E. Winslow-Spragge,  
Associate Financial Advisor,  
Room 157, #2 Bldg.

From: C.D. Howe

Re: Eighth Victory Loan Campaign,  
April 23rd, 1945, to May 12th, 1945

As you are aware, the minimum objective for the Eighth Victory Loan has been set at One Billion, Three Hundred and Fifty Million Dollars (\$1,350,000,000.00). This represents an increase of Fifty Million Dollars over the minimum objective set for the Seventh Victory Loan, and, consequently, we must all purchase bonds to the limit of our financial ability.

This Department has a record in Victory Loan Campaigns of which we are all justly proud and I hope that you will be able to assist us in maintaining that record by placing as large a subscription as possible through the officer who has been appointed to organize the Campaign among the employees of your Unit in the Department of Munitions and Supply.

*C. D. Howe*

Minister.



OFFICE OF  
THE MINISTER OF MUNITIONS AND SUPPLY  
OTTAWA, CANADA

7

October 18, 1945.

TO: Mr. E. Winslow-Spragge,  
Associate Financial Advisor,  
Room A.150, No. 1 Bldg.

FROM: C. D. Howe

Re: 9th Victory Loan Campaign -  
October 22nd to November 10th, 1945.

*Noted*

As you know, in this Loan the Department of Munitions and Supply is conducting its Campaign along with the Department of Reconstruction, the two Departments having a combined objective. The rapidly changing picture with regard to Munitions and Supply is expected to render it difficult for us to obtain our share of the quota, and we are naturally anxious to maintain the reputation this Department has acquired in past Loans, particularly as there will not be another Loan within the next twelve months and, therefore, this will be the last in which this Department, as such, will participate.

The subscriptions which you have so kindly placed through this Department in past Loans were of the greatest help in enabling us to reach and exceed our quotas. Such assistance will be needed more than ever this time and I should, therefore, greatly appreciate it if you would again subscribe through your Department.

As this is to be two Loans in one, and as our objective has been set accordingly, I hope you will subscribe for a larger number of bonds this time.

Will you please make your subscription through the officer who has been appointed to organize the Campaign among the employees of your Unit.

*C. D. Howe*

Minister.

*Letter to  
King & Howe by  
EWS*

Personal.

RECONSTRUCTION  
//////

May 10, 1946.

Right Honourable MacKenzie King,  
Prime Minister's Office,  
Ottawa.

Dear Mr. King;-

The time has come for me to leave Ottawa and I cannot do so without wishing to pay my respects to you. I am not doing so, in person, today because I know how busy you must be just prior to your departure for England. I hope, however, to have the privilege of paying my respects to you, personally, on the first convenient opportunity.

You were, naturally, the first one to whom we appealed when the Manufacturers' visit to England was planned in 1939 and you may remember approving, personally, of the initial travel arrangements which General McNaughton and I made for the reception of General Locke and his Staff.

I am carrying away with me a strong feeling of admiration and respect for the way in which you have steered the Ship of State during the War years.

I was not destined to continue as a Manufacturer but, as you will see from this letter-head, I have had the privilege and pleasure of serving as a volunteer in a modest capacity under Mr. Howe during the past 3½ years.

Yours very sincerely,

*EWS*

E. Winslow-Spragge,  
Associate Financial Adviser.

EWS/FB.

From: Edward Winslow-Spragge,  
Vice-President,  
Canadian Ingersoll-Rand Company Limited,  
Montreal.

Personal.

RECONSTRUCTION  
//////////

May 10, 1946.

The Honourable C. D. Howe,  
Minister,  
Department of Reconstruction and Supply,  
Ottawa.

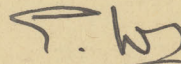
Dear C.D.;-

The time has come to make my departure. I came to you on January 17th, 1943, and Mr. Frank Brown has now granted me an extended leave of absence while keeping me temporarily on the Payroll so that I may be available in case of need.

It has been a big change from production work and I have not done everything for you quite as well as I should have liked. I do, however, want to thank you for the privilege of assisting in some degree, and I have greatly enjoyed my stay in Ottawa and the opportunities I have had of developing many interesting friendships.

I know you are busy today but, at the first convenient opportunity, I hope to have the privilege of paying my respects, in person, and expressing to you my admiration for the wonderful work you have accomplished and are accomplishing for Canada.

Yours very sincerely,



E. Winslow-Spragge,  
Associate Financial Adviser.

EWS/FB.

From: Edward Winslow-Spragge,  
Vice-President,  
Canadian Ingersoll-Rand Company Limited,  
Montreal.

Re-OBE



PLEASE REFER  
TO FILE.....

DEPARTMENT OF RECONSTRUCTION AND SUPPLY  
OTTAWA, CANADA

July 29, 1946.

E. Winslow-Spragge, Esq., O.B.E.,  
Metis Beach,  
Quebec.

Dear Ed,

Allow me to tender my hearty congratulations  
on the honour recently conferred on you by His Majesty the King.  
I know it to have been richly deserved by your distinguished  
service to the nation at war.

Yours sincerely,

F. G. Brown





OFFICE OF  
THE MINISTER OF RECONSTRUCTION AND SUPPLY  
OTTAWA, CANADA

November 28th, 1946.

Dear Mr. Winslow-Spragge:

On the occasion of your resignation from the service of this Department, I should like to express to you my personal thanks and the thanks of the Government for the splendid service you have rendered your country in the last four anxious and difficult years of war and post-war adjustment. You were always a source of strength in your devotion, energy and judgment and in the high quality of your work. I hope it will always be a source of satisfaction to you that you have had such a large part in the work of the Department of Munitions and Supply and the Department of Reconstruction and Supply.

I wish you every success in the future.

Yours sincerely,

*L. D. Howe*

E. Winslow-Spragge, Esq., O.B.E.,  
Associate Financial Adviser,  
Room A.160, Bldg. 1.

*acknowledged  
Dec 2/46  
W.S.*

## DEPARTMENT OF RECONSTRUCTION AND SUPPLY

Directors General, Co-ordinators,  
 Heads of Branches,  
 Controllers.  
 Presidents of Crown Companies.

WHEN REPLYING 1-1-43

REFER TO FILE.....

TO:

December 2nd, 1946.

FROM:

V. W. Scully

RE: Organization

On his appointment as Deputy Minister (Taxation) Department of National Revenue, Mr. F. H. Brown resigned from the Department effective December 1st. The title of Financial Adviser was abolished as of that date.

Messrs. J.A.D. McCurdy and E.C. Grundy are appointed Renegotiation Executive and Financial Executive respectively, effective December 1st.

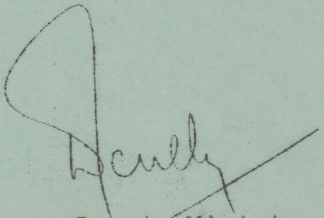
Mr. E. Winslow-Spragge, Associate Financial Adviser, has been permitted to resign from the Department, effective December 1st.

Mr. Norman Wilks, stationed at Vancouver with the title Associate Financial Adviser, will continue to represent the Department both in renegotiation and in other financial matters, with the title Financial Representative.

Mr. G. M. Bertram, Special Assistant to the Financial Adviser, is appointed Special Assistant to the Renegotiation Executive.

Mr. J. G. Vanderleck, Assistant in the Office of the Financial Adviser, is appointed Special Assistant to the Financial Executive.

Mr. A. E. Balcombe, stationed at Montreal as Special Assistant to the Financial Adviser, is appointed Special Assistant to the Financial Executive.



Deputy Minister.



Department of National Defence

*File* HQ.683-1-30-5, V.5  
QUOTE NO. \_\_\_\_\_

Ottawa, Canada,

5th December, 1946.

Dear *Edward*,

As you suggested, I have sent my draft on the Shell Committee, and your comments, to Mr. Goldie, together with the Report and Evidence taken before the Committee of Investigation in 1916, comprising 1904 pages.

In going through the evidence there are several points, which, if they cannot be settled, must be carefully dealt with, or perhaps elided. For example, (1) Bertram says his company sold out to U.S. interests, (Niles Beament Pon Co.) about 1905. (2) Several witnesses say that both the Minister and Col. Lafferty addressed the Manufacturer's meeting on 2 Sep. (3) The minutes of the meeting, 2 Sep, state that you made the motion, and that Mr. Hamilton, not Mr. Goldie, seconded it. (4) The telegrams Col. Benson showed you were copies sent him by the Minister for information - the Minister had replied to the first War Office enquiry of the 24th August as follows, on 25 August:

" Re yours August 24 concerning 18-pounder shrapnel, can get large quantities from neighbours, speedy delivery, please advise.--HUGHES "

When I have Goldie's comments, I shall write again.

*as ever*  
Yours sincerely,

*Antoine Duguid*

E. Winslow-Spragge, OBE.,  
Como, P.Q.

*Col A Fortin Duguid  
D.S.O.*

**COPY TO**   
**FROM**  
**CANADIAN INGERSOLL-RAND CO.**  
**LIMITED**  
**MONTREAL, QUE.**

-2-

I think, however, you will find that all, or nearly all the large Electrical Manufacturing Companies, Rubber Manufacturing Companies, Automobile Manufacturing Companies, Food Processing Companies, to mention only a few out of many, are under U.S. control.

The Bertram Company is, I believe, one of the most characteristically Canadian companies. An important point that I have not seen you mention is Col. Alex (afterwards Sir Alex) Bertram's record in the Canadian Militia. I believe I am right in recalling that on one or more occasions he was in charge of the Canadian Bisley Team. He was known to nearly every Canadian industrialist and had a personal knowledge of nearly every Canadian plant through having equipped them with Bertram Machine Tools.

(2) I do not doubt that Col. (then Major) Lafferty spoke at the meeting of September 2nd but if so he certainly did not satisfy the company heads who had been summonsed to meet the Minister and he certainly did not succeed in preventing the meeting from feeling aggrieved at being kept waiting. I still maintain that if the Minister spoke, he spoke by proxy. I have a recollection that when Alex came back, he delivered the Minister's brief message and then continued for 2 or 3 minutes, "on his own".

(3) Both A. R. Goldie and I have always believed that he (Goldie) was the one who seconded the motion and we have referred to the episode on several occasions. I do not know who acted as Secretary of the Meeting by writing up the Minutes. I suggest that his appointment was an afterthought because there was nothing formal or organized about the meeting. It was like an impatient crowd, such as I have seen in a country railway station awaiting the arrival of a delayed train. Can you identify the Mr. Hamilton who is recorded as seconding the Motion? I do not seem to recall anyone of that name at the meeting.

(4) The description of events seems reasonable and probable as you give it and I am glad to see that Sam Hughes was prompt and co-operative. I may point out that when he sent his reply on August 25th, he would not have had the remotest idea that Canadian manufacturers would be interested or could have fulfilled what seemed like such a vast undertaking. I say this, having in mind, Col. Benson's comment to the effect that at the Dominion Arsenal rate of production of 80 18-Pr. Shrapnel Shells per day it would take 3-1/2 years for Canada to fill the order (365 X 80 X 3-1/2 = 102,200).

Needless to say, when I wrote you, I was unaware that the prompt reply of August 25th had been given.

**COPY TO**   
**FROM**  
**CANADIAN INGERSOLL-RAND CO.**  
**LIMITED**  
**MONTREAL, QUE.**

-3-

I give credit to Sam Hughes for his fighting spirit, his ignorance of possible obstacles and his determination to get things done. If we had had a pussey-footer on the job, Sir Robert Borden's cautious legal mind would have failed to enthuse us or to get us started on what experts said was an impossible task. //

I give credit to Alex Bertram for instantly grasping and putting into effect a revolutionary idea and the only possible scheme by which a host of previously unrelated competitors could be got together into an extraordinarily efficient and enterprising production team. //

This is the truth, as I see it, by one who saw his own Company in a small town expand from a conservative total of about 90 employees to the prodigious total of over 4000 employees in the Munitions Department alone and who in those early days not infrequently discussed costs and production matters with Col. Bertram himself. When you consider some of the percentage increases of production during the first Great War, those of us who were engaged on production do not have any cause to be ashamed even when confronted with the extraordinarily fine performance obtained in the Second War. //

Yours very truly,

*E. Winslow Sprague*

E.W-S/C

December 19, 1946.

Colonel A. Fortescue Duguid,  
Department of National Defence,  
Ottawa, Canada.

Re: H.Q.-683-1-30-5 V.5

Dear Sir:-

I have before me your letter of December 5th and have also received the two volumes of transactions before the committee at Ottawa and various other enclosures.

I must apologize for not having replied sooner but the fact is that I have been more or less confined to the house for a little while and have just got back to my office.

In looking over the various papers which you have sent I find that my recollection is somewhat different in some respects to almost all of them but I have to depend entirely on memory as all the letters and other documents pertaining to the starting of the shell committee have been destroyed as it is our rule not to hold anything for more than twenty years.

Probably the best way to start would be to give my recollection of things as they happened and then make some separate comments afterwards so you would be in a position to coordinate all the different versions.

According to my recollection, some time about the end of August we received a telegram from, I think, the Minister, but if not certainly sent on his behalf, asking my Company to have a representative in Ottawa to meet the Minister on September 2nd at 10:30 a.m. The writer accompanied by Mr. Hastings his superintendent, were at the meeting place at approximately the stated time and found that others collected there according to the list that has appeared through all the documents. We waited for some considerable time, just how long I forget, and the Minister did not appear nor any representative. After some little time when we were becoming more or less irritated, someone made the suggestion that we go and hunt the Minister up which we did and found him in his office at his desk in his shirt-sleeves and it was then that he told us the situation describing that he had an inquiry for shells from England and wanted to know if

Keep.

Copy of Letter

3445 Ontario Ave  
Dec 20/48

To The Hon Brooke Claxton, K.C., M.P.

4090 Highland Ave

Westmount P.Q.

in response to his letter of December 1/48  
written to congratulate me in connection with  
the presentation of the O.B.E. Insignia

"Dear Brooke

It was very nice of you to write  
on Dec 1<sup>st</sup>, extending congratulations  
in connection with the presentation of  
the Insignia of the O.B.E. by the  
Governor General at the Investiture  
held at Government House on Dec 1<sup>st</sup>.

My interest in Munitions goes back  
at least ~~to~~ as far as the McGill days and  
the series of coincidences leading up  
to the proposal to form a Shell Committee  
with Alex Bertram as Chairman, which  
was made by me in Ottawa at the  
initial meeting of manufacturers and  
was acceded to and implemented by  
that extra ordinary fellow Sam Hughes,  
on the spur of the moment, is a story  
that has not yet been told.

Some day you might like to  
hear it.

In your present position as Minister  
of National Defence which is the  
successor and enlargement of the  
position held by Sam Hughes at the  
outbreak of World War One, you  
yourself might be peculiarly  
interested to hear first hand,  
some of the providential sort of accidents

which when acted upon by some rather unlikely looking tools, carried us forward along a seemingly predestined path which no one could have foreseen but which grows larger and more interesting every day.

I thank you very much for your note which I did not merit the affliction of my too long reply.

With all Good Wishes to you and yours for a Merry Christmas and a Happy New Year

Yours sincerely  
(Signed) Edward Whistler-Spragge

Supporting data which would be interesting to get together.

1. Correct Name + Title of Col Merritt  
Master General of Ordnance, in Ottawa  
at outbreak of War.
2. Ditto re Major Hafferty, Superintendent  
Dominion Arsenal at Quebec to  
whom Col Merritt gave me a card
3. Any communications which may have  
passed between Merritt and Hafferty  
in regard to my initial visit.
4. Name + Title of Assistant, who was used  
by Hafferty to convey detailed information  
and to explain the operations of making  
an 18 Pdr shell in detail.
5. Name + Title of Major Ogilvie, Inspector  
of Ordnance, including inspection of 18 Pdr  
Shrapnel shells, as produced at the  
Dominion Arsenal.



6. Any memo which may have been preserved by Col Merritt in connection with my first visit to him. Any report to Col Hughes which may have been made of such visit.
7. Any memo which may have been preserved by Col Hughes of my call on him subsequent to my visit to the Dominion Arsenal, at which date Col Hughes turned down my bid to manufacture 18 Pdr Shrapnel and instead sent out a long telegram "to every blacksmith" in Canada instructing them to come to Ottawa. Col Hughes in turning down my bid said "Every one must be given an equal chance".
8. Any memo which may have been preserved of the resultant first meeting of manufacturers - the appointment to meet whom, Sam Hughes failed to keep, much to the annoyance of the persons who had assembled as the result of receiving the long telegram.

9. List of those actually present at the first meeting.

From that time on the history of the Shell Committee and its successor, the Imperial Munitions Board is a matter of public record and is reasonably well known.

(over)

Another item of interest which might be located and used would be the report of a group of experts who came out from England and visited certain Canadian plants including that of Canadian Ingersoll Rand Co at Sherbrooke and whose verbal dictum at least was to the effect that it would be impractical to manufacture components at ~~separate~~ the plants of separate companies, for the reason that at final inspection the rejected shells would be a bone of contention with no one able to agree on the allocation of blame for the rejection.

If such a report had been made and acted upon it would have prevented the <sup>general</sup> participation of Canada as a source for munitions (particularly shrapnel shells) in the First Great War.

Any memos which may exist to show the manner in which Sam Hughes overruled all objections to Canadian participation in munitions manufacture would probably have been suppressed by the then governments of both Britain and Canada because Hughes' methods were inflammatory, ~~and not suitable~~ would

indicate considerable discord and would not therefore be suitable for publication in that critical period.

However rough were his methods they were the spark plug which produced action, largely against the advice of experts and the inclination of more conservatively minded ministers and officials in both England and Canada.

I believe the digging up of data on this feature would do no harm at this time and would be highly interesting and entertaining besides being a useful guide in case bold tactics are necessary at some future date.

E. Winslow-Spragge.



## The Canadian Editorial of the Week

### Challenge to Industry Winnipeg Tribune

It is not through any lack of willingness on their part that Canadian manufacturers are not producing greater quantities of war supplies than is now the case. From the outset of the war their attitude has been almost completely co-operative. And Canadian labor has also gone on record as desirous of doing everything in its power to assist in speeding up war production.

One of the most difficult problems industry will face in the speed-up now under way will be to find enough trained foremen and skilled mechanics. . . .

One practical approach to meeting this requirement would be for the Government in collaboration with industry to take over every technical school in Canada and utilize them on a 24-hour basis for the training of the greatest possible number of mechanics, shop foremen and other technicians required for war production.

In addition to this, why would it not be possible for men to be trained in United States factories which are already engaged in turning out war supplies? Such an arrangement might prove of material help in speeding up our effort and could surely be worked out quite easily.

Greater mechanization and aerial superiority have put the German hordes where they now menacingly are. We are paying dearly for failure to realize earlier the ghastly striking power of these weapons. But it is not too late to rectify the blunder and Canada is capable of playing a much bigger part than she has in helping to overcome the German lead. Bold methods and extreme measures will be required but it can and must be done.

things from time to time. We take for granted the rule of law we live by, forgetting too often the spiritual values that give it strength.

### Edward Winslow-Spragge, O.B.E.

A ONCE familiar figure in Montreal, son of a prominent Montreal family and for long associated with business and church life of the community, Edward Winslow-Spragge, O.B.E., died yesterday in Almonte.

Descendant of a pioneer New England family of which Edward Winslow, one of the "Mayflower" company and later governor of the Massachusetts Bay Colony was one, Edward Winslow-Spragge was born in Montreal and for years as a young man was associated with Montreal business firms. But for more than 40 years he had been a member of the Canadian Ingersoll-Rand organization in different places in eastern Canada. In his years of Montreal residence he was deeply interested in the work of the Church of England in Canada and was a prominent member of the congregation of Christ Church Cathedral. During the first World War he was actively engaged in the production of munitions where his work resulted in a call to Ottawa as special negotiator for the financial adviser to the Department of Munitions and Supply.

Failing health forced his retirement from active work but he was not one to accept inactivity, either physical or mental, and in Almonte where his later years were spent he took an active interest in church and community life. He had many old friends in Montreal who will regret his death.

### Wanna Bet?

YOU won't see anyone riding around the Red Square in a wheelbarrow today, or standing in the shadow of the Kremlin eating his hat. If anybody is paying off election bets in Moscow today he's doing it in private.

Stalin, the dispatches tell us, was yesterday elected unanimously to the