Retrenchment
3 E.W.S writes to
Gilman
Jan 32

and either Southee a J cmed substitute for either Lindsell a Carter. Afte it is all dow however, a man would com back to his staff feeling humbled and looking cheap.

Parliament is expected to re-assemble in abut three weeks. The Railway Investigating Board will doubtless promptly submit a repot including recommendations for reduced salaries, wages and staff. The Civil Servis Commissein will also no doubt submit the same kind of advice. ~~He has also~~ The Government statistics show a reduction of 15% in the cost of living which will doubtless be the cue to most recommendatins for retenchment. We have already made a 10% reduction and I think that in February (as discussed with yu before you left) we may find it proper to make another reduction in rates commencing abut March 1st

Yours very truly

E. Winslow-Spragge

To: Vice President Atlantic City 12th Nov 1932 Montreal

Dear Mr Gilman Atlantic

I have your letter of Nov 9th in which you acknowledge my 4 page hand written letter of 8th Mr Luther, ~~Mr Gilman~~ Mr Sullivan and I have just talked over your letter and our unanimous opinion is as follows

1. - Definite Dismissal
2. - Monthly Alternate Lay off
3. - Salary Cut for Key Men

The above classifcations are what we gather from your letters of Nov 9th to Luther and me respectively

Our general answer to the three classifications is that the whole staff as represented on the monthly salary list with the exception of such men as Langton Bowman etc. who have already been drastically dealt with — should be asked to accept a holiday without pay of one week in each month commencing with December 1st

The monthly salary list is $21,000 of which Sales salaries amount to a total of $12,000. So that of the 5000 a month saving, 3000 will be on Sales.

Your objection to the ~~to~~ above is that it would be too unsettling to office routine. We do not agree with this. - It is less unsettling to both Head Office and Branch Sales work to have a man away one week than four weeks. Moreover we do not expect that the average man with a week lay off will take his time off but will continue on the job whereas under your plan the apple cart would be totally upset. Under your plan a man will feel justified in spending his time away from the office. In fact he will feel uncomfortable in showing up at the office. Your plan is simply not practical Mr Gilman in the case of the Canadian organization. What would happen if the Rouyn job broke with Sunderville away? What would happen if the McIntyre hoist job broke

Will Travers away? What would happen if the Quebec Paving pit broke with Carter away? It would be very embarrassing both to us and to a customer

---

We think that if the organization as a whole are willing to back up Messrs Sullivan, Southee and Winslow-Spragge in their idea to close the factory for one week in each month and to the administration and selling force to accept a nominal lay off suitably staggered of one week per month that you should give our plan a trial and forget about permanent dismissal and permanent salary cuts which we believe would utterly discourage enthusiasm and destroy initiative We are all optomistic and you should want us to keep that way. This depression is not going to last and our suggestion is based on the hope that it is only going to last, for us in its present intensity, for a very few months

We have nothing hopeful to report as yet in connection with the rent and the outlook is decidedly bad at the present time.

As regard bookings our estimate at the best is a pure guess ~~~~ If we are to assume that because we lost the last 3 deals that we are never going to book another order for a large machine then the 79000 figure for October may be considered normal. It contains no large order - simply odds and ends.

In our mining territories we can feel reasonably certain ~~~~ of counting on the following as a minimum monthly booking.

Kirkland & Timmins	25000
Winnipeg	8000
Nelson & Vancouver	10,000
	43,000

The balance obtainable from Montreal, Toronto Sherbrooke, Sydney is dependant on business activity other than mining. Personally I cannot conceive of these offices for 12 months averaging less than 60,000 ~~but~~ per month. If these four offices with Sudbury thrown in cannot average 1500 per month apiece we certainly are sunk.

Good letter from E.W. - Mr Gilman

MONTREAL
August 10, 1932.
Mr.E.W.Gilman,

Montreal Personal.
Vice President, - SHERBROOKE OFFICE -

Dear Sir:-

On your last visit to Montreal you asked the writer's opinion as to what we should do at the shop in view of the fact that no orders have been coming in. I stated my opinion was that we should make preparations for the future. You replied that you were unwilling to do this.

I read an article in "London Truth" last night on the subject of business fluctuations in the last hundred years, in the dourse of which the writer demonstrated that there were just two classes of executive who had built up financially successful businesses. First the man who is a deep pessimist all the time and second the man who is pessimistic when times were good and laid by substantial reserves to tide over the bad times which were bound to follow. I am asking you to please adopt a little of the second plan. Times are certainly not at a peak and we cannot afford to be 100% pessimistic. The seven good years are coming and we have got to get off on the right foot. Ingersoll-Rand are going ahead with their British plans. They have gone ahead with their "ES" plans. They have gone ahead with their double drum slusher both air and electric and with their "DU" "EU" and "HU" Utility Hoists. Mr.Keefe has stated his willingness to let us go ahead with the horizontal

vertical compressor ~~before~~ our condition warrants it and they have already spent their money on the design and development. Our salesmen have had a long seige of competing against Ingersoll-Rand competitors with about two thirds of the Ingersoll-Rand line. They have also been competing against British competitors who have thoroughly trimmed Ingersoll-Rand in England but have been reasonably held in check here.

I think we should enter the upturn of business with something better than the dregs of 1929 material.

We know we have got to make the Type 40 compressor for the portable. Why not start and develop the corresponding stationaries absolutely simultaneously. Why not also bring to a conclusion the information secured by Mr.Newton and get a definite decision whether we cannot follow along the Type 40 with the horizontal vertical machines which I have begged them to christen Type "L". Why not get some type 40 sharpeners out to the branches and get them shown and demonstrated if necessary to customers.

I am suspicious of Ingersoll-Rand about rock drills. I wonder if their long silence will not be broken by facing us with a complete line of new drills that will take us a year to get up to.

I talked with Mr.Newton yesterday about 7-1/2 and 15 h.p. air slushers. The Sherritt Gordon and the Hudson Bay are combined in an effort to show the Customs Department that we do not make these and if they are successful the duty will be reduced to 12-1/2% from the United States and free from England, which will flood our small

market and make it difficult for us to get back in. Mr.Newton has promised to give us something promptly to control this situation. We also talked to him about a ~~25 h.p.~~ an electric hoist, and he says that we can put a 25 h.p. motor on the present hoist according to Painted Post's latest experiments. At the start we do not want to tell our salesmen and our competitors that the two hoists are the same but we do want Mr.Elliott to get his data on motor costs and give us a price.

I hope when we ~~do~~ commence development of these suggested new products that the Painted Post method will be adopted of putting through the first machines. A man like Southee or even myself gets absolutely fed up and tired out and disgusted with ~~the~~ a machine that drags through the shop for twelve months, and proper energy and enthusiasm will not be got into the sales effort if a half dead half alive system is adopted of bringing out new plans.

Should I go to New York and see how they feel on this general subject or have we got enough data of our own on which to pass judgment.

Yours very truly,

WS

EW-S/JS - Assistant General Manager.-

File Shell Cost.

FIRST VICE PRESIDENT
OCT
3
1934
MONTREAL

October 2, 1934.

Mr. W. R. Elliott,
Controller,
Canadian Ingersoll-Rand Co., Ltd.,
Sherbrooke, Quebec.

Sub: LOCOMOTIVE OIL ENGINE COSTS.

Dear Mr. Elliott:

As requested by Mr. Winslow-Spragge and Mr. Newton, we are giving you the following cost figures for the 400 H.P. and the 806 H.P. Locomotive Oil Engines. These figures are estimated and not actual costs, due to the fact that these engines are of the new design and have never been built:

The 10 x 12 400 H.P. 6 Cylinder Engine of cast iron construction is estimated to cost $4200.00 material and $1350.00 labor. This labor figure includes approximately 500 hours of assembly labor at 70¢ per hour. The balance of the labor is for machine shop work, and the hours may be calculated by using a rate of 54¢ per hour. The above figures have been estimated on a basis of using pistons purchased from Arrowhead completely finished.

The cost of the pistons amounts to $306.00 material. These figures are also based on producing these units with adequate tooling, and with the detailed parts put through the shop in substantial quantities.

For the 14¾ x 16 800 H.P. 6 Cylinder Engine the figures are as follows:

	Material	Labor
Basis 2	$11100.00	$3320.00
" 4	10800.00	3153.00
" 6	10750.00	2988.00

Included in the above labor figures is the following for assembly:

Basis 2	$ 830.00
" 4	770.00
" 6	730.00

Not much good.

Montreal, Que,
July 6, 1935.

CANADIAN INGERSOLL-RAND CO. LIMITED
JUL 6 1935
SECRETARY

MEMORANDUM TO: Mr.H.M.Millar,
Secretary,
MONTREAL HEAD OFFICE.

Dear Sir:-

Three or four years ago the C.N.R. bought a power plant from us for a 600 h.p. Diesel Locomotive. We in turn bought certain electrical equipment from the Canadian General Electric Company. We paid them a certain sum of money and afterwards we got a rebate from them of a certain sum of money. Will you please from our records find us so that you can advise us on Monday what these figures amounted to. We also bought a battery at an extra, we also bought headlights at an extra, and I would like to know what these two items cost us. We also bought radiators, radiator fans and radiator fan motors. Will you see if you can find what each of these three items amounted to. If you cannot conveniently find them from the records of the Accounts Payable Department I think that Mr.Danks can help you find the contract make up from the Sales Department files. We are going to try and make up final price on Monday and hope you will be able to let us have this data.

E.Winslow-Spragge.

/JS

Ingersoll-Rand Company

ESTABLISHED 1871

PHILLIPSBURG, N.J. December 9, 1935.

FIRST VICE PRESIDENT
DEC 11 1935
MONTREAL

Mr. E. Winslow Spragge, Gen.Mgr.,
Canadian Ingersoll-Rand Co.,
620 Cathcart Street,
Montreal, Quebec, Canada.

Dear Sir:

As requested in your letter of December 6th, we are enclosing two (2) copies of drawing G-5503 showing general plan of 10 x 12, 8 cylinder vertical oil engine direct connected to locomotive type generator.

Mr. Miller wishes to advise you that Mr. Gage has two of these prints which he gave to him when he was here.

Yours very truly,
INGERSOLL-RAND COMPANY

R. Firth

Engineer
Oil Engine Engr. Department.

R.Firth
E.W.12/9/35

Encl.

Mr Gage

ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS AND OTHER CONDITIONS BEYOND OUR CONTROL.
ALL CONTRACTS ARE SUBJECT TO APPROVAL BY AN OFFICER OF THE COMPANY. QUOTATIONS SUBJECT TO CHANGE WITHOUT NOTICE.

Address to Kiwanis Club 1935.

The Significance of Vimy*

By Colonel A. Fortescue Duguid, *D.S.O., B.Sc.*
Royal Canadian Artillery

Frances Winslow's husband's brother-in-law of E.W.S.

ALL Canadians recognize the name of Vimy as the title of one of our best known and most popular Governor Generals; but to those who remember it as a battle in which they themselves fought it means a day of great achievement; that is what it should mean to all of us.

Those of you who have visited the Memorial Chamber, as no doubt all of you have, may have seen the panel headed "VIMY RIDGE" and read the short description:—

> "Early in January elaborate preparations for the Allied offensive, N. and S. of ARRAS were begun. On 27th March the artillery bombardment opened; it increased gradually until 9th April when, with the four Divisions in concert and in line on 7,500 yards of front ECURIE-SOUCHEZ, the Canadian Corps 100,000 strong, crashed through the German lines, swept over VIMY RIDGE, took the guns in FARBUS and GOULOT WOODS, and covered the southern attack by making THELUS village and La FOLIE FARM secure. WILLERVAL and GIVENCHY were taken on 13th April, ARLEUX on 28th, the line then ran across the DOUAI plain, for 5,000 yards from near OPPY to BOIS DE L'HIRONDELLE. Canadian casualties in April were 13,477."

Let me elaborate on this apparently cold and dispassionate statement. It is not as cold as it seems, and some visitors—sometimes there are 3,000 and often 1,000 a day—read the words through tears. So let me try to give you a fuller conception of the meaning of Vimy both eighteen years ago and since. As a battle it was a model of preparation and a triumph for unity in action; as an achievement it was, and is, an inspiration.

After the battles of the Somme the allied command had decided to mount a joint offensive in the spring of 1917. The main French blow was to be aimed far to the south against the Chemin des Dames. The British on a front of about 12 miles at Arras would drive eastwards, and the most critical part of the operations on these 12 miles was assigned to the Canadian Corps, then consisting of four divisions. Their task, with British troops attached, would be the capture of Vimy Ridge which occupied the northern four miles of the front.

During the winter of 1916-1917 the Canadian Corps, on the right of the First British Army, began to prepare for the capture of the German position on the ridge. The general direction of the ridge is from N.W. to S.E. The northern end rises abruptly from the Souchez river, 200 feet in half a mile, and another 150 feet in the next mile, from which point it slopes down gradually to the river Scarpe, E. of Arras. The south-western slope of the ridge, at the foot of which lay the Canadian trenches, consists of rolling farm lands, while on the N.E. the German side of the ridge is

* An address delivered to the Kiwanis Club, Ottawa, 5th April, 1935.

for the most part wooded and falls abruptly to the Douai plain, a flat and fertile area dotted with villages and farms.

In January, 1917, the field preparations for the allied spring offensive were taken in hand, new roads and railways were built, pipe lines for water supply were laid and pumps were installed by the Engineers, and preliminary raids and artillery bombardments were carried out all along the Canadian front. Because of these and the general activity which their airmen observed behind the line, the enemy soon became aware that an attack was in preparation, and for months before the actual assault took place every man in the Canadian Corps also knew that the ridge was the Canadian objective.

The task of the Canadian Corps then was to seize the ridge and thus form a strong defensive left flank for the operations of the Third British Army attacking along the Scarpe. The capture of this high ground was vital to the success of the operations in the South. The whole conception of the attack was daring in the extreme, so much so that the German High Command could hardly believe that anyone would have the audacity to attempt it. But this very fact seems, in a measure, to have militated against the efficient conduct of the defence.

In their great advance during the early months of the war the Germans had seized the coal fields about Lens and established themselves on the commanding Vimy Ridge; they had utilized its great natural strength as the main feature of their elaborate defence works in this sector. Between December, 1914, and November, 1915, the French forces under Generals Foch and D'Urbal made vigorous but only partially successful attempts to drive the Germans from these positions. Local names, such as ZOUAVE Valley and TURCO TRENCH, and French equipment and scraps of horizon blue uniform, reminded the Canadians of the fifty thousand gallant French soldiers who had been killed here in their country's service. Throughout this earlier fighting the Germans had displayed the utmost tenactiy in their efforts to retain this vital position, and had suffered only less severely than the attacking French. In 1916 the British held the Vimy front, there was mining and counter-mining, and the Germans improved their position and still further developed their defensive system.

In general, the Canadian scheme was to bombard for two weeks or more the front of attack, according to a programme of systematic destruction of dugouts, rearward positions and forward trenches and barbed wire entanglements, while harassing all lines of communication within range with incessant shell and machine gun fire. The work of destruction completed, every known hostile battery would be silenced by our heavy guns, and the attack would be launched under a rolling barrage by the Field Artillery. The Infantry would follow this barrage, each unit being given the task of securing a definite part of the objective; as each objective was secured, machine guns would move forward and fresh troops following close in rear of the attacking battalions would pass through and the forward movement would continue until the final objective beyond the easterly slope of the ridge was attained. Once captured, the ridge would be held.

Such an elaborate pre-arranged attack had never before been attempted, and its success depended on perfect co-ordination of action on the part of every branch of the service and of every man in the Corps. In the arduous work of preparation and rehearsal none was more active than the precise and energetic Corps Commander, Lieutenant-General Sir Julian Byng, who personally supervised the gradual collection of the great quantity of military supplies required for the undertaking; by his direction a full scale plan of the battlefield was laid out in the rear area, with broad white tapes to mark trenches, and flags of different colours to mark boundaries and strong points in the enemy defences, which had been discovered by observers or disclosed by close examination of aeroplane photographs.

On this full scale model of the battlefield the troops taking part in the attack were repeatedly exercised, so that every man would know exactly where he was to go and what he was to do on the day of battle. The rate of progress was controlled by the artillery barrage, represented by mounted men who, carrying flags, impersonated a screen of bursting shrapnel; and as the screen moved forward the infantry advanced by battalions and brigades and divisions. This rehearsal by such large bodies of troops was a Canadian innovation.

But Byng's greatest asset lay in the men he led. Here, to be exact, were 97,184 of Canada's best—volunteers to a man, each of them ready to put forth every effort in the cause. Thoroughly appreciating this, the Corps Commander adopted an entirely new method of handling the troops prior to the attack. He took the man in the ranks into his confidence. Instructions were issued to all units that by means of lectures, demonstrations, examination of photographs and, most important of all, discussions over large scale maps, each man would thoroughly understand his part and how best to carry it out. The completeness of this instruction, which was conveyed by regimental officers, and the effectiveness of the method, may be better realized from the fact that over 40,000 specially drawn maps were required by the Canadian Corps, and when zero hour at last came every non-commissioned officer taking part had a general idea of the Corps scheme and could give a detailed explanation of how his battalion was going to reach and retain its objective.

Here let me digress to give you some idea of the Canadian forces overseas at this time. Including the Canadian Corps there were 130,000 Canadian troops in France, a number equal to the total troops on both sides at Waterloo. There were 120,000 more in England. The pay roll for Canadians in France alone was nearly a quarter of a million dollars a day, which means 83 million dollars a year. That is in the same category as the average pay roll for the C.P.R. during the past five years. And the number of Canadians in France was twice the total of the personnel of the C.P.R. These expenditures are for pay alone, there was the cost of maintenance besides, which meant that a body of Canadians in France equal to the total present population of Ottawa had to be fed, clothed, armed, equipped, housed and cared for in sickness and in health, and supplied with guns and ammunition. The cost of these additional services, also paid by Canada, came to $200,000 a day.

Long before daylight on the 9th of April, the day set for the attack, the destruction of the German trenches by the artillery under General Morrison had been completed, and all the troops were in position. On the right, next to the 51st (Highland) Division, was the 1st Canadian Division, commanded by General Currie. On their left the 2nd Canadian Division, General Burstall; then the 3rd Canadian Division, General Lipsett, and on the left the 4th Canadian Division, General Watson.

The infantry for the first assault were in the front line trenches. The troops to be engaged later were assembled in tunnels dug for the purpose under the forward area where the heaviest shelling was to be expected. Further back the gunners stood ready by their guns, and at half past five the barrage opened. Under the fire of a thousand guns and mortars the whole Canadian line advanced simultaneously. In thirty-five minutes the first objective was captured. Across the churned earthworks the going was heavy, and an unexpected fall of snow soaked everything. In some places there was desperate fighting but our counter batteries had silenced all but a very few of the enemy's guns and for the most part the advance continued uninterrupted. The Germans were completely demoralized. A German Artillery Commander captured on the top of the ridge turned to take a last look at the fight, observed the barrage, saw wave upon wave of troops advancing in perfect order past his observation post, and could not believe that such perfection had actually been achieved in battle; with the two words *Rein unmöglich*—"Utterly impossible"—he turned to join the 5,000 of his countrymen taken by the Canadians. By seven o'clock two miles of the crest were in Canadian hands. Two hours later the final objectives on the easterly slope had been reached except on the left where the small remaining piece of ground, honeycombed with dugouts and cellars, was not secured until next day.

And so the ridge was won. It was the greatest British victory since Waterloo, and it was the pattern for all the later British and Canadian attacks on the Western Front; but curiously enough it was the only battle in which all four of our Divisions jumped off simultaneously to the attack; at Hill 70 they went in three and then one, at Passchendaele two and two, at Amiens three and then one, at Arras two and two, at the Drocourt-Quéant line the same, at the Canal du Nord two, one and one. The arrangement varied with the lie of the ground and the task in hand; but the basic principles of Vimy remained, and the experiences of Vimy were not forgotten.

That day was Easter Monday, and it also happened to be the birthday of General Ludendorff who was in chief control of all the German armies. He says that he had looked forward to meeting the expected offensive with confidence, but was now deeply depressed, and he adds: "A day like April ninth threw all calculations to the winds." In his memoirs he has some words of reproach for the German troops who did not stand, but they had good reason: opposite the Canadian front alone they had been subjected to an intense bombardment of half a million rounds of ammunition in the preceding week, that weighed 13,000 tons; and on the day of the battle 4,299 tons were expended in support of the Canadian attack.

French commanders, too, who visited the battfield to learn how it was done, hitherto sceptical were now equally astonished at the success.

What was in the minds of these Canadians who crashed through the German lines and who captured the Vimy Ridge on that day? Each man in the ranks was thinking his own thoughts, but on the march forward, together they sang the familiar songs "I want to go home", "It's a long way to Tipperary", "Allouette", "Oh! Oh! Oh! It's a lovely war". They sang unflattering parodies about the Kaiser, and with their irrepressible humour and perspicacity they had perverted a popular catchword into "This war, like the next war, is a war to end war". But they had voluntarily enlisted to serve; they had complete confidence in themselves, in each other and in the plan, and they had no hesitation in carrying out the explicit order communicated to all concerned—'The Canadian Corps will capture the Vimy Ridge'.

For the Commanders it was different. Theirs was no light burden; not only the success of the operations but the lives of the men were in their hands. These Commanders were men like yourselves—Canadian citizens with the same background, most of them married, some with families—and they felt the strain just as you would feel it. They had planned and prepared, as they believed, against every contingency so far as they could see; all that foresight and care could do they had done, but they knew from experience that battle and death are inseparable.

The commanders, each in turn, had to place complete reliance upon their staffs—and which of you has not heard opprobrious epithets hurled indiscriminately at staff officers? Which of you, on the other hand, has ever heard of a successful company which had an inefficient executive? And the measure of Canadian success in France is the measure of the efficiency of the Canadian staff. It is sometimes overlooked—and yet it is quite obvious—that the fighting soldier, no matter how valiant, and no matter how independent, is dependent on commanders and their staffs for his presence in the right place, at the right time, supplied with food and ammunition, and physically fit to fight.

After Vimy the Canadian Corps never looked back. There it was welded into a cohesive, homogeneous whole: from the Corps Commander to the private in the line the chain of confidence was forged complete in every link, and the men of the Corps might have said with Saint Paul when he wrote to the Romans nearly nineteen hundred years ago: "We have many members in one body, and all members have not the same office, so we are every one members of one another".

That was Vimy as a battle. Now let us consider it as a contract. The Canadian Corps had a contract to do a job. There was no possibility of cancelling it for it was an inherent part of a wider plan. Comparatively speaking, the cost in human life was light. The strongest enemy defensive position on the Western front—outside the newly constructed Hindenburg Line—had been completely overrun and captured. Within a year the Vimy Ridge was to prove to be the key position of the British defence against the German onslaught. With it in their possession the Germans in their final offensive would have overwhelmed the British Armies. For

the entire month of April, 1917, the Canadian casualties were 13,477 killed and wounded. At Ypres in 1915 a single Canadian Division had lost over 6,000 killed and wounded, and on the Somme in 1916 for the gain of a small section of ground, the Canadians paid with a loss of 24,000 killed and wounded.

On the financial side in round figures the cost of ammunition alone on the Canadian front for the week 4th to 10th April was over 17 million dollars, one-quarter of which was expended on the 9th April.

Today on the summit of Vimy Ridge stands the chief Canadian memorial on the Western front. Two majestic pylons—shafts of stone—rising to a height of 100 feet from an elevated platform 200 feet square. There are several inscriptions, in Latin, French and English—here are three of them:—

On the tomb in front of the memorial:—

IN MEMORIAM SEXAGINTA MILLIUM CANADENSIUM
QUI ANNO DOMINI MCMXIV — MCMXVIII IN ARMIS
ULTRA MARE VITAM PRO PATRIA ULTRO DEDIDERUNT.

On the twin pylons are the words:—

FRERES D'ARMES
FRANÇAIS ET BRITANNIQUES
LE CANADA SE SOUVIENT.

And the main inscription:—

TO THE VALOUR OF THEIR COUNTRYMEN IN
THE GREAT WAR, AND IN MEMORY OF THEIR
SIXTY THOUSAND DEAD THIS MONUMENT
IS RAISED BY THE PEOPLE OF CANADA.

This great memorial is now near completion, and a pilgrimage from Canada to the battlefields is planned for next year. Similar pilgrimages to the battlefields of the Western Front have frequently been carried out from England, but this will be the first time that any organized expedition from Canada to France has been undertaken since the War.

The site and the sentiment are altogether fitting, for this is the centre of the area in which the Canadian forces served: the site, which includes a large part of the battlefield, was presented by France to Canada; from the memorial may be seen many of the fields on which they fought, and on which most of the Canadian casualties were suffered. On Vimy Ridge and in its vicinity Canadian troops served longer than in any other area—their service was 33,500,000 man days on the Vimy front—and there on the monument are commemorated by name those who have no known graves.

Some of the pilgrims will go to read a name on the monument, or on a headstone in one of the military cemeteries near by; another will hear again the deafening roar of shells and the rattle of machine guns; others, then unborn, now grown almost to manhood will ask what it was all about. And some veteran may reply: "This is where the sons of Canada, by unity of purpose and unity of action, carried the day".

M.D. 1935.

File Costs & Prices

E-1851

X-1561 ℞ 70M 8-32
PRINTED IN U. S. A.

INGERSOLL-RAND COMPANY

11 BROADWAY

NEW YORK, N. Y. Date June 19, 1936.

Attention:— MR. E. WINSLOW-SPRAGGE

Subject: CANADIAN JOHNS-MANVILLE CO.

Canadian Ingersoll Rand Co. Ltd.,
Montreal, Quebec.

Oil Eng Loco

Gentlemen:

I have discussed this matter at length with the representatives of the General Electric Company and the International General Electric Company, and they have finally come to the conclusion that for this first locomotive the proper way to handle it is to build the electrical and mechanical portion in Erie, build our oil engine in Phillipsburg and then, either completely assemble the locomotive in Erie or send the two parts to Sherbrooke for assembly,as may turn out the most economical from the standpoint of the amount of duty to be paid.

The selling price for this locomotive in the United States in lots of one would be $66,400.00. There would be a material reduction, of course, in lots of five. I have discussed with Mr. Abbott the method of handling the engine, and he states that the best arrangement he can make at this point is to take 15 and 5% off the sales price of the engine in Canada for duty purposes. For your information our engine is in this locomotive at $19,500.00 whereas we would be quite willing to sell it for $19,000.00, $500.00 being for negotiation purposes, and in lots of more than one, the $19,000.00 price would probably be somewhat reduced. I understand from the General Electric Company that they can bill their equipment to their Canadian Company for duty purposes at shop cost, and the ultimate selling price in Canada has no bearing upon the amount of duty paid provided the shop cost can be sustained, and they have had no difficulty in doing that in the past. If this is the case, it certainly seems they can make a considerably better bargain than we can. It might be desirable for us to send our engine to Erie and have the locomotive assembled at that point, and let them bill it at shop cost, making arrangements for the Canadian G. E. to pay you your part of the profit on the complete locomotive. This is merely a suggestion, as I only have Mr. McKittrick's word second-hand that the above is possible.

I am enclosing herewith a specification for a 600 H. P. locomotive from which you can see what we propose. We believe that this locomotive can be maintained for 40¢ an hour. The fuel cost and performance we have already given

INGERSOLL-RAND COMPANY

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Gentlemen:

I have discussed this matter at length with the representatives of the General Electric Company and the International General Electric Company, and they have finally come to the conclusion that for this first locomotive the proper way to handle it is to build the electrical and mechanical portion in Erie, build our oil engine in Phillipsburg and then, either completely assemble the locomotive in Erie or send the two parts to Sherbrooke for assembly, as may turn out the most economical from the standpoint of the amount of duty to be paid.

The selling price for this locomotive in the United States in lots of one would be $86,400.00. There would be a material reduction, of course, in lots of five. I have discussed with Mr. Abbott the method of handling the engine, and he states that the best arrangement he can make at this point is to take 15 and 5% off the sales price of the engine in Canada for duty purposes. For your information our engine is in this locomotive at $19,500.00 whereas we would be quite willing to sell it for $19,000.00, $500.00 being for negotiation purposes, and in lots of more than one, the $19,000.00 price would probably be somewhat reduced. I understand from the General Electric Company that they can bill their equipment to their Canadian Company for duty purposes at shop cost, and the ultimate selling price in Canada has no bearing upon the amount of duty paid provided the shop cost can be sustained, and they have had no difficulty in doing that in the past. If this is the case, it certainly seems they can make a considerably better bargain than we can. It might be desirable for us to send our engine to Erie and have the locomotive assembled at that point, and let them bill it at shop cost, making arrangements for the Canadian G. E. to pay your part of the profit on the complete locomotive. This is merely a suggestion, as I only have Mr. McAllister's word second-hand that the above is possible.

I am enclosing herewith a specification for a 800 H.P. locomotive from which you can see what we propose. We believe that this locomotive can be maintained for 40¢ an hour. The fuel cost and performance we have already given

RECEIVED JUN 20 1936 MONTREAL

Confidential.

Woods Building,
Slater Street,
Ottawa.

August 20, 1936.

E. Winslowe Spragge Esq.,
Canadian Ingersoll Rand Co.Ltd.
New Birks Building,
Montreal, P.Q.

My dear Lamb;

I discussed the question of which you spoke over long distance last night with the C.G.S. this morning, and he and I are of the opinion that you might suitably, as an individual, see people at the War Office, but purely as an individual and, of course, no mention should be made of this Department of the Government, although there is no harm in letting them know that you have been in touch with us.

The proper official for you to see is the Master-Gunner of Ordnance, whose office is in the War Office. He is Lieut-General Sir Hugh Elles, K.C.B., K.C.M.G.,K.C.V.O.,D.S.O.

He paid a visit to the Royal Military College on the occasion of the June Ball when I was Commandant there and may remember me.

With kindest regards and best wishes for a good trip.

Yours sincerely;

Ernie

FIRST VICE PRESIDENT
AUG
21
1936
MONTREAL

Ottawa.

13i/36.

Dear Edward,

Addresses as follows :—

Brigadier A.C. Caldwell.
Master General of the Ordnance.
National Defence Headquarters.
Woods Building.
Ottawa.

Major-General C.J. Constantine D.S.O.
Adjutant General.
National Defence Headquarters.
Woods Building.
Ottawa.

I am sending you overshoes and Lois' ring separately.

The other address you may require is

as follows:—

Major-General A.G.L. McNaughton C.B. C.M.G. D.S.O. M.Sc. LL.D.

President, National Research Council.

National Research Laboratories Building.

Sussex St.

Ottawa.

He is B.Sc. McGill '10. Later had charge of Fleet Lab. there and took his M.Sc. A Kaf: you may remember him.

We were glad to hear that Terence is as well as may be. He doesn't seem to have much luck as regards health. Give him our love.

It was good to see you both, come again.

Yours affectionately,

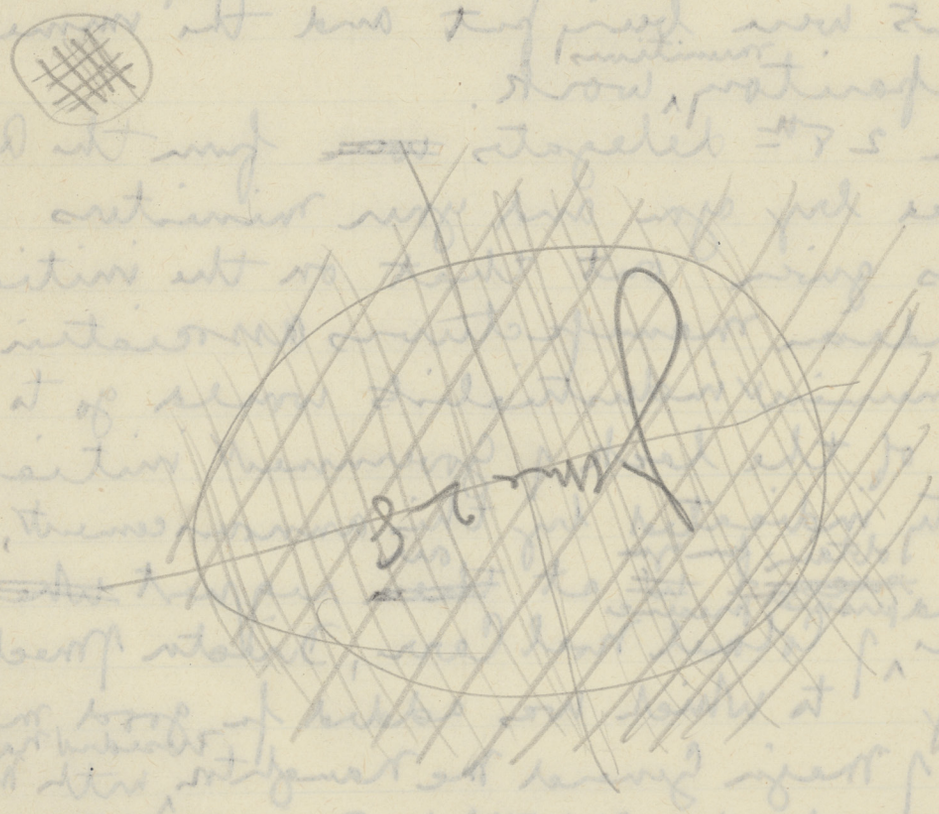
Hortescue Dyguid.

Draft for letter to Rt. Minister Mackenzie King by E.W.S. 1936

About three years ago I went to England to lay before the master general of ordinance the suggestion that educational orders be placed for war munitions in Canada and that care should be taken to insure that such orders should be placed in such a way that as far as possible all provinces ~~through~~ should be treated equitably ~~in~~ so as to avoid jealousy. Three years went by and this spring about June 22nd Mr W.D. Black in his valedictory address as retiring Chairman of the Canadian Manufacturers Association made strong reference to the lack of use to which Canadian ~~munitions~~ manufacturing establishments were being put and the immediate need for preparatory munitions work.

On June 25th delegates ~~were~~ from the Association were received by you and your ministers and an official report was given out that on the initiation of the Canadian manufacturers association a group of prominent industrialists would go to England. In spite of the lack of Government initiative and authority indicated by this announcement, the mission did obtain from you at our request the technical guidance and presence of Colonel Noel Carr, Director Mechanization and Artillery and to which was added for good measure the presence of Major General McNaughton, President Nat. Research Council with Mr A.T. Gill, ~~with~~ and also Mr O.W. Ellis, Director of Engineering and Metallurgy Ontario Research Council

The mission thus strengthened was warmly welcomed in England and information of the greatest value was exchanged. The mission was kept hard at work for over three weeks and confirmed the fact



of British need for our services and Canadian
ability to fill those needs. Although more than
two years had been lost which might have been
usefully employed to the great benefit of both countries
nevertheless we should be thankful that contact
eventually was established and that we have
returned with plans laid and information
which will save at least six months of valuable
time over what would probably have been required
if we had not sailed

We arrived in London at midnight and at ten thirty in the morning we met and were in turn introduced by Mr Vincent Massey of the British Government. We were received by the Duke of Devonshire on behalf of the British Government. We were received by the Right Honourable Leslie Burgin Minister of Supply as well as by in general meeting at the High Commissioners office

We were initially received by the Duke of Devonshire on behalf of the British Government and by the following heads of Supply divisions

Engineer Vice-Admiral Sir Harold A. Brown, Director-General of Munitions Production.

Air Marshall Sir Wilfrid R. Freeman, Air Member for Supply and Organization.

Rear Admiral Fraser, Controller of the Admiralty and Third Sea Lord.

A few days later we were received by the Right Honourable Mr Leslie Burgin Minister of Supply

whose courtesy and assistance cannot too much be said

After our initial meeting we divided into Committees and these Committees were received by the appropriate heads of the various divisions and guided as to the manufacturing plants they ~~ought to~~ should visit and the items to be observed at each point.

These Committees were as follows

Communications
Steel
Machine Tools and Gauges
Non-ferrous metals
Specifications
Power + Heavy Chemicals

These Committees studied the various phases of ~~it~~ the manufacture of Guns, Gun mountings tanks and machine gun carriers, mines and sinkers and numberous other items ~~to~~ coming under the general heading of munitions.

It would be impossible to explain in the short time available during a general meeting just how it is proposed to tackle the manufacture of these and other items in Canada. ~~The~~ In a few days Mr Holt Gurney who acted as Chairman of the delegation in England will arrive ~~in a few~~ days with the remaining members of our mission and will guide us in preparing our general and our detail reports.

In the meantime what is in all our minds is to ask to be allowed to collaborate with you in giving a suitable reception at Quebec and

in Ottawa to the advance party of the British Mission which we understand is coming over to Canada on the same ship with Mr Gurney.

We would like them to feel in Canada, as we felt in England a warm welcome both ~~from~~ by a senior representative of the government, ~~and~~ by departmental heads and by the industrialists with whom they expect later to come into business relations.

In your instruction to us before leaving Canada you felt that all purposes would be best served by direct dealings as between the British Authorities and ~~the~~ individual Canadian manufacturers. Mr Gurney will explain to you why some larger scheme is essential. There are certain tasks which should only be done in Government Arsenals. There are other tasks which will require government assistance and collaboration. There are matters of finance ~~is~~ which it would seem essential for the Government to arrange. There are matters for discussion after the arrival of the British Mission. In the meantime the mission is presumably arriving in Quebec on Thursday of this week and we are most anxious to have someone there to meet them. We would also like to have some special courtesies extended to them in the matter of temporary office space and we should also make sure to have hotel or other suitable living quarters available.

Montreal, Que.

May 14th, 1937.

address by E.W.S.(?) of

CHAIRMAN'S ADDRESS

CANADIAN MANUFACTURERS' ASSOCIATION 1937

It has been customary for the Chairman of the Montreal Branch at the end of each year to deliver a brief address.

The past year has shown a general upward trend, particularly in those lines of manufacture associated with the mining industry, but there has also been a gratifying improvement in manufactured products required by the pulp and paper mills and by the automobile trade. The upward trend of employment has been accompanied in the United States by serious labour disputes, which in our sister province have had their repercussions on this side of the line. Happily in the Province of Quebec, while there have been disputes, - these have not been characterized by harsh measures on either side, and we like to feel that the customary commonsense and conservatism characteristic of this Province will continue to manifest itself as in the past.

There have, however, been some tendencies noticeable during the past year which have not in my opinion been in the right direction. A few days ago there was a letter in one of our daily papers under the heading of "Money vs. Wealth", in which a moral was drawn from the "Thales of Miletus", who more than 2,000 years ago in anticipation of a big crop of olives, went out and bought all the oil presses. When the crop was gathered the growers found themselves at his mercy. Thus, Thales became exceedingly rich at the expense of his fellows, but the total real wealth of Greece was not improved one iota. Thales' efforts were not constructive, and the load on industry is not made up wholly of the burden of past debts, or the burden of Government, or the burden of unemployed, but is seriously increased by the efforts of those who are using their time non-constructively.

I have always felt opposed to undue privilege being allowed or practiced by the so called "closed professions", which attempt for the benefit of their individual members to prevent a competition from non-members or from any outside source. I was, therefore, glad that a year or so ago the professional engineers did not succeed in excluding non-members from the exercise of their profession. This year at Quebec a small party of boiler inspectors attempted unsuccessfully to obtain a monopoly on the inspection of boilers in the Province, and your Association had a good deal to do with pointing out the excellent services being performed by the underwriters in this class of work, and the bill was thrown out. I will leave to others the plea to the doctors, the notaries and the trust companies, to moderation in their sometimes overstrenuous attitude towards anyone who dares tread on their sacred rights, but if in general the learned professions, the engineering associations, mining associations and manufacturing associations maintain too strongly their own interests to the exclusion of the interests of others with whom they deal, how can we expect the various trade associations to be reasonable in their dealings with us.

I attended a meeting under the chairmanship of the Deputy Minister of Labour the other day, when some of the trades were maintaining that a manufacturer was prohibited from doing at his own plant anything in the nature of new work and must employ a contractor. Mr. Swain of the Steel Company of Canada asked for a definition of new work. He asked specifically was the replacement of an electric light bulb new work. The Secretary of what I took to be an electrical association replied, and I may say he was not corrected by the Deputy Minister, by stating emphatically that the replacement of an electric light bulb was distinctly new work. These are the kind of absurdities and extremes to which associations may go if they are not properly guided and if the opposing associations, such as our own, do not continue to advocate and

maintain a fair and reasonable attitude.

The right of free speech has always been a cherished inheritance in this Province, and we believe that it is by ventilating all views that reasonable compromises can be found. I, therefore, feel very badly that the Prime Minister and Attorney General saw fit to pass a padlock law and gave himself the right to penalize you or me if we expressed opinions at variance with his own. Incidentally, I think we should respectfully express our belief that the practice of the Prime Minister in taking over the portfolio of Attorney General is not a desirable one. If there is one thing which the American President has clearly discovered in recent months - it is that public opinion in that Country will not support him in his attempt to control the supreme court. The Attorney General's Department is the supreme court, and 90% of the inhabitants of this Province would not be in a position to carry an appeal beyond the confines of the Province. I feel that the old and well tried conception of keeping the administrative and legislative branches definitely separated is a most valuable principle and one which should again be followed in this Province at the first opportunity.

EXECUTIVE COUNCIL OF THE MONTREAL BRANCH SOCIETY

MINUTES of a meeting of the Executive Council of the Montreal Branch Society held at 3466 University Street at 5.15 p.m. on Monday, March 3, 1941.

ATTENDANCE:

Mr. E. Winslow-Spragge, President
Prof. O.N. Brown, Vice-President
Dr. C. J. Tidmarsh, Hon. Secretary
Mr. J. H. Holden
Mr. G. B. Glassco, Acting Secretary

CONVOCATION AND MINUTES:

The meeting was convoked at 5.26 p.m. The minutes of the last meeting held December 30, 1940, were read and approved.

MEMBERSHIP REPORT:

The Acting Secretary reported on the membership standing at February 28th, with comparative figures for February 28, 1940, as follows:

	New	Renewals	Life	Totals	In Arrears
Feb. 28, 1941 Members in Montreal, 1940-41	172	830	96	1096	226
Feb. 28, 1940 Members in Montreal, 1939-40	169	862	98	1129	243

+ about 100. on active service.

The results of the solicitations made by letters from the officers to hon-members were considered so disappointing that it was decided to discontinue these efforts in the face of present conditions.

RESIGNATION:

A letter dated January 28, 1941, from Mr. W. M. Markham submitting his resignation on going on active army service was read. On motion by Mr. Holden, seconded by Professor Brown, his resignation was accepted with regret.

APPOINTMENTS TO COUNCIL:

In accordance with the decision of the Council at the meeting of November 25, 1940, the President reported having received the acceptances of their appointments to serve on the Council until the annual meeting in 1942 of Mr. W.Taylor-Bailey, B.Sc.'16, and Mr. Hugh Peck, B.Arch.'11, and the Secretary was requested to confirm these appointments by letters.

As two vacancies still remain to be filled the President agreed to invite Dr. Henry P. Wright, M.D.'14, and Mr. Holden to invite Mr. A.D. McCall, B.Sc.'24.

GYMKHANA AT GYMNASIUM-ARMOURY ON MARCH 21ST:

The purpose of this entertainment and the programme were explained. After discussion it was decided that the Montreal Branch Society will assist the Students' Society and others who are promoting this entertainment by (a) sending notices to all non-member graduates residing in Montreal announcing the entertainment and requesting their attendance, (b) sending a similar notice to all members of the Society residing in Montreal with an invitation to them to enjoy the privileges of the C.O.T.C. Mess after the entertainment.

ADVISORY ATHLETICS BOARD:

The present functions of this board were explained and a request was forwarded from the Parent Society that this Council suggest names for consideration by the Executive Committee of the Parent Society when making the appointment of Graduates' Society's Representative, to be effective at June 1st. Decided that these members of the Society be recommended for this appointment: Mr. E.A. Cushing, B.Sc.'17, Mr. R.H. Perowne, B.Com.'39, Mr. Andy D. Anton, B.Com.'39.

NEXT MEETING:

Decided that instead of calling a meeting on the last Monday of the month the next meeting be held upon notice sent on the authority of the President.

ADJOURNMENT:

There being no further business the meeting adjourned at 6.26 p.m.

Minutes Drafted By:

Acting Secretary

Minutes Approved By:

President

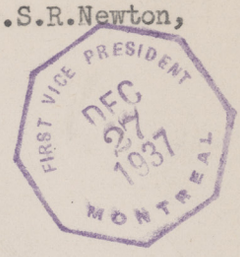
Minutes Confirmed By:

CANADIAN INGERSOLL-RAND COMPANY LIMITED

Office of
GENERAL MANAGER

MONTREAL December 15th, 1937.

Attention Mr.S.R.Newton,



File No. Department of National Defence.

To Chief Engineer, SHERBROOKE OFFICE.

Subject

Dear Sir:-

Enclosed herewith please find a number of enquiries from the Department of National Defence covering machinery used in manufacture of shells. I am sorry that I have been late in forwarding these to you. With the reduction in business volume I do not think we should automatically refuse to quote on this material especially if it happens to closely resemble the machinery which we built for ourselves during the war, and I think in making the quotation we should state, for example, that 'this' or 'that' is the machine which we used in our 8" shell shop where we produced 182,000 (?). If we can also in our covering letter state that we have looked up our time studies and find that the normal day's work on one of these 8" band presses was 320 pieces (?) per eight hour shift. I think the fact that we had actual experience in both the manufacture of the shells and in the manufacture of the machinery to make the shells, and that we were eminently successful in both projects, would enable us to ask a fair but not an exorbitant price at this time. It is my impression that if the thing looks in any way attractive to you that you and I should go to Ottawa, hand in our bids, and talk to the Engineers or Purchasing Department. I hope there is going to be no necessity for our making shells, but if we should be called upon to do so, it would be an advantage to have previously made a start on the manufacture of single purpose lathes, band presses, and pneumatic rivetting machines, etc.

Please return these enclosures with your reply.

Yours very truly,

EWS

EW-S/JS

General Manager.

QUEBEC DIVISION.

1937 - 1938.

CHAIRMAN.

H.W.Matheson,	Shawinigan Chemicals, Ltd.	Montreal.

VICE-CHAIRMAN.

E.Winslow-Spragge,	Canadian Ingersoll-Rand Co.Ltd.	Montreal.

EXECUTIVE COMMITTEE (ELECTED)

N.C.Polson, Jr.,	N.C.Polson & Co.Ltd.	Montreal.
R.H.Gillean,	Watson Foster Co.Ltd.	"
Jules Payan,	Duclos & Payan, Ltd.	"
L.F.Long,	Barrett Co.Ltd.	"
W.S.Atwood,	Canadian Car & Foundry Co.Ltd.	"
Fred.C.Mechin,	Imperial Oil, Ltd. (Manufacturing Dept.)	"
R.M.Calvin,	Canadian Vickers, Ltd.	"
F.McKinley,	American Can Company,	"
H.P.Nellis,	Dominion Rubber Co.Ltd.	"
A.A.Swayne,	Steel Co. of Canada, Ltd.	"
T.C.McConkey,	B.J.Coghlin & Co.Ltd.	"
E.S.Trudeau,	Dominion Oilcloth & Linoleum Co.Ltd.	"
R.E.McAfee,	Babcock-Wilcox & Goldie-McCulloch, Ltd.	"
Allan M.Mitchell,	Robert Mitchell Co.Ltd.	"
C.B.Lang,	Dominion Steel & Coal Corpn.Ltd.	"
R.R.Macaulay,	Miner Rubber Co.Ltd.	"
P.H.Desrosiers,	Sorel Steel Foundries, Ltd.,	"
C.N.Moisan,	Standard Paper Box, Ltd.	"
C.V.Caesar,	E.B.Eddy Co.Ltd.,	Hull.

Appointed representatives from Branches.

EX-OFFICIO.

Louis Armstrong,	Consolidated Paper Corporation, Ltd.	Montreal.
H.R.Wake,	Aluminum Co. of Canada, Ltd.	"

Chairmen of Branches.

DOMINION EXECUTIVE COUNCIL (ELECTED MEMBERS)

B.W.Coghlin,	B.J.Coghlin & Co.Ltd.	Montreal.
Arthur Cross,	Dominion Steel & Coal Corpn.Ltd.	"
E.Howard Smith,	Howard Smith Paper Mills, Ltd.	"
A.Nieghorn,	Nichols Chemical Co.	"
R.E.Thorne,	Canadian Bronze Powder Works, Ltd.	"
A.McA.Murphy,	Chas.Gurd & Co.Ltd.	"
J.H.Sherrard,	Simmons, Ltd.	"
F.McKinley,	American Can Co.,	"
E.S.Trudeau,	Dominion Oilcloth & Linoleum Co.Ltd.	"
L.J.Adjutor Amyot,	Dominion Corset Co.Ltd.	Quebec.
C.V.Caesar,	E.B.Eddy Co.Ltd.	Hull.

Chairman of the Division.
Chairmen of the Branches.

Dec 1937
Perron good mine order 40.000 jackbits n 5000 a month

February 4th,1938.

Mr.S.R.Newton,

Jackbit General.

Chief Engineer, SHERBROOKE OFFICE.

Dear Sir:-

Confirming the few words I said to you in Sherbrooke the jackbit sales are exceeding expectations and it looks as though you will have to get for us about 5000 finished 2" type 1 Jackbits and about 15,000 2" blanks for finishing at Sherbrooke. I suppose that for smaller requirements that we will also eventually require some 1-3/4" and 1-7/8" blanks and that perhaps 5,000 of each would enable you to make up a carload shipment of forgings from Phillipsburg which would in turn enable you to start your manufacturing program in a little better style. I am attaching Mr.Ferrabee's memorandum of January 31st which I had intended discussing with you at Sherbrooke but did not get round to it on account of the press of other matters.

In regard to Jackbit rods, here again, I think we have got to provide ourselves with material and with some stock. The material I suggest is 1-1/4" round, 1" Q.O. and 1" hexagon. Angus and Taylor are now equipped to make their own 1" Q.O. Jackbit rods and are ordering small lots of steel from us by the ton for making up themselves. L.T.Martin who is the other big user of Type 1 bits,has equipped himself to make up 1" x 4-1/4 hexagon collar jackbit rods. I think, however, it would be a good trick for us to do some knitting work at Sherbrooke by putting some shanks on 1" hexagon bars and by finishing the striking end of some of the other full length bars,- 1" Q.O. 1" hexagon and 1-1/4" round. Similarly, I think it would be a good thing to do some knitting on forming the threads on some of the full length bars of the three sections. Mr.Murray Ross of Ingersoll-Rand Jackbit Department impressed me with the desirability of getting customers sewed up to our style of bits by handing them finished bars with our threads on them at a relatively cheap price and counting on making

W

FIRST VICE PRESIDENT
APR
22
1938
MONTREAL

HENRY J. FULLER
40 WALL STREET
NEW YORK, N.Y.

April 21st, 1938.

Mr. E. Winslow-Spragge, 1st V. P.,
Canadian Ingersoll-Rand Company,
620 Cathcart Street,
Montreal, Canada.

My dear Winslow-Spragge:-

I have read with great interest the Annual Report of the Canadian Ingersoll-Rand Company. It was a marvelous accomplishment and you and your associates deserve the greatest possible credit. I am sure that although we may have our ups and downs, you will always maintain the same outstanding situation as long as your present organization continues to function so harmoniously and effectively.

I have told Dan Keefe that I would go up to the meeting next week and am looking forward with great pleasure to being with you.

With kindest regards, I am

Very sincerely yours,

H. J. Fuller

The Steel Company of Canada, Limited
P. O. Box 460
Montreal, Canada

OFFICE OF THE PRESIDENT

FIRST VICE PRESIDENT
MAY
18
1938
MONTREAL

May 17, 1938.

Dear Winslow-Spragge,-

I am very pleased to see your election as Chairman of the Canadian Manufacturers' Association, Quebec Branch. This is a very nice recognition of the good work you have done on behalf of the Association, and I wish you every success in your new and important post.

With kindest regards, I am,

Yours sincerely,

Ross H. McMaster.

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

Confidential

CANADA'S DEFENCE

A Report from the Executive Committee
to the
Executive Council, Canadian Manufacturers' Association,
Montreal, November 23rd, 1938.

As problems concerning national defence have been forced upon Canadians by recent international developments and as it has been officially announced that these questions will come before the next session of Parliament, your Committee, after consultation with Division and other committees, is submitting this report to Council and is asking for advice and instructions in regard to future policy and procedure.

After Armistice Day on November 11th, 1918, Canadians shared the belief, common among the people of countries engaged in the Great War, that a lengthy era of peace would follow and also that future wars might be averted. They hoped that the loss of life, the suffering of combatants and non-combatants, the burden of debts, the damage to property and the dislocation of trade would induce nations to recognize and use international agreements and machinery to settle disputes and to substitute the rule of law for the arbitrament of war. This view was acceptable to Canadians, not only on account of its merits, but also because Canada, in addition to burdens attributable to the war, had serious problems which required such large expenditures that it would have been difficult to obtain approval for extensive defence measures. As confidence in this policy strengthened in Canada, public interest in and support for defence problems and expenditures declined.

Unfortunately, the hope for international peace has not been fulfilled. One after another, great nations, Russia, Italy, Turkey, Japan and Germany, all with highly centralized and non-representative Governments, increased their armaments and put themselves on a war basis. On the other hand, the only great power which made any appreciable effort to reduce armaments was the British Empire. When the realities of the international situation became apparent, Great Britain began a desperate re-armament race, staving off one crisis after another while her defences were being strengthened.

This report is not attempting to define the external policy of Canada. That is a matter for Parliament to decide. We propose to consider what Canadian manufacturers may be asked to do in connection with carrying out policies that may be adopted, or in case of emergency.

We remember that, at the beginning of the last war, which Canada entered with very little preparation, manufacturers had most difficult problems given to them without notice and that these had to be solved in some way under the stress and strain of actual war conditions. While it is earnestly hoped that war will be averted, nevertheless it is of great importance that all reasonable preparations should be made and that, as far as may be possible, plans and procedure should be formulated.

War Legislation.

Measures passed by the Parliament of Canada which was summoned on August 18th, 1914, are summarized, as follows, by Sir Robert Borden in his memoirs, which have been recently published,-

"The principal measures prepared were as follows:-

"(1) THE WAR APPROPRIATIONS ACT which provided fifty million dollars for expenses incurred by or under the authority of the Governor-in-Council for the following purposes: (a) the defence and security of Canada; (b) the conduct of naval and military operations in or beyond Canada; (c) promoting the continuance of trade, industry and business

"communications whether by means of insurance or indemnity against war risks or otherwise; and,(d) the carrying out of any measures deemed necessary or advisable by the Governor-in-Council in consequence of the existence of a state of war.

"(2) THE WAR MEASURES ACT which confirmed all acts and things done or omitted to be done after the outbreak of war and prior to the passing of this Act. It conferred on the Governor-in-Council power to do and authorize such acts and things, and to make from time to time such orders and regulations, as he might by reason of the existence of real or apprehended war, deem necessary or advisable for the security, defence, peace, order and welfare of Canada, all of which regulations were to have the force of law.

"(3) THE FINANCE ACT, 1914 which confirmed Orders already made with respect to Dominion notes and conferred upon the Governor-in-Council wide powers with respect to further advances to chartered banks and extending the powers of the banks with respect to excess circulation.

"(4) THE DOMINION NOTES ACT provided for excess issue of Dominion notes.

"(5) THE CUSTOMS TARIFF AMENDMENT ACT proposed additional duties on certain articles.

"(6) An Act proposing additional inland revenue duties. There was also an amendment of the Naturalization Act, 1914, and an Act Incorporating the Canadian Patriotic Fund."

Organization for Supplies, 1914.

Organization for buying and producing supplies varied according to the needs which arose. The first stage was described by Sir Robert Borden as follows:-

"The need of immense supplies, not only for our own forces but for those of Great Britain and France, created a situation of extreme difficulty and perplexity. The organization of the Department of Militia and Defence was not constituted adequately to deal with such a situation. Early in the autumn a Committee of Council was formed for the purpose of supervising and dealing with contracts for supplies. Undoubtedly this method was useful for the purpose of preventing possible abuses; but, on the other hand, it was an unwieldy body and delay was occasioned in some cases by its failure to act promptly.

"With respect to the provision of supplies ordered for the British Government, or for any Allied Powers, I prepared and circulated among my colleagues on September 30th, 1914, the following memorandum:

"MEMORANDUM as to filling supplies ordered for British Government or any of the Allied Powers.

"1. These orders will come in some cases to the Department of Militia and Defence and in other cases to the Department of Agriculture.

"2. All orders for arms, equipment and munitions of war should be filled by the Department of Militia and Defence with as little delay as possible.

"3. All other orders for military supplies, such as clothing, footwear, saddlery, vehicles, binoculars, etc., should be immediately taken into consideration by the Director of Contracts of the Militia Department, assisted, if necessary, by such persons as may be appointed for that purpose, who will forthwith collect and tabulate all possible information as to the capacity of manufacturers and dealers to fill such orders and as to quality, prices, etc., before any order is given. A complete memorandum setting forth the information so tabulated, the order and the proposed method of filling it, should be submitted to the Prime Minister, or to a Committee of Council appointed for the purpose by him.

"4. All orders for other supplies, such as flour, wheat, hay, oats, fodder and all other food products, whether for men or for horses, should be immediately taken into consideration by an officer of the Department of Agriculture appointed for that purpose, and assisted, if necessary, by such persons as may be selected therefor, who should immediately collect and tabulate all possible information as to the capacity of producers and dealers to fill such orders and as to quality, prices, etc. Before orders are given a complete memorandum setting forth the order, the information so tabulated and the proposed method of filling it should be submitted to the Prime Minister, or to a Committee of Council appointed for the purpose by him.

"5. The above procedure applies to orders from the British Government, or any of the Allied Governments.

"6. In each Department a systematic arrangement for dealing with such orders should be established and proper forms of application, contract, etc., should be prepared, so that the purchases may be made in a systematic manner and by business methods.

"7. Inspection and supervision of the articles supplied should be made by the officers of the respective departments, supplemented by any additional assistance which may be found necessary to the end that such inspection and supervision shall be efficient and complete.

"8. Cost of collecting information, tabulation, supervision and inspection and other necessary work shall be charged to the Government for which the supplies are furnished.

"9. Payment for all such supplies should be arranged through the Department of Finance by letter of credit issued by that department. Accounts and vouchers for all payments must be furnished.

"10. It is essential that there should be no unnecessary delay; and if the staff of any department is found insufficient for the purposes above indicated, the Prime Minister should be consulted."

The Shell Committee.

On August 24th, 1914, the War Office in London, England, sent the following cable to Sir Sam Hughes, the Minister of Militia, Ottawa,-

"Can you provide or obtain from American trade empty shrapnel, Q.F.Guns, 18-pdr., without cases or fuses? If so, what rate delivery could you obtain?"

The Minister replied that shells could be obtained in the United States and raised the question of manufacturing them in Canada. The Minister called a few leading Canadian manufacturers to Ottawa on September 2nd and placed the problem before them, and on September 7th and 8th, the S hell Committee was organized with the following members:- Colonel Alexander Bertram, Montreal, Chairman, Colonel Thomas Cantley, New Glasgow, Mr. George W. Watts, Toronto, and Mr. E. Carnegie, Welland. In addition to these, who were all manufacturers, other members were: Colonel Benson, Master General of Ordnance; Lieut. Col. Greville Harston, Chief Inspector of Arms and Ammunition and Lieut. Col. F. L. Lafferty, Superintendent of the Dominion Arsenal.

STANDING OF SHELL COMMITTEE

In commenting on the Shell Committee, Colonel David Carnegie, formerly member and ordnance adviser, Shell Committee and Imperial Munitions Board, in his "History of Munitions Supply in Canada", says:-

> "The relation of the Shell Committee to the Canadian and British Governments was never clearly defined. The members of the Committee who were manufacturers regarded themselves as contractors, but the Committee as a whole was neither the agent nor the contractor to the British Government. The four manufacturing members entered into contractual relations with the Minister of Militia, who acted for the British Government. They signed contracts for all orders received. The Minister of Militia was virtually the agent, although he assumed no responsibility of agency."

On the same subject, Sir Joseph Flavelle, in his report as Chairman of the Imperial Munitions Board to the Minister of Munitions, said:-

> "The Shell Committee carried on work from September, 1914, till November, 1915. In form they acted as contractors to the British War Office, making themselves responsible for the execution of the orders which were placed with them. Actually they took the position of agents, working without remuneration, and arranging for and supervising the letting and the carrying-out of the contracts in such factories as they thought best suited to undertake the work."

> "As no armament works whatever existed in Canada, the Committee from the commencement had to undertake much more extensive functions than those of a mere purchasing body. It formed the opinion early that the best results would be obtained by subdividing the work to be done, purchasing the raw materials itself, and allotting them out among various manufacturers who undertook different parts of the work. In some cases the same manufacturer would undertake several or most of the processes, from the production of the steel to the turning out of the finished shell, but in the majority of cases the steel was produced at one plant, the forging done at another, the machining at a third, while other components were produced separately, and the assembling was a final process. The Committee also undertook to assist the manufacturers with technical instruction and advice, as well as to arrange for inspection. This system, which was afterwards continued and developed by the Imperial Munitions Board, was undoubtedly best suited to Canadian conditions, and led to a far greater production than would have been possible if contracts had been confined to those plants which were capable of carrying out an order in its entirety. In adopting it the Shell Committee showed foresight and a just appreciation of local conditions."

On September 11th, the Chairman of the Shell Committee informed the Minister of Militia that twenty-nine of the largest manufacturing firms in Canada had promised to assist in making shells.

On March 31st, 1915, only seven months after the formation of the Committee, the Shell Committee reported to the Prime Minister of Canada that 155 factories and 25,000 employees were then engaged in the production of munitions.

The War Purchasing Commission.

The War Purchasing Commission was appointed on May 18th, 1915, and consisted of the following: Sir Edward Kemp, Chairman, Mr. G. F. Galt, Winnipeg, and Mr. Hormisdas Laporte, Montreal.

In describing the appointment, Sir Robert Borden said:-

> "The Order-in-Council set forth rather elaborate provisions as to the duties of the Commission, and the principles which should guide the methods which it might adopt. In respect of all contracts, except in case of urgency, due to military considerations or for other good reason, the grounds for which were to be clearly recorded, tenders were to be called for, purchases were to be made and contracts given at the lowest price offered. The Commission was authorized to employ expert assistance. The Departments were required to afford to the Commission all possible information respecting any matter falling within the scope of the Commission's power and duties. The Commission was req uired to report to the Prime Minister from time to time and it was to keep a systematic record of its transactions."

In his report on the work of the Commission, Sir Edward Kemp said:-

> "The duties of the Commission include the supervision of purchases for the Canadian Expeditionary Force as well as for the Naval Service and Internment Operations, of clothing, equipment, munitions and materials of war and supplies of every nature and the supervision of contracts for transportation, payable under the War Appropriation Act of 1915, or any Act appropriating moneys for the purposes mentioned in this Act. It is also directed to purchase on behalf of the Government such supplies and munitions of war as the Government may negotiate for the British or any Allied Government."

Sir Robert Borden commented as follows:-

> "From this report and from my knowledge of the work of the Commission, I am satisfied that its service to the country was of the highest advantage. Indeed, I am convinced that an amount of not less than fifty millions was saved to Canada through the efficient methods which the Commission established."

Imperial Munitions Board.

Early in 1915, it had become apparent that the war was going to last much longer than had been expected and, consequently, Great Britain had to revise and greatly extend her plans for the manufacture of munitions. A Department of Munitions was created by the British Government and Mr. Lloyd George was made Minister. It was then decided by the Canadian Government that Canada's plans would have to be revised and enlarged also.

Lord Rhonda, Mr. W. L. Hichens, Chairman of Cammell Laird and Company and Hon. R. H. Brand, were commissioned by the British Government to deal with the Canadian Government. The following is a quotation from the "History of Munitions Supply in Canada" by Col. David Carnegie:-

"After a close examination of all the facts, Messrs. Hichens and Brand came to the conclusion to submit two alternatives to the Canadian Government, with the request that they should say which they preferred. They were:

"(1) That the Canadian Government should undertake direct responsibility for munitions supply, and should constitute a Ministry of Munitions in the same way as had been done in Great Britain; and (2) that the British Ministry of Munitions should itself establish an organisation in Canada which would be directly responsible to it, and be in name, as well as in effect, its agent.

"The latter proposal was chosen by the Canadian Government, and was accepted by the Minister of Munitions.

"They had now to decide what constitution the new organisation should have in order to function properly as an agent of the British Government in Canada. They recognised that, although the new body would have to act as the representative and agent of a British Government Department, it would have no governmental powers or standing in Canada. Further, its functions would be more of a commercial than of an administrative nature. The Commissioners therefore considered it advisable to recommend that a Board should be constituted under a Chairman, on the lines of a Company Board, the Chairman having full executive powers, and that this Board should act as the representative of the Ministry of Munitions in Canada. The recommendation was accepted, and the new Board was formed."

The Shell Committee was taken over in November, 1915. It had started from nothing and had performed remarkable service. In the report presented by the Chairman, he stated that the total value of all contracts let by the Shell Committee to Canadian manufacturers amounted to $142,000,000 and that the Committee had a favourable balance of $16,000,000.

In accordance with the plans agreed upon by the British and Canadian Governments, the Imperial Munitions Board was organized in November 1915, with the following personnel:-

Sir Joseph Flavelle, Chairman; General Sir Alexander Bertram (former Chairman of the Shell Committee) Vice Chairman; Sir Charles Gordon, Deputy Chairman; Colonel David Carnegie, who continued as Technical Adviser. Mr. G. Dawson, Mr. F. Perry, Mr. J. A. Vaillancourt and Mr. E. R. Wood. The Hon. R. H. Brand and Brigadier General W. E. Edwards were appointed as additional members later.

In his report to the Minister of Munitions Sir Joseph Flavelle described the work of the Board, in part, as follows:-

"The work to be done was parcelled out among Canadian manufacturers. In many cases it was carried on in factories previously existing, which were adapted to the purpose of munitions manufacture by more or less extensive changes. In other cases, manufacturers constructed new plants for munitions making, but were able to draw on their existing staff for labour, for supervision, and for skilled mechanics. The work of the Board was to place orders for materials, or contracts for the execution of the various processes by which the materials were turned into finished shell; to assist the manufacturers with technical advice and to arrange for the interchange of information; and above all to see that they

"were kept supplied with material or with work in process up to the limit of their capacity, and not beyond it. One of the most important departments of the Board, the Distribution Department, was entirely concerned with this latter work. The value of it was apparent from the experience of the United States, after that country came into the war and commenced the manufacture of munitions on its own account. There, also, the work was parcelled out among manufacturers. But no adequate organisation was set up at the commencement to arrange for the distribution of materials and of partly finished work. Consequently it was found that many manufacturers had plenty of material before they had capacity to use it, while others were left with plant and workmen idle because they had not a sufficient supply of material to be worked up. Another function undertaken by the Board was that of advising and assisting the body of manufacturers with regard to their problems of production -- both those of machinery and those of labour. The knowledge gained from study of the problems of one manufacturer was thus placed at the disposal of others, and the comparison of many cases was used for the general improvement."

The inspection of munitions was directed by Brig.Gen. Edwards, one of the principal officers of the Ministry of Munitions, with the assistance of Lieut. Col. G. Ogilvie, formerly in charge of inspection for the Shell Committee.

By this arrangement inspections in Great Britain and Canada were directed along the same lines.

National Factories.

"On financial, as well as on other grounds, it seemed preferable to work through existing manufacturing organizations, wherever this was possible," said Sir Joseph Flavelle.

In a few cases national factories were established where special munitions, which private industry was not prepared to undertake, were required. Among other articles, these national factories produced great quantities of fuses, airplanes, explosives and steel ingots from scrap steel.

In speaking of the national factories Sir Joseph Flavelle said:-

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

"disposal of the properties, was sufficient to amortise the total capital cost, and leave a balance of approximately one million dollars for return to the Treasury."

The financing of the Board's great undertakings was described as follows in Sir Joseph Flavelle's report:-

"The Board's expenditure was met either by advances from the Canadian Finance Minister or by remittances from the British Treasury through New York. The provision of the amounts required was from time to time the subject of informal negotiations between the two Treasuries, in which the Board generally took part as intermediary. The Minister of Finance (the Right Hon. Sir T. White, who was in office through the whole period of war) was disposed to use every effort to assist the supply of munitions from Canada, and was liberal in his undertakings and still more liberal in their fulfilment. Out of the total expenditure of the Board, amounting to approximately twelve hundred and fifty million dollars, seven hundred and fifty-five million dollars was advanced by the Canadian Treasury by way of loan to the British Government, and three hundred and ninety-five million dollars was provided by British Treasury remittances, the balance of one hundred million dollars being accounted for by the loan from Canadian banks. The advances made by the Canadian Government were partly offset by advances made by the British Government for the upkeep of the Canadian Expeditionary Forces in England and France."

"In authorising the Board to place munitions orders in Canada, the Ministry continued the practice, which had been started between the War Office and the Shell Committee, of naming a fixed price for the munitions. This price was fixed in consultation with the Board, according to their estimate of the probable actual cost. The price so fixed during the period of the Board's operations was in almost every case lower than the price paid by the Ministry on similar contracts in the United States. The Board was responsible for keeping within the fixed price, but subject to that had a free hand in letting contracts, making purchases of material, etc."

"The net result, therefore, is that the amount payable by the Ministry for Canadian munitions at the fixed prices, which on the whole were appreciably lower than the prices paid for similar supplies ordered in the United States, sufficed to pay all actual costs of production, to meet losses incurred through the disposal of raw material and stocks on hand at the time of the Armistice, to provide all compensation payable to manufacturers on cancellation, and to leave a surplus of $5,000,000 for return to the Treasury."

The following is a summary of the principal accomplishments of the Imperial Munitions Board:

Value of orders placed in Canada, $1,200,000,000.

At the peak of operations, it was estimated that directly and indirectly, between 250,000 and 275,000 workmen and workwomen were employed at one time.

The munitions produced, in part, were:

Steel forgings	75,000,000
Shells	68,300,000

In the production of these shells, upwards of 2,100,000 tons of steel were used, of which 1,600,000 were produced in Canada.

Copper bands used ..... 73,600,000, of which 23,000,000 were produced in Canada.

Fuses ..... 29,000,000, of which 19,000,000 were produced in Canada.

Powder	81,000,000 lbs.
High explosives	75,000,000 lbs.

Steamships, wood and steel built, under construction and under contract, numbered 88.

3000 airplanes were constructed. About $20,000,000 was spent on equipment and maintenance of Royal Air Force training schools in six camps.

The Board, in addition to its chief duty as representative of the Ministry of Munitions, acted as purchasing agent in Canada for the requirements of the Admiralty, the Timber Controller, the Ministry of Air, the War Office and the Ministry of Shipping.

In the report issued by the War Cabinet for the year ending 1917, and presented to the Imperial Government, there appears the following:

> "The manufacturing res ources of Canada have been mobilized for war production almost as completely as those of the British Isles."

In a statement to the Ministry of Munitions, Hon. R. H. Brand said:

> "The report of the Comptroller and Auditor General of the British Government on his final examination of all the Board's undertakings stated that he had no criticism whatever to make on the accounts. He had nothing but unqualified praise for the character of the work done."

National Service Board.

In order to deal with personnel problems arising from enlistments, the employment of skilled workers and the many new war activities, the National Service Board was established in October, 1916, and the Hon. R. B. Bennett was appointed Director-General.

"The purpose," said Sir Robert Borden, "was to identify and keep within Canada those who could give better service at home and to identify and induce to go to the field those who could and ought so to serve."

The registration of the people, in June 1918, showed a final total of 5,245,606 men and women sixteen years of age and over and gave information in regard to availability of workers, ages and capacity for work, and fitness .

Food Control.

The Hon. W. J. Hanna, K.C., was appointed Food Controller on June 21st, 1917 and on his resignation in January 1918, The Canada Food Board was appointed, with the following: Mr. Henry B. Thomson, Chairman; Hon. C. A. Dunning and Mr. J. D. McGregor. Its powers were as follows:

(1) to ascertain the food requirements of Canada and to facilitate the export of the surplus to Great Britain and her Allies.

(2) to make regulations in the public interest governing the price of articles of food, storage, distribution, sale and delivery; to provide for conservation of food and prevention of waste; to govern manufacture, preparation, etc., of foods.

(3) to permit of powers and duties of the Food Controller to be exercised independently or in cooperation with other Departments of the Dominions, Provinces or of Great Britain and her Allies.

Enlistments and casualties.

According to the Canada Year Book, 1919, the total number of enlistments up to November 1918, was 595,441; the number sent overseas was 418,052. The total casualties reported up to December 31st, 1918, numbered 9,989 officers and 204,397 other ranks.

British Industrial Defence Measures.

When Great Britain decided to abandon her disarmament policy and to increase her defences, special attention was given to the association of industry with the fighting forces. Industries were surveyed in regard to personnel, material and capacity for manufacture. Nevertheless, the British Government adopted the policy of interfering as little as possible with ordinary manufacturing, on the ground that the financial and commercial stability of the country depended to a great extent on the maintenance of normal industrial and trade activities. With this reservation, vigorous efforts were made to correlate industrial resources and processes with the great defence programmes of the naval, military, air and other services.

Canadian Defence since the Great War.

Owing to the large sums needed for interest, pensions, Canadian national railways and social services, the annual amounts available for defence purposes decreased considerably and only enough was voted annually to maintain a skeleton system of defence.

During the 10 years from 1927-28 to 1936-37 the total expenditures for militia, naval, air and other services were as follows:-

1927-28.....	$17,673,790
1928-29.....	19,787,754
1929-30.....	21,981,754
1930-31.....	23,732,151
1931-32.....	18,372,563
1932-33.....	14,145,361
1933-34.....	19,629,498
1934-35.....	22,305,299
1935-36.....	27,378,541
1936-37.....	26,669,942

During the past two years expenditures have been increased; the amounts submitted to Parliament as estimated by the Department of National Defence being as follows:

1937-38.....$36,034,371
1938-39..... 35,966,524

In the latter estimate the sum of $11,686,517 was for air services.

Spea king at the Annual Meeting of the Canadian Manufacturers' Association in Ottawa on June 1st, 1938, the Hon. Ian A. Mackenzie, Minister of National Defence, said:-

> "The development of the production of emergency material in Canada has been and is being attempted with two objects in view. Firstly, to provide a source of supply in this country which may be rapidly developed in emergency and which during peace time will provide additional labour for Canadian workmen. In the second place, and this is particularly the function of industry and not the function of government, to provide facilities in this country through the resourcefulness of Canadian industry for such orders as may be placed in Canada and through their complementary nature make our own production more expeditious and less costly."

The Minister said that progress is being made with reference to the development of trinitrotoluene. The commercial production of cordite for small arms ammunition has been increased materially, reaching twelve million rounds of small arms ammunition. Arrangements have been made for the commercial production of cordite for gun cartridges and experiments are being made in the hope of obta ining a supply of a cellulose substitute for cotton in the manufacture of cordite. Speaking of shell steel the Minister said:

> "Within the last twelve months Canadian steel producers have produced in higher quantities steel billets for 18-pounder shells and steel forgings for 4.5 high explosive, together with steel for such smaller nature of shells as 12-pounder, 12 cwt. and 6-pounders. These will be machined into shell bodies by Canadian industry which will offer a plant which will be subsidiary to our own Dominion Arsenal and which will be used in emergency as a model plant for the benefit of other Canadian firms."

> "In regard to the ownership of equipment, it has been established in one or two places and the Department of National Defence will itself establish ownership of some equipment to be available in case of emergency."

He described developments of the last year in connection with the adaption of mechanical transport for military purposes. The Department, with the co-operation of the National Research Council, has completed arrangements for the manufacture of gas masks in Canada.

The Minister also described the work of the joint naval, army and air supply committee which had been set up in his Department in the autumn of 1936 for the purpose of investigating emergency supply.

In dealing with the subject of sources of supply and their study and organization the Minister said:-

"Seven hundred and fifteen inspections have been carried out in Canada covering 625 firms from coast to coast, and the survey has disclosed the very heartening information that our national industry possesses a very high potentiality for the production of emergency stores. With sufficient incentive this would develop to a very high degree. The whole problem resolves itself into a question of adequate demand to permit quantity production from an economic basis, as financial considerations can of course never be neglected. As a result of this study of the facilities possessed by each firm this subject now is codified in the Department - the complete available potential capacity of the Dominion; delay and confusion inherent in a change over of industry from peace to emergency has been eliminated by the direct information with reference to raw material, but as that may well prove the bottleneck in emergency production under this heading all available sources of supply have been explored where a possibility of shortage might occur. The problem may be possible of solution by changes in specification to produce an equivalent product with material readily available."

During the past two years, a few relatively small orders for munitions have been placed in Canada by the Director of Contracts, British War Office.

It was announced in the House of Commons, London, July 13th, 1938, that a British Air Mission would visit Canada for the purpose of negotiating with the Cana dian Government and Canadian manufacturers for the production of bombers and airplane supplies in Canada for the Royal Air Force as part of the re-armament programme of the British Government. It was also stated that the question of training pilots in Canada for the Royal Air Force would be considered.

A British Air Mission, headed by Sir Hardman Lever, former Financial Secretary of the Treasury, arrived in Canada on July 28th and spent several weeks consulting with the Department of National Defence, airplane manufacturers and organizations interested.

A central aircraft organization in Canada has been incorporated under the name of Associated Aircraft Limited, Montreal, with Mr. Paul F. Sise, President. This company will handle the construction of bombing planes in Canada for the British air ministry. It will provide two central establishments in Montreal and Toronto, working in co-operation with the principal Cana dian air craft manufacturing companies.

Sir Kingsley Wood, Secretary for Air, announced on November 16th, that the first order under this arrangement had been placed in Canada.

<u>The Association and defence.</u>

The Association has endeavoured to co-operate in defence matters in the following ways:

1. Helped the Department of National Defence in the work of collecting information and inspecting factories.

2. Asked members to consider favourably the appeal of the Hon. Ian A. Mackenzie, to give employees the necessary time to take military training.

3. Answered inquiries and compiled information in regard to sources of materials and finished products.

4. Invited the Minister of National Defence to deliver an address describing the defence policy and work of the Government, at the Annual General Meeting in Ottawa, June 1938. This address was widely published throughout Canada. Mr. F. C. Brown, the President, 1937-38, assured the Government of the co-operation of the Association.

5 Invited Mr. Philip Johnson, Trans-Canada Airlines, to speak on air transport at the Annual Meeting. Mr. Johnson's address and the resulting discussion, received widespread publicity.

6. When the British Air Mission visited Canada last summer, Mr. W. D. Black, the President, went to Ottawa and offered the Government the co-operation of the Association.

It would be unfortunate if, in offering our services, the impression were created that we consider war manufacturing beneficial to industry in the long run. Such is not the case. Just as Canada would be much better off if there is no war, so would Canadian industry experience a more lasting and healthy prosperity in following peace time manufacturing. When such items as the shrinkage of export markets, the dislocation of normal procedure, the breaking up of staffs of employees, labour troubles, the accumulation of useless machinery and obsolete plants, the increase of taxes and the inevitable following depression are considered, they far outweigh any temporary and artificial benefits which might be obtained by the industrial system from Canada's participation in war.

Points for Consideration

In reviewing the experience of the Great War, in surveying our present capacities, and in considering international conditions and prospects, the following questions, it is respectfully submitted, are worthy of careful study:

1. Canada's capacity.

The Great War proved the ability of Canada's industrial system to make munitions. Today, the factories, in skilled personnel, modern machinery and available capacity are even more efficient.

2. Research begun during the war has been greatly extended. Now Canada has the National Research Council, the Ontario Research Foundation, the Universities, the Technical schools and many private laboratories.

3. Co-operation with Great Britain.

As in the Great War, Canada can supplement the industrial efforts of the United Kingdom. Canada's activities would probably fall into three divisions,-

(a) Manufacturing for the Canadian forces. It seems probable that Canada will have to depend on her own industrial system to a greater extent, as the

United Kingdom has under way great programmes, some of which are behind schedule.

(b) Manufacturing for sale to the United Kingdom. This is already under way on a small scale.

(c) Manufacturing for civilian needs and for export.

How can these three departments of industry be organized and maintained in their highest possible efficiency?

4. Government vs. private industry.

The efficiency of private industry was proven in the Great War. The efficiency of governmental manufacturing was not demonstrated. Practically all munition making was done in private plants under private management, not only in Canada but also in other belligerent countries. The "Nationalization" of war production in Canada would be a grave error. In any case it would be impracticable. The term "war products", includes not only manufactured goods but also the products of the farms, mines, forests and fisheries. How could all these be produced under government control instead of by private enterprise?

5. Personnel

The National Service Board's studies of personnel in the Great War were valuable. Should studies of the experience, training and capacity of citizens be undertaken now?

6. Educational Orders.

Great Britain has developed educational orders; that is, the War Department has placed experimental orders of the various kinds of materials and articles required with selected manufacturers so that they can learn to make them and also to plan for necessary expansion in case of need. Great Britain has placed a few educational orders in Canada and is planning more. The United States has made considerable progress along the same lines with her industries.

7. Special Orders for Canadian factories.

What special kinds of manufacturing can be done in Canadian factories? For example, can Canadian shipyards build or learn to build coast defence vessels such as, mine sweepers, mine layers, trawlers, destroyers, submarines and small cruisers?

Can Canadian factories produce cannon and all necessary ammunition?

Can they make or learn to make all kinds of fighting air craft and their supplies and accessories?

Can the automobile plants make mechanical equipment, including tractors, armoured cars and tanks, suitable for military needs?

To what extent should trial orders be placed and how should this be done?

8. Organization.

This report has summarized briefly the organization of Canadian industry in the Great War. Should this serve as a model? If not, what changes and new developments should be recommended?

Your Committee is submitting this as a preliminary survey, and, after receiving the views of the Executive Council, proposes to report further at the next meeting or at a Special Meeting of Council.

All of which is respectfully submitted.

W. D. BLACK

Chairman.

Drawback M 175-10
Dated July 15/38
Pd Sept 9/38
Check N 485-392
#318 75/100
25000 Perron

16 1/2 MW #346 89/100
Grenby + Necessa
not yet started for March

Montreal,
Nov.30th,
1938.

STRICTLY CONFIDENTIAL:

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

Dear Mr. Winslow-Spragge:

With respect to the work of the Public Relations Committee, for which a fund of $3000.00 was contributed by our members early this year, I beg to report that a few months ago a special effort was begun in the dissemination of articles to the press.

These articles have appeared very largely in the French language press, as we made a special effort to reach this section of readers in the Province.

I have pleasure in enclosing herewith a folder containing the first eight articles, for your perusal.

At the end of each article is indicated the circulation received in the various newspapers. It is safe to assume that at least an additional 25% circulation was secured, in that our clipping service is not as complete as it might otherwise be. It will be noted that the circulation of these articles is increasing. We have had splendid co-operation from the press. An article is issued each week, in both languages, to a selected list of the dailies, and all the French language weeklies, in the Province. In this way, we believe a very valuable work is being carried out.

It was thought best to place this folder in your hands, so you would have time to look into the type of articles which are being issued, rather than present it to you at a meeting, which will be held early in the year, at which a report will be submitted.

This publicity, it may be stated, is of a type which cannot be purchased at any price, and in many instances the material is being run as editorials in the papers using it.

We would be glad to have any suggestions you may care to make to strengthen the articles, or as to subjects for future articles.

This, of course, is simply one branch of the activities, and does not indicate the work which is being done by our special representative, and the Montreal Office, with particular application to closer relationship with Governmental authorities, and others.

Yours faithfully,

Secretary, Quebec Division.

RWG:PG

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Extract from The Financial Post
December 10, 1938.

Dividends

1938 DIVIDENDS CLOSE TO NEW ALL-TIME HIGH

Canadian Companies Pay $90,600,000 Christmas Present

Canadian companies are distributing their second largest Christmas present on record this month.

Dividend payments already declared and payable in December are estimated by The Financial Post at $90,600,000, only $600,000 below the all time record for one month set just a year ago.

Moreover, for the 12 months of 1938, dividend payments by Canadian companies, as estimated by The Financial Post, will total $322,400,000, just $1,300,000 below the peak level of $323,700,000 reached in 1937. Only previous year to approach the past two periods in the matter of dividend payments is 1930 when $284,600,000 was distributed.

In 1938 dividends in seven months have exceeded the corresponding 1937 months. The other five months have not reached last year's figures. As usual December is by far the highest month and it speaks well for the way the earnings of Canadian companies have been maintained that the year-end disbursements are so close to a year ago. Comparative monthly figures follow:

Canadian Dividends

	1938	1937
January	$ 23,078,522	22,442,635
February	5,018,310	5,722,623
March	23,731,375	21,500,656
April	22,535,469	20,677,082
May	5,711,004	6,847,152
June	69,178,056	71,561,770
July	27,403,971	31,212,047
August	5,926,268	4,584,939
September	19,844,761	19,226,197
October	19,505,640	19,489,503
November	9,886,794	9,045,612
December	90,645,454	91,176,638
Total, 12 months	322,465,624	323,727,215

-=-=-

Toronto, December 19th, 1938.

MEMORANDUM - NATIONAL DEFENCE

Late in 1935 it was announced Great Britain planned the organization of sources of supply of war materials from British manufacturers. The term "shadow industries" first came into use, indicating industrial organizations which could be rapidly expanded in case of need.

Shortly afterwards items were published by the Department of National Defence, Canada, stating that the Department was examining sources of military supplies in Canada.

Early in 1936 representatives of Canadian manufacturing firms began going to Great Britain in search of contracts. E.S.W

August 7, 1936 - Financial Times, Montreal, reported that the Canadian Car & Foundry Co., Limited was to get munition orders from Great Britain.

August 14, 1936 - The following confidential memorandum was received by the Canadian Manufacturers' Association from an official United Kingdom source:-

> "Only very limited amount of supply from Dominion sources will be required. It will be confined to shell bodies. Dominion firms desiring to be considered should apply to Director of Army Contracts, Caxton House, Westminster, London, England, who will supply all details. Firms tendering will be duly considered on a basis of price and delivery."

This information was given to firms enquiring from the Association where to get contracts from Great Britain.

October 8, 1936, The Department of National Defence, Ottawa, advised that the Department was studying sources of munition supply in Canada and was making progress with the inspection of plants.

November 7, 1936 - Extract from newspaper interview with Premier King:-

> "Mr. King knew of no plan of the British Government to buy munitions on an extensive scale in Canada."

November 19, 1936 - Newspapers reported that an order for shells valued at $500,000 had been placed with the National Steel Car Corp., Limited, Hamilton, by the British Government. This was confirmed by the Company. The Company stated that it was a trial order.

November 28, 1936 - Canadian Manufacturers Association advised officially that the Canadian Government is not acting in any way for the British Government in purchasing war materials in Canada.

February 23, 1937 - the Hon. Ian Mackenzie, Minister of National Defence, announced in the House of Commons plans to increase the manufacture of supplies needed for the Canadian forces in Canadian factories. He said that the following two committees were studying the question:

(a) Joint army, navy and air supply committee,
(b) Inter-department committee.

He said that between sixty and seventy Canadian industrial plants had been inspected by the Department of National Defence.

September 17, 1937 - Extract from report of the Executive Committee to the Executive Council, Toronto:-

> "For some years the British Government has been developing a "shadow" industry organization and programme in order to provide, in an emergency and at short notice, munitions and other war supplies, in addition to those already ordered and in process of production. The object is to mobilize to the best advantage, all the manufacturing establishments of Great Britain for war purposes in case a war occurs. In addition to the expenditures for military purposes and war materials authorized at the last session of the Parliament of Canada, the Department of Defence has been collecting information in regard to the capacities of various manufacturing companies for making war materials."

Parliamentary Session of 1938 - Announcement of letting of contract to the John Inglis Company Limited, Toronto, for 12,000 Bren machine guns, the output of guns to be taken by the British and Canadian Governments.

June 1, 1938, Summary of defence measures under way in Canada by the Hon. Ian Mackenzie, Minister of National Defence, at the Annual Meeting, Canadian Manufacturers Association. (His address is summarized in report on national defence to Executive Council, Montreal, November 23, 1938). Mr. Mackenzie said that 715 inspections had been carried out by the Department of National Defence in Canada, covering 625 manufacturing firms from coast to coast.

July 13, 1938 - It was announced in the House of Commons, London, England, that a British Air Mission would visit Canada for the purpose of negotiating with the Canadian Government and Canadian manufacturers for the production of bombers and aeroplane supplies in Canada for the Royal Air Force as part of the re-armament programme of the British Government.

July 15, 1938 - Mr. W. D. Black, President, Canadian Manufacturers Association, visited the Department of National Defence and assured the Department of the co-operation of the Association.

July 20, 1938 - Mr. W. D. Black sent the following letter to the Hon. Ian Mackenzie, Minister of National Defence, Ottawa:-

"When you delivered your most interesting and valuable address on defence problems and methods at the Annual General Meeting of the Association in Ottawa on June 1st, the attention and applause which it received indicated how much it was appreciated by those present.

During recent years the members of the Association have endeavoured to co-operate with your Department. As you are aware, many factories, particularly those engaged in the manufacture of capital goods, have available highly efficient engineers, specialists, craftsmen and industrial workers and also well equipped surplus space, ready to produce goods.

Our members are particularly interested in the approaching visit of the British Air Mission and I beg to offer you their assistance in any way that can be used to advantage in connection with aircraft and also with other products used by the Department of National Defence."

July 28, 1938 - The British Air Mission arrived in Canada and spent several weeks consulting with the Department of National Defence, aeroplane manufacturers and organizations interested. The British Mission consisted of the following:-

Sir Hardman Lever, Chairman of the Air Ministry's Advisory Committee on Royal Air Force Contracts.
Sir Edward Ellington, Marshal of the Royal Air Force;
F. Handley Page, President of the Society of British Aircraft Constructors; and
A. H. Self, Second Deputy Secretary of the Air Ministry.

As a result of the investigations and discussions carried on by the mission a plan of action was decided upon. This involved the setting up of a central company with a board composed of the chiefs of aircraft manufacturing companies, to be known as Canadian Associated Aircraft Limited. This

new company will erect and operate two new central factories for the assembly of aircraft, the component parts being supplied by existing plants.

As a connecting link between the company and the British Government a Committee has been appointed, composed of two prominent bankers and a leading industrialist.

The plan is still in its formative stages. So far only three officers of Canadian Associated Aircraft Limited have been appointed. The President is Paul F. Sise, President, Northern Electric Company, Limited, who has long been prominent in Canadian industrial circles and is a director of numerous manufacturing companies and other institutions. The general manager is Lewis C. Ord, formerly assistant superintendent of the Angus Shops, Montreal, and later consultant to Director General of Production at the British Air Ministry. The secretary and comptroller is L. A. Brooks, formerly comptroller of the McColl Oil Company and previous to that connected with the P. S. Ross & Sons, chartered accountants, Montreal.

The directors of Canadian Associated AircraftLimited in addition to Mr. Sise are, L. J.Belnap, president of Consolidated Paper Corporation Limited; George Cottrelle, director of Canadian Bank of Commerce, Toronto; Victor M. Drury, president, Canadian Car & Foundry Co., Limited;

R. J. Magor, president, National Steel Car Corporation Limited; Hubert M. Pasmore, President, Fairchild Aircraft Limited; Captain W. J. Sanderson, President, Fleet Aircraft Limited; Redmond Quain, President, Ottawa Car Manufacturing Co., Limited; J. E. Labelle, President, Vickers, Limited.

The Committee which acts as a connecting link with the British Government is composed of Sir Charles Gordon, president, Bank of Montreal; Morris W. Wilson, president, Royal Bank of Canada; A. B. Purvis, president, Canadian Industries Limited.

The assembly plants are to be erected at Malton Airport, near Toronto, and at St. Hubert Airport, near Montreal. The companies who will supply component parts for the Malton plant will be the National Steel Car Corporation, Limited; Fleet Aircraft Limited and Ottawa Car Manufacturing Company, Limited. The companies supplying the St.Hubert plant will be the Canadian Car and Foundry Co. Limited, Vickers Limited and Fairchild Aircraft Limited.

The assembly plants to be erected will presumably be of similar construction to that of the National Steel Car Corporation Limited, just completed at Malton, as this type of building is particularly suited to the assembling of aircraft. Each plant will contain approximately

100,000 square feet of space and employment will be given in each to from 80 to 100 hands. It is planned to have the plants completed by next autumn as it is expected that it will require at least that time for the manufacture of component parts to get under way.

Engines and propellors (air screws), as well as all instruments and other equipment, will for the present be supplied from the Air Ministry stores in England. The responsibility of the Canadian organization will cease after the planes have been assembled and accepted for delivery by the Air Ministry at the two airports.

Briefly the chief functions of Canadian Associated Aircraft Limited will be to receive specifications from the Air Ministry and in turn to interpret these to the six sub-contractors; to supervise the manufacture of component parts by the sub-contractors and to see that all aircraft companies concerned conform to schedule in every respect.

November 8, 1938, Prime Minister MacKenzie King, addressing a press conference in Ottawa, refused to divulge any details of the proposed defence programme and said:

> "The whole question of defence will be very carefully considered by Parliament."

November 18, 1938, a Canadian Press despatch, dated London, England, November 17th, published in Canadian papers, stated:-

"A business man's committee as a court of appeal in the government's re-armament programme was announced by the Prime Minister tonight in the House of Commons.

"Mr. Chamberlain again turned down appeals for creation of a ministry of supply, because he could not see where it would add to efficiency of production in Great Britain's race to rearm.

"A new advisory committee will be set up to hear complaints from manufacturers concerning delays on government contracts.

"One of its duties will be to cut out red tape and unnecessary government routine. Under the ministry for the co-ordination of defense, the committee will have access to the Prime Minister."

November 23, 1938, Executive Council, Canadian Manufacturers Association, considered report on national defence, Montreal, November 23rd, 1938.

November 30, 1938. Mr. Black and Mr. Webb interviewed Gen. Lafleche, Department of National Defence, Ottawa.

FIRST VICE PRESIDENT
JAN
27
1939
MONTREAL

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
January 26, 1939.

Confidential.

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

W

Dear Mr. Winslow-Spragge:-

I beg to advise you that at the meeting of the Executive Council of the Canadian Manufacturers Association, held in Hamilton, Ontario, on January 25th, you were appointed, on the recommendation of the Quebec Division, a member of the Association's Committee on National Defence. Briefly, in appointing this Committee the Executive Committee and Executive Council hoped to obtain all available information in regard to defence problems in Canada and in Great Britain and also to help in every possible way in which the Association can be of service.

I am enclosing an extract from the report of the Executive Committee to the Executive Council at this meeting on the subject of National Defence. This covers the period from November 23rd to date. I am also enclosing a summary presented to the Executive Committee in Toronto on December 19th which covers the previous period.

Yours faithfully,

J. T. Sturrett

JTS/FM.

Assistant General Manager.

FIRST VICE PRESIDENT
JAN
27
1939
MONTREAL

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
January 26, 1939.

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
620 Cathcart Street,
Montreal, Quebec.

W

Dear Mr. Winslow-Spragge:-

I beg to acknowledge your telegram, dated Montreal, January 24th, which was presented to the meeting of the Executive Committee in Hamilton yesterday.

What was done in regard to the question of national defence and the national defence committee is summarized in a letter which is enclosed. Your views in regard to the other member of the national defence committee from Quebec were fully explained and approved. The Committee authorized the inclusion of your nominee in the committee as soon as his name is received.

Mr. Coghlin and Mr. Jaquays of Montreal represented the Quebec Division at the meeting of the Executive Committee in Hamilton yesterday.

Yours faithfully,

J. T. Sturrett

JTS/FM.

Assistant General Manager.

FIRST VICE PRESIDENT
MAR
4
1939
MONTREAL

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

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
620 Cathcart Street,
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

Mr. W. D. Black, the President, was in Ottawa yesterday and had an interview with the Hon. Ian Mackenzie, Minister of National Defence, to offer him the co-operation of the special committee on National Defence on behalf of the members of the Association. Mr. Mackenzie told Mr. Black that he would be very glad to have all the help he can obtain and that he would be willing to meet the committee to discuss ways and means. He asked Mr. Black to give him two or three days notice so that he could arrange to have some of his department heads and advisers present. Monday, March 13th, is satisfactory to Mr. Black and Mr. H. G. Bertram, The John Bertram & Sons Co. Limited, Dundas, for a meeting with Mr. Mackenzie and his assistants in Ottawa.

I shall greatly appreciate a reply by telegram tomorrow if this is convenient.

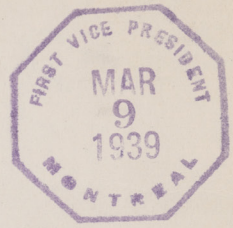
Yours faithfully,

J. T. Sirrett

JTS/FM. Assistant General Manager.

March 13
Ottawa

Tah t
Ottawa



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

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
620 Cathcart Street,
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

Confirming my telegram of today, I beg to advise that Mr. W. D. Black, the President, has made an appointment with the Hon. Ian Mackenzie, Minister of National Defence, in Ottawa at 11 a.m., on Monday, March 13th. Mr. Mackenzie asked that his Secretary be telephoned on our arrival re place of meeting. Members of the Committee who expect to be present are Messrs. W. D. Black, E. Winslow-Spragge and H. G. Bertram. They are meeting at the Chateau Laurier for a preliminary discussion. A sitting room has been reserved there in Mr. Black's name.

Yours faithfully,

J. T. Turrell

JTS/FM.

Assistant General Manager.

Toronto, March 8th, 1939.

Circular No.

Dear Sir:-

As you are aware, the Association, some time ago, offered its services to the Dominion Government in connection with manufacturing munitions and the development of sources of war supplies in Canada for the Canadian and British Governments.

You will remember that, following a meeting in Toronto on December 19th, 1938, of about fifty members of the Association who have special experience in the manufacture of munitions, a Committee on National Defence was appointed.

This Committee on National Defence is now planning a more detailed study of the capacity and availability of engineering and machinery firms for the manufacture of ammunition, guns, mechanized equipment, and other products which require special engineering and technical skill and equipment, and also much preparatory work. The Committee believes that, at least, educational orders for such products should be placed in Canada at the earliest possible date, and desire complete information in order to be in the strongest possible position to urge this course on the Canadian and British Governments.

While this circular is being sent to all members, because it is difficult to determine without direct inquiry what firms are prepared to do, it is directed chiefly to engineering and machinery firms.

The enclosed is intended to give some indication of the type of information that the Committee would like to have but any additional data that interested members may consider to be valuable, will be very welcome.

The Committee will appreciate a reply at your earliest convenience.

Yours faithfully,

W. D. Black, President.

J. E. Walsh, General Manager.

J. T. Stirrett, Assistant General Manager

SUGGESTED TYPE OF REPLY.

To Engineering and Machinery Firms re the manufacturing of war equipment in Canada.

Place .....

Date .....

To the Committee on National Defence,
Canadian Manufacturers' Association,
1404 Montreal Trust Building,
67 Yonge Street,
Toronto, Ontario.

Dear Sirs,

We are forwarding herewith information requested on the above subject under the following headings:-

1. Articles of war equipment and supplies, or parts thereof, that we would be specially interested in manufacturing.
2. Description of factory.
3. Space available.
4. Machinery and equipment.
5. Previous experience in making munitions.
6. Engineering staff.
7. Skilled employees.
8. Proportion of plant capacity which would be available for educational orders.

Signed .....

Firm .....

Address .....

Canadian Manufacturers Association

(Incorporated)

Ottawa, March 13,1939.

Hon. Ian A.Mackenzie,
Minister of National Defence,
O t t a w a.

Dear Mr. Mackenzie,

On behalf of the Committee on National Defence of the Canadian Manufacturers Association, I beg to thank you for receiving Mr. E.Winslow-Spragge, Mr. H.G.Bertram and myself, members of the Committee, today, and for the information which you have kindly given to us.

We respectfully beg to repeat the assurances previously given to you on several occasions that the services of Canadian industry are at the disposal of the Canadian and British Governments in connection with the manufacture of equipment and munitions for defence purposes.

It would be unfortunate if, in offering our services, the impression were created that we consider War manufacturing beneficial to industry. Such is not the case. Just as Canada would be much better of it there is no war, so would Canadian industry experience a more lasting and healthy prosperity in following peace-time manufacturing.

Nevertheless, it is generally conceded that one of the chief factors in the recent improvement in the European situation and one of the principal hopes for world peace is the resolute and extensive re-armament of Great Britain.

While it is true that the capacity and services of Canadian industry have been utilized during the past year or so, we respectfully submit that they might be used to a much greater extent.

In the report issued by the War Cabinet for the year ending 1917, and presented to the Imperial Government, there appears the following:

> "The manufacturing resources of Canada have been mobilized for war production almost as completely as those of the British Isles."

The Imperial Munitions Board placed orders in Canada to the value of $1,200,000,000 and, at the peak of operations, it was estimated that, directly and indirectly, between 250,000 and 275,000 Canadian workers were employed at one time. This indicates the capacity and efficiency of Canadian industry over twenty years ago.

We believe that, with proper cooperation, it is capable of even greater efforts today. While we trust that these may not be required, we respectfully urge that everything possible be done to plan the preparatory work and, at least, to place those educational orders which are necessary, especially in the engineering and machinery trades, if their potential capacity is to be utilized at short notice in case of emergency.

In order to demonstrate that our suggestions are based on experience, attention is directed to the following extract from the last annual report of the Federation of British Industries, which is the national organization of manufacturing in the British Isles as the Canadian Manufacturers Association is the national organization of manufacturers in Canada.

" It needed the crisis of September, however, to bring to the forefront problems of an even graver kind. Serious doubts were expressed in many quarters as to the adequacy of the Government's preparations, in particular with regard to the fulfilment of the Defence Programme, while the greater part of Industry found itself completely in the dark as to the role which it would be expected to play in the event of war, and as to the resources both in men and materials which it could expect to have at its disposal. In order that the Federation should be in a position to advise the Government in any matters where industrial experience might be valuable, a Defence Committee was established consisting of the President, Lord Hirst, Lord Gainford, Sir George Beharrell, Sir James Lithgow and Mr. Locock. The Committee at once sought an interview with the Prime Minister, to whom it conveyed the Federation's gratitude for the steps which he had taken to preserve peace, while at the same time indicating the anxiety and alarm felt by Industry as to the country's apparent unpreparedness for war from the point of view both of armaments and of industrial organization. It offered the fullest cooperation of the Federation in the efforts the Government might be making to deal with these problems, and this offer was welcomed and accepted by the Prime Minister.

"After the meeting, the following agreed statement was issued:

'On November 14th the Prime Minister, who was accompanied by the Lord Privy Seal and the Minister for the Co-ordination of Defence, received members of the F.B.I. Defence Committee, who laid the views of Industry before him. The Prime Minister welcomed the offer of cooperation which was tendered to him, and requested that Mr. Bennett should discuss with Sir Thomas Inskip and Sir John Anderson the best methods by which the F.B.I. could assist the Government in the full and speedy development of their plans. Meetings with these two Ministers will take place in the near future.'

Hon. Mr. Mackenzie.

" That the representations of the Federation were of practical use is shown by the subsequent establishment by the Prime Minister of an Advisory Panel of business men, of which the President and Sir George Beharrell are members. The function of the Panel is to receive representations as to delays, defects or difficulties in connection with the rearmament programme, and to suggest measures in regard to the position of Industry in time of emergency. The Panel enjoys the right of direct access to the Prime Minister. The machinery for the establishment of close cooperation between Industry and the Government, the vital need for which was stressed by the Federation at the time of the crisis and on many occasions previously, has thus been established, and the Federation is engaged in making use of it for the solution of the many doubts and difficulties with regard to the defence programme, the position of Industry in wartime, air raid precautions, problems of insurance and compensation, and so forth, which exist in business circles throughout the country.

" The appointment of the Panel is not felt to have diminished the need for the continuance in being of the Federation's Defence Committee, which is available for the consideration of the many important problems which may arise. In addition, the staff of the Federation will continue, as it has done throughout the year, the advise member firms on any difficulties they may encounter in relation to the defence programme and air raid precautions. Assistance is given to firms anxious to become eligible to partake in orders from the Supply Departments, while information is given to these departments and to the Air Raid Precautions Department of the Home Office as to the best sources of supply of such articles as they may find difficulty in procuring."

May I urge that the offer of cooperation, capacity, and efficiency of Canadian industry, which has been and is offered to the Canadian Government, be offered on our behalf, to the Government of the United Kingdom.

It would be greatly appreciated if you would convey to the Government of the United Kingdom this, our invitation, that a British Mission be sent to Canada immediately to discuss with this Committee the development of Canadian sources of supply for equipment and munitions.

It is also suggested that the War Office be asked if a visit from a deputation from this Association would be helpful. Our Committee, as we have informed you, is engaged in making a survey of Canadian industry, especially the engineering and machinery trades, and the information obtained is, and will be, at your disposal.

Hon. Mr. Mackenzie.

The strategic geographical position of Canada is recognized, and her capacity as a source of supply for equipment and munitions is generally admitted.

In conclusion, I beg to assure the Prime Minister, you, and other members of the Government, that the Association desires to be of every possible assistance in connection with the problem of defence.

Yours faithfully,

President,
Canadian Manufacturers Association.

FIRST VICE PRESIDENT
MAR
28
1939
MONTREAL

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
March 27, 1939.

E. Winslow-Spragge, Esq.,
Canadian Ingersoll-Rand Co. Limited,
620 Cathcart Street,
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

The President thanks you for your kindness in consenting to represent the Association at the banquet of the Eastern Canada Conference, Windsor Hotel, Montreal, at 6:30 p.m., on the evening of March 30th.

I am enclosing a copy of the Conference programme. Mr. Gould has kindly undertaken to register and to attend some of the sessions insofar as his other engagements will permit.

Yours faithfully,

J. Sturrett

JTS/FM. Assistant General Manager.

" May we thank you for
representing the President on this occasion "

" Gwed " March 1939

FIRST VICE PRESIDENT
MAR
30
1939
MONTREAL

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
March 29, 1939.

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

Dear Mr. Winslow-Spragge:-

I am enclosing a copy of a letter written today by the President to the Hon. Ian A. Mackenzie, Minister of National Defence, and also a copy of a cable sent by the President to the President of the Federation of British Industries, who as you are probably aware, is also a member of the Advisory Panel of Industrialists appointed by the British Government.

Yours faithfully,

J. T. Stirrett

JTS/FM.

Assistant General Manager.

Canadian Manufacturers Association

(Incorporated)

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
March 29, 1939.

Hon. Ian A. Mackenzie,
Minister of National Defence,
Ottawa, Canada.

Dear Mr. Mackenzie:-

May I refer you to the following extract from the recent report of the Advisory Panel of Industrialists which was constituted by the Prime Minister of Great Britain last December to receive representations and to make proposals in regard to the execution of the re-armament programme:-

> "The results obtained up to the present time could not have been achieved without the wholehearted co-operation of industry, operating, it must be remembered, on a peace-time basis. The Panel is satisfied that this cooperation has been generally forthcoming, and would like to quote as an example the close collaboration between the Air Ministry and the aircraft industry, as a result of which there has been so marked an increase in the rate of production of aircraft.
>
> Notwithstanding this statement the Panel holds the view that there still may be untapped resources in industry which could and should be utilized on the same basis of voluntary cooperation as has hitherto obtained. The Panel is at present directing its attention to this question, and, in this connexion, is making a comprehensive approach to organized industry for its assistance in discovering ways in which performance could be improved or progress expedited."

As you are probably aware, our Association has co-operated with the Federation of British Industries for many years and we are, therefore, in an excellent position to co-operate now in developing the "untapped resources" referred to in the above extract from the report of the Advisory Panel of Industrialists whose offer of services was so promptly and effectively utilized by the British Government.

Hon. Ian A. Mackenzie. Toronto, March 28, 1939.

In my letter to you of March 13th, which I wrote after you kindly received the delegation from our Association in your office in Ottawa on the same date, I emphasized the willingness and the capacity of Canadian industry to co-operate to the fullest possible extent with the Canadian and British Governments in connection with defence supplies. For your convenience, I quote the following three paragraphs from my letter to you of March 13th:-

> "May I urge that the offer of cooperation, capacity, and efficiency of Canadian industry, which has been and is offered to the Canadian Government, be offered on our behalf, to the Government of the United Kingdom.
>
> It would be greatly appreciated if you would convey to the Government of the United Kingdom this, our invitation, that a British Mission be sent to Canada immediately to discuss with this Committee the development of Canadian sources of supply for equipment and munitions.
>
> It is also suggested that the War Office be asked if a visit from a deputation from this Association would be helpful. Our Committee, as we have informed you, is engaged in making a survey of Canadian industry, especially the engineering and machinery trades, and the information obtained is, and will be, at your disposal."

May I respectfully ask, for the information of our Committee, what action has been taken in regard to the above offer?

Yours faithfully,

President.

CANADIAN MARCONI COMPANY
(LIMITED LIABILITY)

MESSAGES ACCEPTED FOR
EUROPE, ASIA, AFRICA, AUSTRALIA
CENTRAL AND SOUTH AMERICA, WEST INDIES AND SHIPS AT SEA

NUMBER	CHECK	DATE
	"Via Marconi"	

SEND THIS MESSAGE "Via Marconi" SUBJECT TO THE CONDITIONS PRINTED ON THE BACK HEREOF

TORONTO, MARCH 29, 1939.

PETER F. BENNETT
PRESIDENT
FOBUSTRY, PARL, LONDON.

OUR MEMBERS WILLING AND ABLE TO COOPERATE WITH YOUR MEMBERS IN REARMAMENT FOR DEFENCE STOP AGREE WITH ADVISORY PANELS VIEW REGARDING UNTAPPED RESOURCES OF INDUSTRY STOP OUR ASSOCIATION APPRECIATES GOOD WORK OF YOUR FEDERATION AND YOUR SERVICES ON INDUSTRIAL PANEL WHOSE COOPERATION WAS SO QUICKLY AND EFFECTIVELY UTILIZED BY YOUR GOVERNMENT STOP PLEASE REFER OUR LETTER MARCH SIXTEENTH TO LOCOCK STOP OUR INDUSTRY HAS EVEN GREATER CAPACITY AND SKILL NOW THAN IN GREAT WAR AND CANADAS STRATEGIC POSITION AS BASE FOR SUPPLIES IS OF GREAT IMPORTANCE STOP WILL BE GREATLY OBLIGED FOR YOUR FEDERATIONS ADVICE AND SUGGESTIONS

W. D. BLACK
PRESIDENT CANMANAS

CHARGE C.M.A.
JTS/FM.

DEPOSIT THIS MESSAGE WITH THE CANADIAN NATIONAL TELEGRAPHS

CANADIAN MARCONI COMPANY

(LIMITED LIABILITY)

IN CONNECTION WITH

CANADIAN NATIONAL TELEGRAPHS
CABLE AND WIRELESS LIMITED
AMALGAMATED WIRELESS (AUSTRALASIA) LIMITED

Messages for transmission by this Company will be received and transmitted ONLY on the following

CONDITIONS

APPROVED BY THE BOARD OF RAILWAY COMMISSIONERS FOR CANADA UNDER ORDER 42473 DATED APRIL 13th, 1929

(1) Unless otherwise indicated on its face, this is an unrepeated message and paid for as such. (Note—To guard against mistakes or delays the sender of a message may order it repeated; that is, telegraphed back for comparison with the "sent" copy. For this repetition an extra charge is made of one-half of the unrepeated message rate).

(2) It is agreed by the sender of this message that neither the Canadian Marconi Company (Limited Liability), nor its connections shall be liable for mistakes or delays in transmission or delivery, nor for non-delivery of any unrepeated message beyond the amount of the tolls collected for transmission; and that neither the Marconi Company nor its connections shall be liable for mistakes in the transmission or delivery, nor for delay or non-delivery of any repeated message beyond fifty times the extra sum collected from the sender for repeating such message. It is further agreed by the sender that neither the Marconi Company nor its connections shall be liable in any case for delays arising from unavoidable interruption in their service, nor for errors in cipher or obscure messages.

(3) No responsibility attaches to the Marconi Company nor its connections concerning a message until the same has been accepted at the transmitting office of the Company sought to be charged with liability; if a message is sent to such office by one of the messengers of the said Company, he acts for that purpose as the agent of the sender.

(4) Neither the Marconi Company nor its connections shall be liable for damages or statutory penalties in any case where the claim is not presented in writing to such Company within sixty days after the message was filed with it for transmission.

(5) The Marconi Company or one of its connections is hereby made the agent of the sender.

(6) No employee of the Marconi Company or its connections is authorized to vary the foregoing.

CANADIAN MARCONI COMPANY
(LIMITED LIABILITY)
Marconi Building,
211 St. Sacrament Street,
MONTREAL, P.Q.

Form 200.

folder Supreme Court

March 30th, 1939.

Mr. S. R. Newton,

Montreal Personal

Chief Engineer, Sherbrooke.

Dear Sir:-

In connection with the order for the vacuum refrigeration equipment for the Supreme Court at Ottawa, the general contractor, Anglin Norcross, have passed along the gossip to me that the disappointed bidder states that he is going to the utmost trouble and expense to prove that we have perjured ourselves in saying that this is to be wholly a Canadian-made article. This means that even at extra cost it is necessary to eliminate American-made gauges or compressor units or any other finished part. Even with regard to the raw material, I think it would save unnecessary argument if such raw material were imported as a general item and then taken out of our regular stock rather than being imported under a special order number tying it up specifically with the Supreme Court job. I do not think that we are breaking the spirit of our understanding to use raw material, such as normally is used for machining into our products but if people tell us in advance they are intending to be nasty for the sake of being nasty it seems unnecessary to put weapons into their hands.

Yours very truly,

WD

EW-S/EC

General Manager.

Montreal Personal

March 31st, 1939.

Mr. F. G. Ferrabee,

Rock Drill General.

General Sales Manager, Head Office.

- Sale of Drill Parts -

Dear Sir:-

What I have said to you this morning about the falling off in aggressiveness in the field of drill mountings may be taken as the hand writing on the wall in regard to the drill business as a whole. If we do not overcome our tendency to let the mounting business slip which is akin to letting the drill parts business, proper, slip, it will very soon be found that the drill parts business will go the way of the mounting business and you appreciate that the complete machine business by itself with all its incidental sales and promotion expense would be of relatively little value, if we do not see to it that the complete machine business carries with it a parts business and a mountings business.

I think this situation merits a real pilgrimage by you to our different branches and that the gravity of this situation should be made clear to each and every branch manager and salesman and drill demonstrator in our organization.

Yours very truly,

EW

General Manager.

EW-S/EC

C2 DCK

C2 A.H.N.

March 31st, 1939.

Mr. F. G. Ferrabee,

Drill Mountings.

General Sales Manager, Head Office.

- Sale of Drill Mountings -

Dear Sir:-

Attached please find copies of correspondence with the Chief Engineer ending with his letter to me of March 30th. I would like to see go out in individual letters to branch managers something to the following effect:-

" Without making criticisms of individual branches or branch managers or salesmen, we are extremely dissatisfied with the failure of our Sales Department to maintain and improve our position in connection with the sale of mountings. As a single example, I am taking the year 1936 as our base. In the following year,1937, our general increase of volume was about 40% but our 3½" S.S.Column orders fell off 57%. Furthermore, in the year 1938, which was also a bigger booking year than 1936, our 3½" S.S.Column sales volume, as compared with 1936, fell off 75% being almost cut in half as compared with 1937. The parts business has fallen off in like proportion. There has not been sufficiently aggressive action from the branches in connection with this matter. They have as a general rule neither recognized the collapse of their business nor have they made sufficiently strong demands for help to prevent this very desirable work from being taken out our shop.

If our mounting business had increased in a manner similar to the increase in many of our other lines, we would to-day be selling between five and ten times more than is actually the case and even then we would not be getting more than half the avilable business. This is a serious commentary on our sales efficiency and we want you to help us put it right at the earliest possible moment."

Yours very truly,

General Manager.

EW-S/EC

C2 LCK
C2 SHH

Confidential

FIRST VICE PRESIDENT
APR
24
1939
MONTREAL

Canadian Manufacturers Association

(Incorporated)

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
April 22, 1939.

W

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

Dear Mr. Winslow-Spragge:-

The President has called a meeting of the special Committee on National Defence, of which you are a member, immediately after the adjournment of the Executive Council meeting at the Head Office, Toronto, on Wednesday, April 26th, 1939.

The President, Mr. E. Winslow-Spragge, Chairman of the Quebec Division and Mr. H. G. Bertram, Dundas, Ontario, interviewed the Minister and principal officials of the Department of National Defence in Ottawa on March 13th. The President left with the Minister a letter summarizing the views of the Committee. The following is one of the most important sections of this letter:-

> "May I urge that the offer of cooperation, capacity, and efficiency of Canadian industry, which has been and is offered to the Canadian Government, be offered on our behalf, to the Government of the United Kingdom.
>
> It would be greatly appreciated if you would convey to the Government of the United Kingdom this, our invitation, that a British Mission be sent to Canada immediately to discuss with this Committee the development of Canadian sources of supply for equipment and munitions.
>
> It is also suggested that the War Office be asked if a visit from a deputation from this Association would be helpful. Our Committee, as we have informed you, is engaged in making a survey of Canadian industry, especially the engineering and machinery trades, and the information obtained is, and will be, at your disposal."

The Committee has been in correspondence on this subject for some time with the Federation of British Industries, the organization of manufacturers in Great Britain. On March 29th, the President sent the following cable to Mr. Peter F. Bennett, President of the Federation of British Industries:-

 Toronto, April 22, 1939.

"Our members willing and able to cooperate with your members in rearmament for defence Stop Agree with Advisory Panels view regarding untapped resources of industry Stop Our Association appreciates good work of your Federation and your services on Industrial Panel whose cooperation was so quickly and effectively utilized by your Government Stop Please refer our letter March sixteenth to Locock Stop Our industry has even greater capacity and skill now than in Great War and Canada's strategic position as base for supplies is of great importance Stop Will be greatly obliged for your Federation's advice and suggestions."

The following cable was received on April 17th from Mr. Guy Locock, C.M.G., Director of the Federation of British Industries:-

"Your letter March 16 Blacks Cable March 30 Government appreciate offer which being carefully considered Stop Could you meet me Montreal May 24 or 25 Stop Writing."

On the same day the following reply cable was sent to Mr. Locock:-

"Your cable seventeenth received Stop We shall be delighted meet you Montreal dates mentioned Thanks."

The President interviewed the Minister of National Defence and Dr. Skelton, Under Secretary of State for External Affairs, in Ottawa on April 20th and urged strongly that the Canadian Government should take the action recommended in the extract, quoted above, from his letter of March 13th to the Minister. A copy of the Minister's letter, dated April 20th, to the President, is enclosed.

It is regretted that longer notice of this meeting could not be given but in the circumstances it was impossible.

The President will be obliged if you will kindly keep this information confidential.

Yours faithfully,

JTS/FM. Assistant General Manager.

COPY

MINISTER OF NATIONAL DEFENCE

April 20, 1939.

My dear Mr. Black:-

You will be pleased to hear that we are immediately getting in touch with the British Government, intimating to them that the Department of National Defence and the Government of Canada would be only too pleased to co-operate with them in regard to orders to be placed with Canadian industry. That message I hope will go this afternoon, and I shall hope to see your own organization mentioned therein.

In addition to the official communication of Government to Government, the Department of National Defence is cabling directly to Mr. A. H. Self, of the Air Ministry, Sir Harold Brown of the War Office and Moir Mackenzie of the Federation of British Industries.

The cables to the two former will be along the same lines extending our utmost co-operation on behalf of Canadian industry. The cable to Mr. Mackenzie will be by way of extending a very cordial invitation to Mr. Locock to visit officials of the Department when he is in Canada and discuss with us plans for co-operation. I trust this is satisfactory to yourself, and to your excellent Committee on National Defence.

If I can be of any further service, please do not hesitate to inform me.

Kindest personal regards,

Yours faithfully,

(Sgd.) Ian Mackenzie.

DATE	ORDERS	AMOUNT	TOTAL	SHIPMENTS	AMOUNT	TOTAL
Oct. 1914	15,000 Shrap.	$77,250.00				
Nov.	---					
Dec.	35,000 Shrap. (5000 @ 5.15	138,250.00 30,000@3.75)	$215,500.00			
Jan. 1915						
Feb.	50,000 Shrap.	187,500.00	403,000.00	20,000 Shrap.	$103,000.00	$103,000.00
Mar.	---					
Apr.	---			39,544 Shrap.	148,000.00	251,290.00
May	200,000 Shrap.	630,000.00	1,033,000.00			
June	---			53,215 Shrap.	191,900.85	443,190.85
July	18# 10,000-HE	32,500.00	1,065,500.00	38,147 Shrap.	120,163.05	563,353.90
Aug.	---			45,231 Shrap.	142,477.65	705,831.55
Sept.	---			46,049 Shrap.	145,054.35	850,885.90
Oct.	30,000-HE 102,000 Shrap.	385,800.00	1,451,300.00	20,031 Shrap.	63,097.65	913,983.55
Nov.	200,000-8"	3,770,000.00	5,221,300.00	---	---	---
Dec.	---					

Orders for Munitions during First World War

Apr. 12, 1939

Mr. C. B. Howard, M. P.,
Ottawa, Ont.

Dear Charlie:

I apologize for my delay in giving you the data you asked for in connection with our original shell contracts, but the Company's records on this subject, as far as I can find out, have long since been destroyed. I have, however, dug up from some of my own personal papers a resume of the orders received and the orders completed. From October 1914 to December 31/15 the shells in question were as follows:

18 Pounder Shrapnel
18 Pounder High Explosive
8" Howitzer

You will realize that in detail shells were completed and shipped every day, and the fact that no orders are shown as completed in November and December 1915 may mean that either my record was discontinued after October or that the next order was not finally completed until some later date.

I notice a note to the effect that by Dec. 31/16 our shipments had amounted to a total of $3,921,879.75. I am sorry that these records are not more complete, but hope that they may serve your purpose.

My sole purpose in wiring you as I did, was to emphasis the stupidity of tying the hands of a Purchasing Agent by limiting the amount he could pay, doing this blindly with complete disregard for the urgency with which he might be faced to obtain prompt attention and early deliveries.

The mere fact of this act being killed by the Senate will not undo the harm which has been done. It is safe to predict that the enterprise and energy with which the manufacturing industry went into the manufacture of Munitions in 1914 will not be duplicated. If this prediction is fulfilled the present Government will have to bear a very heavy responsibility.

Canadian Manufacturers Association

(Incorporated)

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
May 1, 1939.

Guy Locock, Esq., C.M.G.,
Director, Federation of British Industries,
21 Tothill Street,
London, S.W.1.

Dear Mr. Locock:-

I have received this morning your letters of April 19th and April 20th, the latter confirming your cable of April 24th announcing the postponement of your visit to Canada. We are all very much disappointed but, of course, realize that you must have had good reasons for changing your plans. In these troubled times it is most difficult to make any plans which are not subject to changes.

May I refer you to the report which was made to our Executive Council in Montreal, on November 23rd, a copy of which was sent you. In case you have not this by you, I am enclosing another copy. I think this illustrates very clearly the enormous expansion of the manufacture of war materials which followed the visit of the British Mission to Canada in 1915. The visit of the British Air Mission to Canada last summer resulted in the setting up of Canadian Associated Aircraft Limited. We believe that a British Mission on the subject of general war materials would be most useful to Great Britain and Canada at this time.

We appreciate very much your kind suggestion that we could give some indication of how we think that Canadian industry could best co-operate and some idea of the capacity and type of products which we think could be most easily and speedily produced here. As it happens, I wrote you on April 27th, 1939, enclosing a statement summarizing information received from a large proportion of the engineering and machinery manufacturing firms in Canada. What Canada did in the last war is, to some extent, an indication of what we could do in manufacturing materials in another war. Supplementing the report to our Council in November, 1938, I am enclosing an official statement of munitions and materials exported from Canada during the years 1914 to 1918 inclusive, through the Imperial Munitions Board.

Guy Locock, Esq., C.M.G. Toronto, May 1, 1939.

Since the last war, there have been very extensive developments in munition making. The manufacture of aircraft is being taken care of, to a great extent, by the newly organized Canadian Associated Aircraft Limited. We have a large automobile manufacturing industry in Canada, employing 14,946 people and making products to the value of $134,810,280, in 1937. This industry could manufacture much mechanized war equipment. Canada has facilities for making the smaller guns, such as field guns and anti-aircraft guns, mortars and anti-aircraft rifles. Canadian shipyards are also capable of building smaller sizes of warships and coast defence vessels.

In the last war, Canada was not considered at the beginning as of much value as a source of munitions and this was a reasonable deduction because we had so little experience but by 1918, with the advice and assistance of the British Government, the output of munitions and war materials had assumed enormous proportions. Today, Canada is an even greater potential source of supplies if these war materials are needed again and, further, it is a source of supply which is not subject to intensive bombing.

I am also enclosing a copy of the House of Commons Debates, dated April 26th, 1939. The address of the Hon. Ian Mackenzie, Minister of National Defence, on the policy and expenditures of his Department, begins on page 3463.

We sincerely hope that you may yet be able to come over earlier than you anticipate but if not we shall look forward to seeing you about the end of August.

Yours faithfully,

JTS/FM.

Assistant General Manager.

March bookings 180%
April 117%
May 387%

May 5th, 1939.

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

Dear Dan:-

I am quite encouraged by April bookings which bring our average for the four months to $230,844.

I am also quite encouraged about the way orders are starting to come in in May. Bill Carter wires that he has the Bowater Lloyd orders from Newfoundland amounting to about $90,000 and Slim McMeans wires that we will receive the San Antonio hoist order in tomorrow's mail which I assume amounts to about $23,000.

The attached list of May 1st orders was also encouraging. I am told that the three stopers for Wright-Hargreaves means the final elimination of competitive stopers from that property.

Yours very truly,

EW-S/EC

First Vice President.

ADDRESS MR. WINSLOW-SPRAGGE

CHAIRMAN, QUEBEC DIVISION,

CANADIAN MANUFACTURERS ASSOCIATION.

4 P.M., MAY 12, 1939.

We are gathered together to-day at an historic time. As I speak our King and Queen have entered North American waters for the first time.

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

The retiring Chairman I am told is expected to ~~make a~~ review ~~of~~ the more important things ~~coming~~ which came under his observation during his term of office.

So much (has) happened during the past year that it would be ~~impossible~~ difficult to give anything in the nature of a complete review, but (perhaps) I can touch briefly on some matters of interest to our members in this Province.

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

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

I refer particularly to the passing over of the prerogative of the Legislature ~~of Parliament~~ and the substitution ~~in its place~~ of Government by Order-in-Council. It does not appear that ~~the ordinary~~ a private member of the Provincial Legislature holds anything like the important place he did even a few years ago, when Government was very largely carried on during the Session by the Legislature ~~Parliament~~. To-day, Cabinets, by Order-in-Council, deal with many of the very important phases of the governing of the people.

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

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

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

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

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

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

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

I cannot close these remarks without some reference to the matter of employment. No school ~~nor~~ educational institution ~~nor~~ Government body can ~~substitute for~~ the employer himself in opening the gate and giving to the new wage earner his chance of learning to become economically self sustaining.

I feel that greater co-operative efforts in this respect are long overdue.

If, for example, instead of leaving ~~it~~ to chance or ~~leaving it to~~ the Government, an Association of employers with its own employment organization would ~~set out to~~ break the blockade by agreeing to take on for a one year period at normal pay, -- (each ~~employer to~~ member of the asso. take his proportionate number of men per annum) I feel that ~~with this~~ after one year's experience and the capital so earned ~~that~~ enterprise would be engendered ~~in these new workers~~ which ultimately would result in starting so many new things that in a few years the present stalemate would have disappeared. Business would prosper and labor shortage would develop. ~~I feel it is~~ It seems to be purely accidental that Canada is to-day supporting a population of 11,000,000. The country would have no greater and no less difficulty in providing a living for either 5,000,000 or for 25,000,000 of population. I ~~feel~~ think it is purely a question of enterprise or the lack of it and that if the employment gates were opened to new men as they come along, through an agreed upon policy, ~~and~~ with organized planning and with a year's work to provide actual experience and confidence in themselves, -- that the undoubted opportunities for developing the country on a far larger scale than the present would be grasped by the younger element and the country started on a new road to prosperity.

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

In closing I should like to express my appreciation of the co-operation which I have received during the past year from the members of the Executive Committees of the Quebec Division and of the Montreal Branch and from the members of the various Standing Committees. ~~And~~ In particular I want to ~~refer~~ mention to the unfailing helpfulness and courtesy of our permanent staff.

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

We will never get anywhere by allowing each of us old hands to remain so fixed in his groove that thousands of the potential active minds are given so poora start that instead of promoting an activity and enterprise that the old heads cannot supply, break the spirits of our most potential valuable people and by our own lack of planning we put them on the dole. I do hope that before long, the Manufacturers Association and other associations of employers will take constructive action in this matter.

We shall never get anywhere by allowing the old hands among us to remain fixed in their groove while thousands of potentially active minds are prevented by the circumstances of a poor start from promoting activity & enterprise. Let us give the potentially valuable, better chances. I do hope to

Should

In closing I ~~would~~ like to express my appreciation of the co-operation which I have received during the past year from the members of the Executive Committees of the Quebec Division and of the Montreal Branch, and from the members of the various Standing Committees. ~~And~~ I in particular I want to ~~refer~~ mention to the unfailing helpfulness and courtesy of our permanent staff.

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

or

Let us hold ourselves in readiness to give our new Chairman not less generous support.

C.M.A. Taxation

Must read again

FIRST VICE PRESIDENT
MAY
25
1939
MONTREAL

P.O.Box 112,

Quebec, May 22nd., 1939

Mr. E.Winslow-Spragge,
Retiring Chairman, Quebec Division,
Canadian Manufacturers Association,
Montreal. P.Q.

Dear Mr. Winslow-Spragge:-

I was very pleased to read the remarks you recently made re legislation being passed by our government during the last hours of the dying session. There were only two members of the Legislative Council who strongly opposed the passage of the Bill of which you complain. These were the Honorable Mr. Laferte, Leader of the Opposition and the writer. Another strange incident in connection with my remarks on the subject was the fact that only a few lines referring to it appeared in the capitalistic press and these made me appear to say the opposite of what I did. Their report was to the effect that my statement was that interested parties would have an opportunity of being heard. I condemned the passage of this Bill stating that those interested, or to be taxed,were not given an opportunity to be heard before the Committees of our respective Houses. I maintained that was not constitutional and that we were gradually drifting into dictatorship government. Most of the Bills that have been passed in our Parliament during the past two years have, in my mind, withdrawn constitutional power from the Legislative Assembly and Council and handed it over to the Lieutenant-Governor-in-Council. This means that the power of our government is being gradually transferred to the Prime Minister. This may be fairly safe under present circumstances, but with the unsettled conditions and the restlessness of our people this movement may prove a dangerous boomrang. I cannot understand the apathy of our business men in looking on and accepting what is going on in our Houses of Parliament at Quebec. I believe a united movement showing resistance would bring our legislators to their senses. To accomplish this we capitalists should arm as the British have done within the last two years to fight a growing menace. The first movement should be one of education. We should gather our facts, statistics etc., and start a campaign throughout the country to enlighten the workingmen and the farmers upon the subject. We must do this to win them to our side. We must show them that if our present government keeps on with the sole effort of commandeering votes in elections,at the sacrifice of industry, they will be the victims.

On the other hand, it might be a good thing if our big business men and financiers were seen and heard in the legislative committee rooms of our government. They must personally fight for their rights and their prerogatives and not leave it to their henchmen who are becoming extremely unpopular around our respective political bodies. I know for a fact for the past five or ten years big business has been sending two or three men to Quebec with the feeling or assurance that they are controlling our French Canadian government. The people resented this and showed it in their vote against the Taschereau government. If the Liberals were united to-day they would administer the same overnight defeat to the present government, which is submitting, only to a greater extent, to the same influences as controlled the Taschereau regime. This is a serious error on the part of our industrial and capitalistic classes and is reflected to-day in the growing dissident political groups throughout the Province.

One of these days you may be surprised at the growth and progress of the Social Credit movement in this Province. Our capitalistic newspapers are keeping too much matter out of their columns; they are not keeping their readers posted on what is going on in this Province. For instance, yesterday there was a meeting of over two thousand members of Arcand's National Party here. During the morning the Communist party spread circulars all over the city attacking the meeting. Little or nothing about these activities will appear in our papers. Imagine such incidents happening in Quebec a few days after the visit of Their Majesties.

The apathy and inactivity of our capitalistic and industrial classes through too much confidence in their henchmen and lobbyists is creating fertile soil in this Province for the growth of all the European isms. This is why I was so pleased to see you courageously make the statement you did. Unfortunately, you did not get much support from our newspapers. This is another sign of weakness spreading throughout our Province and our people are bitterly complaining that they are without a Press. This was one of the causes which led to the dictatorship government in Europe. If we capitalists do not unite to face the situation with courage and determination we will regret coming events.

I am enclosing a copy of a speech I delivered in the Legislative Council last Session. Also copy of a letter I published in the Financial Post last February on the newsprint industry. Outside of the Toronto Press which gave me an editorial no other pub-

licity appeared. The Quebec press was silent. Nothing has been done and now look at the condition of the newsprint industry. Here, again, I understand there is no unity and our Prime Ministers and governments hardly know what course to take. This industry should be solidly united with our best American consumers in order to approach the governments as a power and cooperate in the passage of legislation,so that this industry would be able to successfully meet all opposition in the American market.

I spent considerable money in having my speech in the Legislative Council printed in booklet form, in French and English, and distributed throughout Canada, the United States and Europe in order to try to save this industry if we can.

With kind regards, I remain,

Yours very truly,

Frank P. Carroll

FC-D.

ENCLOSURE

REFORM CAPITALISM

TO

FIGHT COMMUNISM

By

HON. FRANK CARREL, LL.D., M. L. C.

Reprint from

The Chronicle-Telegraph

QUEBEC

March 10th, 1939

Capitalistic Reform Necessary Before Economic Ills Remedied Legislative Councillors Are Warned

By Hon. Frank Carrel, M.L.C.

There is no more vital subject before the public of Quebec today than that of the newsprint industry. It is one of the essential industries of this country and it must be borne in mind by our Government, our producers and our people, that we have to depend upon those who buy our products for our very existence in this trade. This is all the more reason why the master minds in control of this industry should realize that it is the good-will and understanding of all interested parties that will guarantee the investor and the laborer all that it is possible to distribute legitimately in the industry.

Any Government that attempts to introduce legislation that will harrass the progress of this industry without taking into consideration all the elements which have to be watched and protected will defeat its own object and leave a trail of ruin and desolation among our people.

On the other hand, if the master minds in this industry, the financial and banking geniuses who are directing it at the present time, fail to recognize the fact that unethical practices and unpopular rulings are producing restlessness among our people, and more so among our best customers, they, also, will be negligent in playing their part in the progress and development of the industry.

Plain Facts For Everyone

These are plain facts for every citizen of this Province to seriously consider and ask himself if he desires present conditions to continue, or, if he is desirous of making a strenuous effort, through the Government or through any other means, of investigating some of the methods practised by this industry and see if it is not possible to correct and prevent their recurrence in the future. If we are in a position to guarantee this action all interests will be protected, namely the investor the workingman and the purchaser.

In the Province of Quebec, or in Canada for that matter, we are not in a position to dictate the price of newsprint to purchasers outside of Canada without convincing those purchasers that we are asking a fair and just price for our product.

If we cannot do this, then it is an error to continue to give away our natural resources to a country that is building up, through reforestation, a growth of timber which may be sufficient with the development of Southern pine forests, to take care of a portion of their wants within the next decade or two.

There is much more to be said on this subject but time does not permit.

Impressions from interviews I have recently had with consumers in the United States, and given publicly through the columns of the Financial Post of Toronto, have been fully confirmed by a special correspondent of that paper in New York.

I can go even further than this and say to you, Honorable Gentlemen, and the people of the Province of Quebec. that my observations in this direction were not only fully substantiated by a personal investigation by this newspaper but they were backed up by the Honorable Mr. Heenan, Minister of Lands and Forests of the Province of Ontario.

This gentleman, who attended the annual convention of the Canadian Pulp and Paper Association, in Montreal, a short time ago, and since my published letter was written in Richmond, Virginia. delivered a speech in which he strongly recommended that ambassadors of goodwill be sent from Canada to the United States, wherein are the largest buyers of newsprint, in order to bring about a more friendly relationship between the American buyers and the Canadian sellers.

I am sure it will not be out of place if I mention today that I made that suggestion to the head of the Canadian newsprint interests over five years ago.

There is little use for the Government of the Province of Quebec to establish a scale of wages for lumberjacks or any other interests engaged in making newsprint unless it investigates world conditions in this export industry.

Road of Ruin and Desolation

To irritate our best customers by any ill-judged and unethical actions or the interference of Governments, perhaps through misunderstanding or lack of information, is only going to lead our people down the road of ruin and desolation.

Do you know Honorable Gentlemen, that overseas nations are now selling newsprint in the United States and it is said, have recently closed contracts for 200,000 tons at a price of $5.00 a ton below that prevailing in the United States? How then could we meet this competition were the supply to increase to a million tons in years to come?

In two of the newspaper offices in one city which I visited I found that one newspaper had bought 11,000 tons of this foreign newsprint and the other 6,000 tons.

In one office the foreign newsprint was being used and was found to be of exceptionally high grade in color and fibre. I am only mentioning these facts to show the competition ahead of us which should prompt us to act wisely and speedily if we want to save the situation.

It is not hopeless but it will be if we do not heed the warnings that are being expressed by men who have the courage of their convictions.

It is not necessary for the thinking men of Canada to be in accord or to agree with all that has been said by George McCullagh but it is an encouraging sign to know that there is not an intelligent man, woman or youth in this country who has read his addresses, who does not give him credit for his sincerity of purpose and a desire to lift Canada out of its lethargic condition.

Textile Soil For "Isms"

If we legislators and industrialists do not stop and read the handwriting on the wall we will have no one to blame but ourselves for what may come to pass. The restlessness of our people is producing fertile soil upon which to sow the seed of all the European isms and the destructive forces which go with them.

The legislators of this Province must prove to the people that our Governments are going to make an effort to eliminate many of the abuses of capitalism which are responsible in a good measure for our present conditions and which as the Honorable Member for Grandville has said, have depleted the hard earned savings of our people in building up an industry through trusts and inflationary processes.

The humanitarian point of view has been lost sight of in the mad race to amass millions which has seemed to be the predominating thought in the minds of some of our promoters and their financial associates.

There is no man in this House today or in any Government of Canada who is not earnestly desirous of seeing the newsprint industry progress in a manner that will be of benefit to the whole country.

The description of the Honorable Member for Grandville of the manner in which the newsprint industry has brought ruin and desolation to the lumber business and the people of Gaspe, is not only a black page in the commercial history of our Province but a tragic one.

But there are other black pages to be laid at the door of this industry. In the City of Quebec one of the largest newsprint corporations went into bankruptcy. The banks, it is said, had been loaning large sums of money to it.

The money came so fast that it would seem those who received it were overwhelmed.

No one knows today except the banks and those employed by them, how this money was spent. At the head of the firm were a group of men, the richest in Canada. According to newspaper reports over one million dollars of the surplus funds of this firm were spirited away to another company. It brought in its wake bankruptcy. The news was a shock to the community and the whole of Canada.

The poor bondholders and shareholders, the original investors who had supplied the money, in many cases hard earned savings, to build

up this institution, could not pay the bank margins and in consequence were sold out. Many of those close to the business and knowing of the enormous assets of the firm bought in these shares.

The credit of the company was so high that even educational institutions and church authorities invested in its securities. A large portion of this original group of investors were forced to take terrific losses owing to the effect of the news of the bankruptcy.

Insolvent For Several Years

For several years this company was kept in insolvency. Many extraordinary transactions, of which little is known to the public, took place. But what is known is that one day there was a sale of the bonds, at par with interest, and another day there was a sale of the stock of the company and the people of the Province were informed that three great interests, the Beaverbrooks, the Mellons and a group in Montreal, more or less closely associated with the Beaverbrooks, were in control of one of Quebec's oldest and most successful industries, made such by French Canadian labor and French-Canadian concessions.

The bondholders, that is, those who bought up the bonds or still owned them and those who bought in the securities, preferred and common, at shockingly low prices, made handsome profits out of their purchases or out of the unfortunate losses of the original bondholders and shareholders.

The bondholders received one hundred cents in the dollar and interest to the time the bonds were redeemed, the preferred received handsome returns and the common were well taken care of. In fact everyone who came in at the eleventh hour seems to have made money. Why, then did the bankruptcy take place?

Lord Beaverbrook's Letter

Lord Beaverbrook writing to the Mayor of Quebec at the time, said:— "I think it is a great pity that this firm was allowed to go into bankruptcy. I am told that the debt to the banks is less than three and a half millions. It is said that one and a half millions is secured by Aluminum shares. The balance, I am told. is more than covered by accounts receivable and by newsprint in transit. x x x

"This company should be reconstituted. The banks should give the necessary financial support. That is the purpose for which they exist. If they fail to do so they should not get any renewal of their charters.

"In no circumstances can the banks justify the refusal to pay the power bill, which resulted in the collapse of this firm.

"It was bad enough not to pay the interest on the bonds, but the non-payment of power was utterly intolerable."

On the publication of this letter in the local Press our Government should have intervened to save the tragic debacle which followed the banks' failure to lend assistance to avert the lamentable collapse of the firm. It is such transactions which are keeping this province in the background of successful development and driving capital away from it. It is also at the bottom of much of the unrest among our people.

But what of the poor shareholders of the company who were forced to sell out their holdings, and the pensioners who are today going to their graves, in silence and suffering, because of a commercial tragedy which it is believed by many of us, should never have taken place. This tragedy, when it is written up, will form another black page in the commercial history of this province. It makes us realize that there is something radically wrong in our economic system under which our Governments permit such tragedies to occur in our industrial life.

This is not all. Another incident occurred, probably the worst of its kind to see the light of day. This newsprint industry with its enormous profits decided to erect a monumental business building in the City of Quebec.

Over 750,000 in bonds were sold to the public, many of the purchasers being middle class citizens who could ill afford to lose money on their investment. But the investment was made safe by a clause on the part of the big company to pay a rental sufficient to cover the interest on the bonds. A spirited campaign was instituted in Quebec to dispose of these bonds after vain efforts to obtain money from insurance companies through a mortgage.

Bankruptcy Brought Collapse

The tragic bankruptcy of the big company brought the real estate company, a subsidiary, to the ground.

What happened? At the request of the British insurance companies who had bought a block of these bonds in good faith, a bondholders' committee was organized. Some seventy per cent of the bondholders entrusted their bonds to this committee, all with confidence in its members.

After considerable negotiations an offer was received and accepted. This offer was made by a syndicate, the members of which have never been made known to the public, through a Montreal trust company, offering $75 for each $100.00 bond, and issuing an ultimatum that if they were not delivered to them by such a date the offer would be withdrawn.

There was no other hope so the committee accepted the offer. The bonds were delivered to the trust company and within a short period of time these bonds were bought and redeemed by the newly organized bankrupt company, at $123.75 per $100.00 bond.

The British insurance companies were indignant. They appealed to the Federal and Provincial Governments but neither of these Governments were willing to go further than to ask for a report from one of the interested parties and there the matter ended—in the words of the British and Canadian investors—"one of the nost nefarious transactions in the history of the Canadian newsprint industry."

These transactions may not be illegal but they certainly show an appalling lack of integrity.

When and where will it all end are the questions uppermost in the minds of many of us as we think of the losses of our people, not to speak of the loss of our credit in the money markets of the world. It pains me to refer to these unethical transactions which will never be cleaned up through legislative measures unless those of us within our industrial life to whom such practises are abhorrent, have the courage to rise and let our voices be heard.

His Holiness, the late lamented Pope, our Cardinals, our Protestant Bishops and Clergy, have for some years been appealing to the master minds in business to campaign for the reform of such unethical practises. There is no doubt in my mind and that of many others, that these men, making such pleas, were fully aware of the terrible conditions of the members of their churches and pleaded with big business for reform.

The picture that has been painted by the Honorable Member for Grandville in his address on the newsprint industry and what is had done, proves conclusively that there is a great need for thinking over these things and endeavoring to find a remedy to prevent their repetition.

Appeals Unanswered

Time and again our shareholders have appealed to our governments for protection and redress without success.

We cannot expect as legislators, to adopt reforms in our present day democracy solely through government legislation.

The reformation must come from within and not from without and in making this statement I do so with an appeal to the men who control big business today, that they give consideration to the fact that men like George McCullagh, and others, are arousing public opinion as it has never been aroused before, and to such an extent that public opinion will not be satisfied until there are signs or evidence of a determination within our capitalistic circle to clean house.

Must Demand Justice

To do this we must not only see but we must demand that fair play and justice be meted out to all interests, and this includes the shareholders and investors as well as any other classes who help to make business a success.

Our shareholders and investors are as reasonable a lot as may be found in any part of the world. If business declines until it is impossible to continue, before it enters upon bankruptcy or insolvency, which is a costly affair, and which piles up another unnecessary tax upon the shareholders, it should be the duty of our governments, both Federal and Provincial, to have the final say as to whether, after a full investigation, bankruptcy with its heavy expenses should take place.

Our laws should make it impossible for our large companies to be rushed into bankruptcy or insolvency without investigation and a permit from our governments. Under these circumstances, the shareholders in companies who have been deprived of their hard earned savings, would at last have the protection of the government which should be strong enough to see that unethical transactions were not possible under the circumstances.

It would also protect our banks from being too liberal in their loans to large corporations without all the necessary precautions and a consideration for other investors, who, like them, have loaned their capital to establish these industries in the faith that our banks, with their organized machinery for that purpose, would share in their protection.

Not one word of regret has been expressed by those responsible for these conditions and the irreparable losses of the unfortunate shareholders.

Are we going to say that big business has no soul, no religion, no ideals, no heart and that our Province is doomed to a state of capital starvation.

I refuse to believe it. I have more confidence and faith that our honest bankers, our honest financiers, and our honest citizens are still sufficiently powerful to fight the menace of corruption which is slowly but surely bringing us close to the precipice of chaos and demoralization.

Again I say that all appeals to the people or to the Governments will be ineffective unless we, the legislators and industrialists of this Province possess the courage and conviction to face the task of reform.

Governments can aid such a concerted movement but they cannot effect a permanent cure with legislation. We, the people, must do it among ourselves. If we do this our Province will be one of the greatest hives of industry that the world has ever seen. We have the natural resources to make it such but there is a fear and a suspicion among Canadian and foreign investors which we must remove. This should be the objective of every political party, and the youth of our country, as it means employment for every individual.

This can only be done by guaranteeing capital that it will be given not only a fair chance to work, but protection from unfair and questionable manipulations and interference.

We must be prepared to see that business is conducted on a high and ethical plane otherwise our province will lag behind other Provinces of Canada, and Canada behind other nations of the world.

Dr. R. J. Manion, leader of the Conservative Opposition, in one of his electoral speeches, said: "Those who are responsible for capitalism must decide whether they wish to preserve capitalism or not. They will not be able to preserve it if they hearken to complacent reactionaries who refuse to read the signs of the times, whose only answer to the upswellings of wrath calling for reform is name calling and shouting of "Red' and 'Communist'."

Senator W. A. Greisbach, of Edmonton, in replying to Premier Hepburn's criticism of Western Senators said: "The unity of Canada will best be preserved by the maintenance of contractual obligations and fairness and ommon decency in the transaction of public business."

If we fail to obtain capital, if it continues on strike, as it is at present, who suffers most? The shareholders, our workingmen, and our youth. Yes, they are the victims.

But if the master minds in our industrial life, through unethical transactions, frighten capital, who are the victims? The answer is still the same—the shareholders, our workingmen and our youth.

If we want to break capital's strike, we, as legislators, and industrialists, must protest and give every assurance of protection to our investors, whether of Provincial or foreign origin.

We have to regain their confidence and faith not only in the minds of those who control industry but in our legislators and our governments as well. Are we doing or have we done our duty in this respect?

The shareholders of our Province are somewhat like the white collared unemployed, the forgotten men in our industrial and political life.

Our press is urging Government, municipal and social reform. Why not capitalistic reform as well?

The people are crying for it because it is the only armament we can give them with which to fight Communism.

Canada is suffering from the same capitalistic ills which created all the European evils. It is like a disease spreading throughout the state, excepting that if it were of a physical form it would be met with an immediate organization or campaign to suppress and eradicate it. Can we not recognize a similar danger in the weaknesses and abuses of capitalism?

We must have the assurance of big business that this will be done in order to remove the fear of our investors and restore such confidence in our industrial life which will expand and develop under the aegis of man's ambition and genius in invention, technology and laboratory research.

People Must Be Protected

If our investors, our workingmen and our youth realize that they have this protection which they are entitled to, and that they are receiving all that industry can fairly distribute among them with due regard to the sale of our products in foreign countries, all interests will be happy and contented and in any differences of opinion the vast majority of our people will be on the side that is fair and just to all elements that constitute industry.

If any Honorable Gentlemen in or out of this House have any misgivings on the statements I have made and care to take the trouble to investigate the money markets of France and England, they will verify every word I have said on this subject Unfortunately, they will find much of the criticism directed at Canada is not entirely due to the loss of money through natural commercial causes such as depressions, world conditions, over-production, or a drop in prices, but to a realization that it came from over-capitalization, manipulations, questionable and unethical transactions or government interference. They cannot understand why we, the people of Canada, look on and, like Nero, "fiddle while Rome burns." We can meet such criticism if Public Opinion will assert itself and force our governments to take action and that is all the people desire, and no more than can be expected.

Our Press claims that Honorable Mr. Bennett, former Prime Minister of Canada, is now free of political shackles

Will he help our business men and the youth of our country to campaign for a clean-up of unethical business methods in Canada?

If so, he will make not only a name for himself beyond that which he carried to England, but he will reinstate Canada's credit, now at a low ebb in the greatest financial market of the world and in the home of capitalistic England, to which we, or those who are interested in the development of industry in our Province and Canada, must look for financial support. If we are earnest in our desire to develop our natural resources, which is the natural trend of prosperity in all newly developed countries, we must be prepared to guarantee the protection of capital within our province, and capital means that supplied by the bondholders and shareholders as well as the loans of banks.

Investing newsprint profits in buying newspapers and paying annual deficits in competition with legitimate going concerns not possessing such financial backing, is against all etiquette of ethical business and operations, particularly if such investments are bearing upon the support or attack of one or other of our political parties.

There should be a humanitarian element in all industry, but I regret to say that we have seen spectacles to prove the contrary and which are adding to the unrest among our people. Some element void of soul seems to have entered into some of our industries. What is it? Where does it come from?

It seems to me that our master minds should be able to locate and eliminate it. Let a comparison be made of the treatment of the bondholders and shareholders in the Brown Corporation in their insolvency proceedings with those of several of our Quebec transactions and my case will be proved beyond a doubt.

I would not venture to suggest a panacea for all the ills of the newsprint industry but I do realize from all my investigations that a commission should be appointed, with Scandinavian and American experts

upon it, to make a general survey of its capitalization, methods of operation, timber concessions, etc.

If the object achieved would be of benefit to the Province of Quebec might it not be of greater benefit to the whole of Canada?

This work would be the beginning of the return of complete faith in the progressive development of this industry and might lead to the discovery of weaknesses in our economic set-up and operations in other industries as well.

It would also have the additional advantage of guaranteeing to our shareholders an assurance of security for the future.

Must Safeguard Capital

Even if dividends are not paid it will be some assurance to shareholders to realize that at least their capital was safeguarded.

Unless we are prepared to give the public, and particularly shareholders, more of the truth in business we will find it more difficult to withhold it in the future.

Can we meet this situation with a campaign of reformation as a patriotic duty to ourselves, our youth and our people?

If we can, we will be doing more to bring happiness and contentment among our population and build up an impregnable wall against the inroads of all the European radical doctrines.

We will do more! We will restore confidence in big business and restore faith in the honesty and integrity of our commercial life which will be a blessing to our province and to our people. With our confidence and faith restored there will come a flow of new capital, new industries and work for everybody.

I now say to our big financiers, bankers and the master minds behind big business, that this is the time to make a survey of the field of unrest and endeavor to aid in alleviating it with the assurance that the unethical transactions of the past in our commercial life will be suppressed and those responsible for it banished from commerce. If we do this there is hope. If not, continued unrest. We must find a solution before it is too late and before the demagogues are beyond control.

We have many examples throughout the world of determined peoples effecting great undertakings but we do not know of one success that has not been fought for and won without honest principles, honest ideals, honest endeavors and honest men.

This must be our thought as time marches on.

Confident In Future

In order that there should be a better understanding of all I have said in this House today I might add that I think I am among the largest shareholders and investors in the newsprint industry in the Province of Quebec and I am still confident in the future of this industry and in those who control it, if they will listen to and heed the appeals of our people for reform of unethical transactions.

I am quite aware that my remarks may have some repercussions but I also know that they will bring comfort and hope to many investors and our business men of integrity which will probably be my greatest satisfaction.

My only desire is to make an effort to restore confidence in our industrial development.

I am also conscious of the fact that such an effort as I am making in appealing to the better instincts of industry will certainly raise our credit in fields afar.

It must not be forgotten by our population that owing to the chaotic conditions existing in Europe millions upon millions of dollars are awaiting investment in Canada. If we could attract only a portion of this idle capital we would not have a single individual out of employment who is capable and wants to work.

We must not, however, commit the injustice of blaming all industry generally and indiscriminately for the misdeeds and unethical practises of some of its members. There are in the newsprint industry, as in all other industries, men who are upright and honest, who realize the danger of tolerating corruption, and who are making valiant efforts to save the situation. They, too, recognize and condemn the unethical practises within their ranks and can be depended upon to assist in a united effort to eliminate them.

FROM THE FINANCIAL POST (TORONTO)
February 4th., 1939

HON. FRANK CARREL URGES JOINT BOARD

Developments in recent years have emphasized that Canada's natural market for newsprint lies in the United States. The latter always has been and is the largest outlet for our newsprint paper. Unfortunately relations between the manufacturer and the publisher have not been as friendly as they might be. This has been to many cases, not the least of which is the matter of price tactics. Along these lines the Hon. Frank Carrel, former publisher of the Quebec Chronicle-Telegraph and for many years prominent in Quebec affairs, puts forward the very apt suggestion of a joint commission of publishers and manufacturers with the idea of working toward a closer understanding. His letter follows:

Editor, The Financial Post:

In the interest of investors throughout Canada and the Empire you are doing a splendid work in keeping your readers fully informed upon the development of our newsprint industry.

For many years I have not only invested largely in the securities of our Canadian companies but as a newspaper proprietor I have endeavored to be a student in research on the subject.

Some 15 to 25 years ago Mr. Barnjum and other forestry and newsprint experts filled our newspapers with warnings that our soft wood forests would be depleted in 15 years. I believed these statesments as there were few if any refutations from authoritative sources. As we look back over this period we cannot help but think that our newsprint authorities were ignorant, or silent under financial influences. Millions were lost to Canadian and Empire investors in this unfortunate drama which should have been probed to the bottom by our Governments to prevent a reoccurrence. It is such apathy on the part of our Governments that is breeding many of the European "isms" in our midst and which was at the root of Communism, Fascism and Nazism. Our scales of justice seemed to be unbalanced. Our middle class in whom capital could depend for support lost millions. Their life's earnings were invested in our newsprint industry because of the confidence and faith they had in Canada's possession of a rich natural wealth, if honestly and efficiently administered. This was all they asked. Did they receive it? Did our Governments do their duty at the time? Did they respond to the public appeals of the victims who could not and did not have the means to take legal action?

Look Forward, Not Back

Let us not repeat that black page in the commercial history of our country. This is a time when our honest industrialists and statesmen must make open war to clean house or we shall be swamped in the maelstrom of a rising restlessness on the part of our people. This is the reason why I heartily applaud your efforts.

While I am a great believer in conservation of our natural resources from present-day wastage, even going as far as to publicly advocate a Conservation Ministry for Province of Quebec, as I look back to those years when I gave much of my time in research work I have to admit today that we were misled to some extent by a lack of knowledge.

(over)

FIRST VICE PRESIDENT
MAY
25
1939
MONTREAL

Suggests "Round Table"

I am just now concluding a two months research on the field with the result that my opinion is stronger than ever that my suggestion of the promotion of a committee or commission of representatives of American consumers and Canadian newsprint industrialists should be organized at the earliest possible moment to produce not only a better understanding between the two interests but to prevent, before it goes much further imaginary impressions on both sides which will materially affect Canada's trade with our best customers.

I am aware of the weaknesses of our manufacturers and know the feelings of some of the consumers and I have no hesitation in saying that a getting-together medium is the only practical way out with the least injury to the Canadian investor. Our American consumers do not like Government interference or protection, whatever you wish to call it, but if all the circumstances were thrashed out at a round table many of the present-day imaginary wrongs might disappear, in fact, I know they would.

Need of Commission

We have had commissions on many important matters between Canada and the United States. Another on this vital economic issue would certainly add to the better understanding and good will between the two interests which should work harmoniously for the benefit of all concerned. The Canadian investor, I think only wants a reasonable interest on his money, but he does want to be assured that his capital is not impaired by any false step.

After the debacle in the newsprint industry some years ago I suggested the appointment of a committee or commission, but the industry was in such a mess that there seemed to be no head to it owing to so many of our companies being insolvent and under the control of banks. Now the situation is different. Our industries are emerging from their bankruptcy and with honest and efficient administration they should be on solid ground--but they must, like the British manufacturer, be on the best of friendly relations with their consumers--the newspapers from whom they obtain their orders.

Richmond, Va. "EDITORIAL" FRANK CARREL

FROM THE SAME ISSUE

This restoration of goodwill between Canadian newsprint operators and the American publishers is surely the most important task facing the industry today. Elsewhere in this issue is printed a letter from Hon. Frank Carrel, former publisher of the Quebec Chronicle-Telegraph and one with an intimate knowledge of the industry and the publishing business. He advocates a joint commission of manufacturers and operators with the idea of clearing up misunderstandings and doing away with suspicions.

Such a plan has long been urged but never consummated. It should be worked out without delay. It should be the prime objective of a leader such as Mr. McInnis as he enters upon a new term of office as president of this important and representative organization.

Mr. Chamberlain's policy of personal consultation to promote understanding might well be taken by the newsprint industry and the publishers as a precedent.

May 25th, 1940.

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

Dear Mr. Stirrett:-

I attach hereto copy of telegram of May 20th addressed to Mr. C. D. Howe, also copy of his reply of May 24th.

Judging by my own experience and by conversations with all other manufacturers with whom I have spoken, the Government is not going to get the earliest possible production or the largest possible production or the cheapest possible production by the policy of stalling and indirection pursued up to the present time. Either Mr. C. D. Howe must drop the Department of Transport and take off his coat and give us real leadership as Minister of Munitions and Supply or else General McNaughton, who had worked with us previously on this job, should be brought back before it is too late. I consider the latter course would be a calamity in every way except from the plain standpoint of munitions supply. There should be a publicized head and the fact of his being head should be confirmed in the eyes of the manufacturing public by his physical presence. Leadership by such remote control, as has existed up to the present, is manifestly a failure.

Although the Manufacturers Association were technically correct in dissolving their Munitions Committee, this Committee should not have been allowed to die. The members of the Mission possessed a high average of ability and willingness to use it in the country's interest. Their success in their respective fields made them potential analysts or critics whose constructive advice not as a Committee of the Canadian Manufacturers Association but as a Committee of outstanding individuals would be of vital importance to the Government whose improvised purchasing staff, however good, requires the benefit of just such a group.

In the hope that it may do some good I have possibly with rashness taken it upon myself to reply to Mr. C. D. Howe's telegram of May 22nd in accordance with copy attached. I would like very much

to have you discuss this letter with Holt Gurney or with Mr.Black or with others of your advisers, whose opinion you value, and let me know frankly whether everyone is satisfied to let things go along as they are or whether the situation requires more positive action.

Yours very truly,

W

First Vice-President.

EW-S/EC
cc- J.T. Stirrett

Air Transport Association of Canada
FIRST VICE-PRESIDENT
MAY 27 1939
MONTREAL

Canada's Clipped Wings

BY FLIGHT COMMANDER A. H. SANDWELL

THE limitation of profits from the manufacture and sale of armaments is as much an accepted credo in civilized or democratic countries today as is the secrecy of the ballot. In principle no reasonable person can be found to say a word against it. But when it is carried to lengths that threaten the very existence of vital industries and is administered in a manner demonstrably destructive to efficiency and rapid production, it becomes a boomerang.

Bill 38 (The Defence Purchases, Profits Controls and Financing Act, 1939) and particularly Section 7, which limits to 5 per cent. the profits which may be derived from non-competitive contracts for armaments, including aircraft, was slipped (not to say railroaded) through the House of Commons late one night after most of the members had gone home for the week-end. It had a stormy passage through the Senate, but, being a Finance Bill, finally emerged with a few comparatively unimportant amendments, and may by now be awaiting the Royal assent. By passing it, the astute Senators cut the ground away from under the feet of the Administration, who would have been only too glad to tell the electors, "Well, we tried to protect your interests, but the wicked, capitalistic Senate threw you to the wolves."

It was said in the House that Section 7 of this Bill represented the will of the "peepul." If that be so, it lends added force to the remark of one of the executives of the Air Transport Association of Canada, who said "Where public opinion is misinformed, it is the duty of the government to enlighten that public opinion rather than blindly to follow its dictates for political ends."

U.S. Gives 10 Per Cent

Since public opinion is, if not misinformed, at least largely uninformed about the manufacture of aircraft, let us look at Section 7 of this Bill and see what it really means. The profit on a non-competitive contract is limited to 5 per cent. per annum (point 1), of the average amount of capital employed on that particular contract (point 2), and the amount of such average capital will be determined by the Purchasing Board (point 3).

Dealing with point 1, it may be stated quite flatly at the outset that 5 per cent per annum is not enough. I am not in a position to discuss whether it might be enough in the case of some stable, well-capitalized heavy industries. So far as the manufacture of aircraft is concerned, it is ridiculous. Here are the reasons: Building aircraft is one of the most intermittent and fluctuating businesses in the world. There are long periods of profitless non-production between contracts, during which overhead goes steadily on, and at least the nucleus of a skilled and highly-paid staff has to be held together. The erroneous impression that large profits are being and have been made by the aircraft industry in Canada, which many people may have gained from the debates on this legislation, is most regrettable, because the industry has only managed to keep afloat at all in the past by the continual influx of new capital, the old capital having been dissipated. Finally, the amount of capital employed in the manufacture of aircraft is much smaller relative to the value of the product than in many other industries.

Some years ago the government of the United States passed legislation limiting to 10 per cent the profit to be derived from any individual contract for aircraft. Only last month, the same administration, which is certainly not notorious for undue sympathy with capital, found it necessary to increase to 12 per cent the permissible profit on individual contracts for aircraft (entirely regardless of the amount of capital employed), with the right to carry over through four succeeding years any loss or any deficiency in profit.

Prevents Efficiency

This brings us to point 2, which, from a national point of view, is perhaps even more serious. The calculation of the permissible profit in terms of the average capital employed in the contract is a perfect masterpiece of (one hopes) unintentional sabotage. If one is to get 5 per cent on the average capital employed, and cannot possibly get more, what earthly incentive is there to use that capital efficiently, to speed up production, to run three shifts and turn out three aeroplanes a week instead of running one shift and turning out one aeroplane or half an aeroplane a week. If one cannot make more than 5 per cent, why get in a sweat about pushing on with the job, especially wth the prospect of a long wait before the next order comes along? Nothing could have been better calculated to stultify and slow down the production of aircraft, possession of which last September might have changed the course of history, than Section 7. We still need aircraft in large numbers, and what we cannot use, the Old Country will be glad of, and yet Parliament produces a Bill which expressly discourages production by abolishing any profit incentive.

Point 3 opens up a fantastic vista of disagreements, arguments and possible injustices. The determination by the Board of the average amount of capital employed, involving as it will the evaluation of physical assets, machinery, equipment and working capital in each individual case, with suitable allowances for depreciation, expenses incurred in the acquisition of patents or manufacturing rights, and a hundred other details, could provide employment for all the white-collar unemployed in Canada. But that is the only possible advantage, and if one adds the cost of such an army of new civil servants to the cost of the aircraft, plus the miserable 5 per cent., it would undoubtedly be found cheaper in the long run to permit a profit of 50 per cent. and be done with it.

Must Not Kill Industry

The aircraft industry of Canada subscribes wholeheartedly to the principle of limitation of profits. But every member of that industry, and especially those with years of experience in this highly hazardous enterprise, is aghast at the implications of Section 7, and convinced that if it goes through it will be the deathknell of Canadian aircraft manufacture.

Very thinly veiled threats were uttered in the House of Commons that if the Canadian industry did not care to accept this Bill, it would be easy to obtain all the necessary aircraft in the United States and Great Britain. Certainly it would, while neither of those countries is engaged in war. But how is the purchase of aircraft abroad going to help employment and industry in Canada? And what are we going to do for sorely needed machines when these become unobtainable from abroad, and our own industry is dead and buried?

Section 7 only applies, we may be told, to non-competitive or negotiated contracts. There is always the possibility of larger profits on competitive contracts. Oh, yes, there's an answer to that, too! Modern aircraft designs are highly proprietary. The parent firm, whether in England, the U.S. or Canada, has its reputation to consider. It will not give *carte blanche* to any Tom, Dick or Harry to build aircraft to its designs. It will sell manufacturing rights to one selected Canadian firm whose set-up and personnel warrant it in the belief that the product will be worthy of its ancestry. How can the government call for competitive tenders for the construction of some particular type of aircraft when only one Canadian firm is in a position to build and supply those aircraft?

Is it any wonder that Conservative Leader Meighen in the Senate characterized Section 7 as "utterly unworkable and utterly grotesque"?

Reprint from
"SATURDAY NIGHT" Toronto

AIR TRANSPORT ASSOCIATION
OF CANADA
P.O. BOX 672
OTTAWA - CANADA

OTTAWA
MAY 26
6 PM
1959
ONT.

E. Winslow-Spragge, Esq.

Canadian Ingersoll-Rand Co, Ltd.

MONTREAL. P.Q.

May 27th, 1939.

Confidential.

Air Transport Association of Canada,
Post Office Box 672,
Ottawa, Ontario.

Attention: Flight Commander A. H. Sandwell.

Dear Sir:- Subject: "Canada's Clipped Wings".

I am interested in the reprint which your Association has sent me.

Although it is not permissible for me to be quoted on the subject, a very heavy percentage of manufacturing industries in Canada have their parent companies in the United States. These companies are relatively uninterested in the 10% margin on contract price which is allowed them under the U.S. regulations. It goes without saying, therefore, that the 5% margin on capital employed would be considered a waste of time.

Not only is the Department of National Defence in answer to their inquiry for supplies, likely to receive letters stating politely - "We regret that we are not in a position to quote", -- not only are they likely to receive this answer in respect of non-competitive items but where companies do not feel certain as to whether a given inquiry covers competitive or non-competitive business, they are likely to play safe by turning down all inquiries on general principles. This will be done by any reasonably prosperous companies and the Department and the country will be left in the hands of fly-by-night companies specially formed for the purpose of handling munitions business for the purpose of paying good salaries to the principal officials, who form such companies, and also in the hands of a few bankrupt companies who have got to realize on Government orders or nothing.

I do not say that our Company will take this stand but I do say that the Department of Defence are placed in the potential position of getting second rate service by reason of -

A. The fact that munitions contracts under the present regime render their holders liable to unfavourable public criticism, and

B. Such munitions contracts would prevent their holders from making a profit commensurate with the returns from their regular business (which the munitions business is likely to displace) or to make profits sufficient to offset the hazard of their holders being hurt by unfair public criticism.

The unfortunate feature of all this is that it is impossible to assess the loss of business which is occurring or which is likely to occur because it is not easy to prove how many refusals to tender are due to the act and how many tenders are being placed with inefficient firms by reason of the more efficient firms being disinterested.

It is certain that the manufacturing industry in Great Britain is so busy that we cannot get delivery of normal supplied whereas the manufacturing industry in Canada is working at an exceedingly low scale of production and if it were not for the mining industry alone, there would be even greater distress among our manufacturing industries and their employees.

I am supplying you with this information because I think that the press and the public do not realize the failure we are making either to co-operate in the matter of national defence of the Empire or even in the more selfish sphere to give employment to our own people. This employment is available and is not being taken advantage of.

On the contrary both political parties are in effect cheating the public by hiding the truth and attempting to toady to certain groups up until election time although we have still enough respect for the patriotism of these individuals to know that they would promptly reverse their attitude and fall in with the patriotic opinion of the country as a whole immediately on the outbreak of war, let us say, next October. It is distressing, however, to realize that so much valuable time and money is being lost in the interim.

I am taking the risk of writing you this letter in the hope that my initial request is strictly adhered to, namely, that I must not be quoted and that the information is given in the hope that it will assist your own personal information and enable you to perhaps use some additional arguments to make the true position better understood.

Yours very truly,

W

EW-S/EC

E. Winslow-Spragge

Paul may be good for a speech on Mackenzie's address on War Supplies & their need

Can. Manufacturers

FIRST VICE PRESIDENT
MAY
31
1939
MONTREAL

Toronto 2, Ontario,
May 29, 1939.

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

Dear Mr. Winslow-Spragge:-

I am enclosing some extracts from an address given by the Hon. Ian Mackenzie, Minister of National Defence, at the Annual Meeting of the British Columbia Division, Canadian Manufacturers Association, in Vancouver, on May 26th, 1939.

Yours faithfully,

J. Sterrett

JTS/FM.

Assistant General Manager.

Canadian industry is as capable and as skilful as any in the world. But this was a new problem. Our energies have not been directed in the channels of arms production. Canadian manufacturers did marvellous work during 1914-18, producing munitions - we knew we could duplicate that performance and surpass it. But in that case we needed enormous quantities of the same goods. My problem as Minister of National Defence is that I need an infinite variety of goods in small quantities.

Guns, for instance. We have never made these in Canada. To make them requires a very large industrial plant of a specialized type. It needs engineers and workmen trained in carrying out and executing work of the finest precision.

Aircraft we needed. We had a few small struggling airplane plants in Canada. But their equipment and experience had been concentrated on a comparatively simple phase of the industry. The highly complicated, technical types of aircraft required for modern conditions of warfare had never been made in this country.

We needed gas masks. They too were an unknown factor to Canadian industry. Searchlights - mechanically propelled military vehicles - I could name a score of commodities urgently needed by our Department to enable Canada to provide for her own defence. And few if any of them are commodities with which Canadian industry has had any experience - or for which the necessary plant and equipment exist in this country.

For sound and obvious reasons, it has been the policy of the various member nations of the British Commonwealth, for many years, to utilize equipment of standard British types. Our Department --- never having undertaken production of technical equipment in this country ---

did not even possess or control the specifications, patents and manufacturing rights for many of our requirements. I do not suggest for a minute that these would not have been made available upon request, but they were not our property or within our control, except by arrangement.

We realized early in the day that our only hope of procuring equipment of many kinds was to arrange for its production in Canada. Then another difficulty arose. Quantities of these items of equipment needed for Canadian defence were comparatively small. We saw ourselves confronted with the problem of laying out millions of dollars upon the construction of plants for the production of a comparatively small number of items of any given type of equipment. Possibly, after two or three years, all this plant and equipment would be idle. That was a possible method of procedure, but the capital cost would, of course, be enormous and utterly uneconomic. I understand that manufacturers are entirely conscious of their role as taxpayers, and I think perhaps you will not charge the Government with being entirely unmindful of the public interest, when I tell you that we hesitated before embarking on any such programme as that.

That does not mean, however, that we have not found solutions to many phases of our problem.

Seven modest aircraft manufacturing plants have undertaken the responsibility of manufacturing modern service types of aircraft, the equivalent of the best in the world of their respective classes.

Let me say, in connection with this matter of aircraft and aeroplane engines that while we require several hundred planes for the minimum peace-time establishment which we have set as an objective, the requirements of the service are such that no single plant could turn out all that we require. The Air Force use a dozen or more

different types of aeroplane, each of which has a special function. There are fighters, bombers, torpedo bombers, flying boats, reconnaissance planes, army co-operation planes, transport planes, elementary and advanced training planes, to mention the principle types that are essential to the training and operation of a modern air force.

The differences between one type and another are fundamental, and despite valiant efforts to standardize even on the engines, we found that in trying to adapt one type of engine to a plane of a different type, there was such a loss of efficiency that the project had to be abandoned.

Naturally, this did not simplify our manufacturing problem or diminish the time and cost factors.

The production of these aircraft in Canada — and the same observation applies to many other of our requirements, is taking more time than the production of similar aircraft in the larger industries of Great Britain and the United States. After making allowance for the known variation in labour costs and other unavoidable items which we are able to appraise fairly accurately, I am able to tell you, however, that we are producing these aircraft in Canada at very little greater cost than would have been the case had we been able to buy them from the established parent factories in Britain.

Once again, I pay tribute to the efficiency of Canadian industry as represented by its aircraft division.

In the matter of aircraft, our success was sufficient to induce the Air Ministry to come to Canada and place substantial orders with the same factories as those from which the Canadian planes are being obtained. This additional business is tending to reduce the cost of our own equipment, and this business would not have come to Canadian

industry but for the courage and enterprise shown by our aircraft manufacturing concerns in undertaking for the Department of National Defence the production of complicated and technical equipment never before produced in this country.

I am glad to be able to say that the period of waiting, with regard to our aircraft programme is now coming to an end. Deliveries are being received now with great regularity from the Canadian industry. The Air Force is being augmented with new planes produced by Canadian factories at the rate of 8 or 10 a month, and our programme is now set with respect to the production of 455 of the 527 planes required for the equipment of the 25 squadrons which constitutes our minimum peace-time objective.

Air defence is probably the most vital element in our programme of national defence for Canada, and every day the strength of the Royal Canadian Air Force is growing and its efficiency increasing.

I could go through a fairly extended list of commodities never before produced in Canada which are now in production.

I think by this time most of you have heard of light machine guns in Canada. Largely through the enterprise of one Canadian manufacturer -- and I am proud to say that he received the proper co-operation from my Department -- the British Government has placed an order in Canada for the production of light machine guns, which has made the production of the Canadian requirement an economic possibility. The plant has now been established and will reach the production stage in about another month.

This is the most essential weapon required by our militia, and the problem of how to procure this item was one of the most

vexing with which the Department was confronted.

As you are aware, a very important item of defence equipment today is the searchlight. It is an absolutely essential item of equipment to operate in conjunction with anti-aircraft batteries. Searchlights of the type we require have never been made in Canada, but after a long period of exploration, we were actually able to secure competitive bids from two great electrical firms, and a contract has now been let for the production in Canada of 130 searchlight equipments.

We still have a number of problems for which satisfactory solutions have not been found, but I am confident that within another year, most of the technical difficulties will have been cleared away. One of the finest and most inspiring experiences that I have had as Minister of National Defence was that of receiving a delegation from the Canadian Manufacturers Association, headed by your president, Mr. W.D. Black, the other day, offering to place the entire industrial resources of the country at our disposal and at the disposal of Great Britain.

As a result of the consultations which took place following that interview, there may be a Mission from the Old Country coming to Canada to meet the Canadian industrialists for the purpose of working out methods by which Canada may become an auxiliary source of supply for various types of defence equipment required by the British Government, as well as by ourselves.

Needless to say, this is a source of high gratification to myself and the Canadian Government. The enterprise shown by the Canadian Manufacturers Association in approaching the British Government directly, and offering its resources, will probably be the means of solving the

remaining problems of the Department of National Defence, as regards the sources from which types of equipment not now available in this country may be obtained.

Defence Problems

FIRST VICE PRESIDENT
JUN 12 1939
MONTREAL

CANADIAN MANUFACTURERS ASSOCIATION INC. REG. 1919

1404 Montreal Trust Building,
67 Yonge Street,
Toronto 2, Ontario,
June 10th, 1939.

daughter's wedding

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

Dear Mr. Winslow-Spragge,

I have your letter of June 9th, and we are very sorry indeed to hear that you and Mrs. Winslow-Spragge will not be able to attend the Annual General Meeting and that you have cancelled your reservation at Bigwin Inn.

There will be a special report on Defence at the session on the afternoon of Monday, June 19th, and I was just about to write you, saying that the Committee were hoping that the discussion would be led by the President, yourself and Mr. H. G. Bertram, members of the Special Committee. If by any chance it might be possible for you to be there for the one day, Monday, June 19th, I am sure your presence would be very greatly appreciated. If this is not possible, I am sure the President would like to have any further suggestions in regard to the Defence problem which you care to make.

We are very sorry that we will not have the pleasure of seeing Mrs. Winslow-Spragge and you, but we know you would have been present if it had been possible.

Yours faithfully,

J. T. Sturrett
Assistant General Manager.

JTS-S.

FIRST VICE PRESIDENT
JUN 16 1939
MONTREAL

The Montreal Daily Star

"Canada's Greatest Newspaper"

Founded in 1869

SATURDAY, JUNE 10, 1939

CONFIDENCE AND ENTERPRISE VITAL NEEDS

INDICES of trade and commerce throughout the Dominion continue to show encouraging features. There has been a marked up-turn in industrial activity during the past two months, due doubtless in no small measure to the Dominion-wide preparations in connection with the visit of Their Majesties King George and Queen Elizabeth. A corresponding improvement in employment figures is also to be noted, apart entirely from the seasonal industries. Of the 10,550 employers who report to the Bureau of Statistics at Ottawa, the great majority note large increases in their working forces, mainly in the trade, transportation, construction and service groups, although the food, lumber, iron and steel units also account for a considerable volume. There is further to be noted a definite improvement in various branches of national economy such as agriculture and heavy industries, which cannot be credited to the activities created by the Royal visit.

Generally speaking, the business position of this Dominion may be regarded as healthy, and prospects for the future are distinctly encouraging, provided that the consumption indicator arises. There is still considerable hesitancy regarding investments, and the purchasing power of the public has not so far revealed the strength it actually possesses. Why this hesitancy persists, it is difficult to determine. Doubtless the conservative trend noted in the United States has something to do with it; but there is no vital reason why there should be any holding back here, since we have no such issue as the New Deal for business interests to worry about.

The influence of international unsettlement and restlessness unquestionably does enter into the picture, but with the prospects of war in Europe becoming more and more remote, it is reasonable to anticipate that the paralyzing influence of fear will by degrees pass away and that native Canadian energy and initiative will go ahead and profit by the economic advantages which still constitute the great strength of democracies throughout the world

Confidence and enterprise are the two qualities most vitally needed in Canada today.

June 16th, 1939.

Editor of Montreal Daily Star,
245 St. James Street West,
Montreal, Que.

Dear Sir:-

First, let me say that this letter is not for publication but I wish to thank you for sending me the reprint of your article of June 10th entitled "Confidence and Enterprise, Vital Needs". I should like to add my voice to those of many others who have no doubt written to you on this subject.

Our own company and a number of other companies with whom I am familiar noticed a definite increase in business booked during the period of the Royal Visit and this increase in the cases I refer to had nothing to do with the furnishing of flags and bunting but seems to have been purely due to temporary relief from the deadening effect caused when fear and apprehension take the place of normal business caution.

I think it is safe to say that the prosperity of Canadian newspapers depends on the prosperity of Canadian business. Therefore, is it not short sighted policy for the big Canadian dailies to set a fashion of creating fear and apprehension through featuring news worked up to be alarming and sensational? The news I refer to is what we associate with world war. I noticed one of your contemporaries made the excuse that if other news were available they would print it and that if war news were not so important they would play it down. I earnestly suggest that this is more an excuse than a reason and that there are many newspapers in England and in the United States having the same sources of information and yet I believe they are successfully creating a better balance in the minds of their readers by giving greater prominence to useful things.

I notice that our American Company shows a definite upward trend compared with 1938 whereas we and our Canadian competitors show a definite downward trend as compared with 1938.

All the worrying you have helped to create in our minds and in the minds of our customers during the last twelve months have been perfectly fruitless and I venture to say that if our daily press had served up to us a different type of headline the trend of our business volume would have more nearly followed that of our corresponding companies in the United States.

With this hindsight to guide us, can you not line up your competitors in the newspaper field to work more constructively during the next six months?

Yours very truly,

EW-S/EC
P.S.

I notice you addressed me as Chairman, Quebec Division, Canadian Manufacturers Association. That title now belongs to Mr. H. R. Wake, as I retired at the recent annual meeting.

Copies to:

Mr.W.D.Black, President, C.M.A. Toronto.
Mr.J.E.Walsh, General Manager, C.M.A. Toronto.
Mr.R.W.Gould, Secretary,Quebec Division, C.M.A. Montreal.

COPY

SHEFFIELD, 3,

England.

23rd June, 1939.

The Editor,
Industrial Canada,
Toronto.

Dear Sir,

Having just returned from Canada and the United States of America, I am impressed with the fact that those who import goods from Great Britain have not fully realised what a tremendous revolution has taken place in our productive plant since 1918.

There is no doubt that the difficult years after 1929 were made use of by the manufacturers of Great Britain in buying new plant, scrapping old and obsolete plant, and definitely applying scientific and industrial research to their methods of production. The result of this is that we are today able to produce almost in every branch of industry more goods of a higher quality than ever before, so much so that even with the stress in some directions of re-armament we have no difficulty at all in supplying our export trade with what it requires promptly and in consequence there is no reason why long term contracts cannot be entered into with confidence.

The British Government recognises fully that the export trade of this country is its life-blood and it is the only way in which we can pay for foodstuffs and raw materials and, in consequence, gives every encouragement to the exporter.

There are difficulties in the way as to quotas, tariffs and licences abroad, but these are not the making of the British Government and have become one of the normal obstacles which those who export expect to encounter and patiently overcome.

The whole of British industry is in a confident mood and ready to expand its export trade and this could only be done, I am convinced, by principals going abroad and seeing for themselves, as they are doing in increasing numbers, what the real requirements of the various buyers are, what competition they have to face, and then coming back and laying themselves out to give complete satisfaction in price, quality and delivery.

If only we could get confidence back into the world I believe we are on the verge of a tremendous improvement in international trade. The lack of confidence has prevented this from taking place and giving that improvement in the standard of living to the people of the various countries to which they are entitled and look forward and which, in many cases, is long overdue.

Yours faithfully,

Riverdale (Sgd.)

APPOINTMENT WITH THE PRIME MINISTER, RIGHT HONOURABLE W.L.MACKENZIE KING AT 11.00 A.M., DAYLIGHT SAVING TIME, on WEDNESDAY, JUNE 28, 1939, EAST BLOCK, OTTAWA.

Representatives of the Canadian Manufacturers Association.

W. D. Black, President, Otis-Fensom Elevator Co.,Ltd., Hamilton.

H. G. Bertram, President, The John Bertram & Sons Co.,Limited, Dundas.

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

J. N. Webb, Managing Director and Vice President, Jenkins Bros, Limited, Montreal.

E. Holt Gurney, President, Gurney Foundry Co.,Ltd., Toronto.

R. H. Mulock, Managing Director's Staff, Canadian Car & Foundry Co.,Limited, Montreal.

W. H. McIntyre, Vice President and General Manager, Ottawa Car Mfg.Co.,Ltd., Ottawa.

Taylor Bailey, Vice President and General Manager, Dominion Bridge Co.,Ltd., Montreal.

(Not there) .. H. R. Wake, General Manager, Aluminum Co., of Canada Ltd., Montreal.

A. Stewart McNicholls, President, Lake St. John Power & Paper Co., Dolbeau, Que.

C. B. Lang, Vice President, Dominion Steel & Coal Corp.,Ltd., Montreal.

(not there) R. S. Hart, Vice President and General Manager, National Steel Car.Corp.Ltd., Hamilton.

C. H. Mitchell, Works Manager, Canadian Westinghouse Co.,Ltd., Hamilton.

J. S. Duncan, Vice President and General Manager, Massey-Harris Co.,Ltd., Toronto.

Chester Hamilton, President, Hamilton Gear & Machine Co., Toronto.

Hugh McCulloch, President, Babcock-Wilcox & Goldie-McCulloch, Ltd., Galt.

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

Hugh Dalton, Secretary, B.C. Division, Canadian Manufacturers Association, Vancouver.

C. Willis George, Canadian Manufacturers Association, Ottawa.

PRESS RELEASE OTTAWA JUNE 28, 1939

" This morning a sub-committee of Council, consisting of the Prime Minister and several of his colleagues, received a deputation from the Canadian Manufacturers Association, who called to explain their desire that Canadian industrial capacity should be further employed in the production of armaments for the British defence programme and to ascertain to what extent the Government might be prepared to assist in this connection.

The deputation was informed that the Canadian Government would welcome the placing of orders by the British Government with Canadian concerns. It was stated that the actual negotiation of any armament contracts placed would necessarily have to be made directly between the British authorities and the Canadian firms concerned. The Government would be ready to co-operate by furnishing the British authorities all available information or, where necessary, by gathering information and making it available. It was stated that the Government had repeatedly made its position in this respect known both in Canada and to the British Government.

The Association's deputation further intimated their desire to send to Great Britain a group of manufacturers experienced in engineering production with the object of securing data concerning defence requirements there and of furnishing information as to available sources of supply in Canada. It was arranged that the good offices of the Canadian High Commissioner in London should be made available to this group in order to facilitate their mission as far as possible. "

File CMA

Canadian Manufacturers Association

(Incorporated)

Re Committee on Munitions

Ottawa,
June 28, 1939

The Right Honourable W. L. Mackenzie King,
Prime Minister of Canada, and
Secretary of State for External Affairs,
Ottawa, Ontario.

Dear Mr. King:

I beg to refer to the discussion which took place at the conference kindly granted to our deputation by you and your colleagues today.

You will recall that in my letter to you, dated June 21st, 1939, written at the conclusion of our Annual General Meeting, I said: "It was decided that the Association should advise the Government of Canada that the Association is prepared to send immediately a group of manufacturers, experienced in engineering production to Great Britain".

The objects of such a group would be to obtain data in connection with war requirements and to give information in regard to available sources of supply for armament materials in Canada.

You were good enough to say this morning that your Government will assist such a group in every possible way in which your Government can properly extend co-operation. You also kindly arranged that you would give our deputation today a copy of your communication which you send to the High Commissioner for Great Britain on this subject.

We believe that the effectiveness of our mission would be greatly increased if the Department of National Defence could arrange that Col. Noel Carr, Assistant Master General of Ordnance, could accompany our group, or be available in London when our group is there.

Canadian Manufacturers Association

(Incorporated)

We shall endeavour to proceed with all possible despatch in making arrangements to send our party to Great Britain and shall be indebted greatly for any co-operation that your Government can extend.

Thanking you and your colleagues on behalf of our deputation,

I remain,

Yours faithfully,

(E. Winslow-Spragge)

June 28th,1939.

STATEMENT TO THE PRESS BY THE
RT. HON. W.L.MACKENZIE KING
PRIME MINISTER OF CANADA.

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The deputation consisted of the following:

W. D. Black, President, Otis-Fensom Elevator Co. Ltd., Hamilton.
H. G. Bertram, President, The John Bertram & Sons Co. Ltd., Dundas.
E. Winslow-Spragge, Managing Director, Canadian Ingersoll-Rand Co. Ltd., Montreal.
B. W. Coghlin, President, B. J. Coghlin Co. Ltd., Montreal.
J. H. Webb, Managing Director and Vice-President, Jenkins Bros. Limited, Montreal.
E. Holt Gurney, President, Gurney Foundry Co. Ltd., Toronto.
R. H. Mulock, Canadian Car & Foundry Co. Limited, Montreal.
W. H. McIntyre, Vice President and General Manager, Ottawa Car Mfg. Co. Ltd., Ottawa.
Taylor Bailey, Vice President and General Manager, Dominion Bridge Co. Ltd., Montreal.
A. Stewart McNicholls, President, Lake St. John Power & Paper Co., Dolbeau, Que.
C. B. Lang, Vice President, Dominion Steel & Coal Corp. Ltd., Montreal.
C. H. Mitchell, Works Manager, Canadian Westinghouse Co. Ltd.,Hamilton.
J. S. Duncan, Vice President and General Manager, Massey-Harris Co. Ltd., Toronto.
Chester Hamilton, President, Hamilton Gear & Machine Co.Ltd., Toronto.
Hugh McCulloch, President, Babcock-Wilcox & Goldie-McCulloch, Ltd., Galt.
J. T. Stirrett, Assistant General Manager, Canadian Manufacturers Association, Toronto.
Hugh Dalton, Secretary, B. C. Division, Canadian Manufacturers Association, Vancouver.
C. Willis George, Canadian Manufacturers Association, Ottawa.

Guns beginning
22 W.S with Hessian

Munitions

V.G.

PERSONAL & CONFIDENTIAL.

June 29th, 1939.

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

Dear Dan:-

Following the difficulties of the Canadian Government in suitably placing munitions contracts in Canada a standing committee of three members of the Canadian Manufacturers Association was formed to assist the Canadian and British Governments. The committee consists of:

Mr. W. D. Black, President, Otis-Fensom Elevator Co.,Ltd. and Immediate Past President of the C.M.A.

Mr. H. G. Bertram, President of The John Bertram & Sons Co.,Ltd.
and
Mr. Winslow-Spragge, Ex-Chairman of the Quebec Division of the C.M.A.

About Tuesday noon the Prime Minister notified this committee that he would like a deputation from the C.M.A. to meet him and his colleagues at his office in Ottawa at 11.00 A.M. yesterday, Wednesday. The attached list gives the names of the members of the deputation who met the Prime Minister and six of his cabinet ministers and the attached clipping from this morning's Gazette gives the gist of what transpired.

Following your advice, I have refrained from seeking munitions orders but I have kept my hand in so that in the event of everyone making munitions, we would be accorded our proper place.

It is likely that the British Government will approve the sending of a deputation to England to see how things are being done there and to explain to them how we think Canada can assist. I anticipate that following such a visit that the British War Office would send some detail men to Canada for the purpose of actually lining up Canadian shops. I suspect, as a natural outcome, the British would leave behind them in Canada a purchasing department. I will probably be urged to be a member of the Canadian deputation and I want to discuss with you the pros and cons.

I think the natural result of my going to England as second in command would ensure us an authoritative voice in anything that might subsequently develop. The trip would probably require three or four weeks.

I think I can be of service in organizing the party seeing that proper people are chosen and seeing that they are properly taken care of in England.

Two years ago when I initiated this matter I paid my own expenses to England and return but if it is the opinion that my going this year would safeguard the company's interest then it might be the company's turn to stand some or all of the expense.

I also feel that indirectly any work of a public nature which I do in Ottawa renders a little easier my negotiations with the Customs Department and the Department of National Revenue.

I am asking you for your guidance on a hypothetical case because the job is being handled by cable and the moment the go-ahead is received rapid action will be required. It is planned to have representatives from points as far removed as Vancouver and Sydney, including leading engineers or managers of chemical industries like Consolidated M. & S. Co., Canadian Industries, Shawinigan Engineering; steel industries such as Algoma, Dominion Steel & Coal, Steel Company of Canada; the machinery industry and a number of others to be selected with the aid of the Department of Defence.

In all I would expect a deputation of between 25 and 35 persons.

Mr. King promised us the good offices of Vincent Massey, High Commissioner in London, and promised to loan us the Assistant Master General of Ordnance to act as one of our technical advisers. Therefore, if the British respond favourably the deputation would go forward under excellent auspices and whatever the outcome might be I think it would make valuable contacts whether or not it became necessary to take on munitions work.

Yours very truly,

W.

EW-S/EC

First Vice President.

Victoria Ave. N.
Hamilton, Ont.
June 30th, 1939.

Read July 3 W

Mr. E. Winslow-Spragge, Managing Director,
Canadian Ingersoll Rand Co. Limited,
MONTREAL, Que.

Dear Sir:-

I am enclosing a copy of the press report released by the Prime Minister after our interview with him and his colleagues in Ottawa on June 28th.

We have extended our offer of co-operation to Sir Gerald Campbell, High Commissioner for the United Kingdom in Canada, saying that we are prepared to send a delegation to Great Britain to discuss details.

Thanking you for your kind co-operation, I remain

Yours faithfully,

W. J. Blak

Immediate Past President
Canadian Manufacturers Association

APPOINTMENT WITH THE PRIME MINISTER, RIGHT HONOURABLE W.L.MACKENZIE KING AT 11.00 A.M., DAYLIGHT SAVING TIME, on WEDNESDAY, JUNE 28, 1939, EAST BLOCK, OTTAWA.

Representatives of the Canadian Manufacturers Association.

W. D. Black, President, Otis-Fensom Elevator Co.,Ltd., Hamilton.

H. G. Bertram, President, The John Bertram & Sons Co.,Limited, Dundas.

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

J. N. Webb, Managing Director and Vice President, Jenkins Bros, Limited, Montreal.

E. Holt Gurney, President, Gurney Foundry Co.,Ltd., Toronto.

R. H. Mulock, Managing Director's Staff, Canadian Car & Foundry Co.,Limited, Montreal.

W. H. McIntyre, Vice President and General Manager, Ottawa Car Mfg.Co.,Ltd., Ottawa.

Taylor Bailey, Vice President and General Manager, Dominion Bridge Co.,Ltd., Montreal.

(Not there) .. H. R. Wake, General Manager, Aluminum Co., of Canada Ltd., Montreal.

A. Stewart McNicholls, President, Lake St. John Power & Paper Co., Dolbeau, Que.

C. B. Lang, Vice President, Dominion Steel & Coal Corp.,Ltd., Montreal.

R. S. Hart, Vice President and General Manager, National Steel Car.Corp.Ltd., Hamilton.

C. H. Mitchell, Works Manager, Canadian Westinghouse Co.,Ltd., Hamilton.

J. S. Duncan, Vice President and General Manager, Massey-Harris Co.,Ltd., Toronto.

Chester Hamilton, President, Hamilton Gear & Machine Co., Toronto.

Hugh McCulloch, President, Babcock-Wilcox & Goldie-McCulloch, Ltd., Galt.

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

Hugh Dalton, Secretary, B.C. Division, Canadian Manufacturers Association, Vancouver.

C. Willis George, Canadian Manufacturers Association, Ottawa.

Memorandum to Mr. E.Winslow-Spragge,
General Manager,
HEAD OFFICE

Patents 1914 war

Montreal, July 28, 1939

re 1914

CANADIAN INGERSOLL-RAND PRODUCTION OF MUNITIONS, ETC.
///----------///

We are officially credited with the largest production in Canada of 8" high explosive shells, the second largest production of 18-pounder shrapnel, in addition to many thousands of 6" and 75 mm. shells for the British and American governments.

During the War we developed and manufactured for the United States Shipping Board several hundred ship winches. These machines were outstanding, and many of their features are now used in our air and steam operated mine hoists. We also built several marine buoys, five Scotch type water tube marine boilers, also 900 and 1500 h.p. vertical, triple expansion marine engines. Other war-time productions include a complete line of special, single-purpose machinery designed for turning shells, banding shells, also small, special tools such as grinders for grinding shell bases, pneumatic screwdrivers for screwing the lids on shell boxes, etc.

We are sending you herewith one of our Blue Books showing photographic illustrations of our shop, branch offices, and typical products, also one of the plant and product books entitled "Progress in a Canadian Metal Working Industry" which we produced for the Bennett Government some years ago, also a set of photographs showing the production line and manufacturing operations on shells, arrangement of machine tools, etc.

The Canadian Ingersoll-Rand Company was formed by the consolidation of the Ingersoll-Sergeant Drill Company of Canada and the Canadian Rand Drill Company. The Ingersoll Rock Drill Company was formed in Canada about 1882, with shops in the old Grey Nunnery on Youville Square, Montreal. This company was afterwards called the Ingersoll-Sergeant Drill Company of Canada. The Canadian Rand Drill Company was established at Sherbrooke in 1889 in premises rented from the Jenckes Machine Company, the Jenckes brothers being officers of the Canadian Rand Drill Company.

In 1899 the first shop of the present upper town plant was built at Sherbrooke.

In 1912 the Canadian Rand Company and the Ingersoll-Sergeant Company of Canada were merged and the business consolidated at Sherbrooke under the name of Canadian Ingersoll-Rand Company Limited.

Today the Rand, or upper town, plants of the Canadian Ingersoll Rand Company cover more than thirty acres, and normally give employment to about 800 men.

The #2 Shop is devoted to the manufacture mainly of heavy machinery such as mine hoists, stationary and portable air compressors, pumps, pulp and paper machinery, etc., and is approximately 700 feet long and 200 feet wide. This building is of two storey

CANADIAN INGERSOLL-RAND COMPANY LIMITED.

PROFITS FOR FOUR YEARS.

	PROFITS	Dom.Gov't. Income Tax Actually Paid.	Profits after Dominion Gov't Income Tax.
1936.....	814,860.	119,403.	695,457.
1937.....	1,379,151.	205,212.	1,173,939.
1938.....	855,736.	128,488.	727,248.
1939 £.....	941,396.	141,209. 15%	800,187.
Later, actual =	878,361	131,754 - 15%	746,607
Total Profit Four Years	3,991,143.	594,312.	3,396.831.
Average Profit Four Years	997,786.	148,578.	849,208.

£ Estimated.

Date ?

BRITISH WIRELESS MARINE SERVICE.

Joint Service Department of
The Marconi International Marine Communication Co. Ltd.
Radio Communication Co. Ltd.
and
Marconi Sounding Device Co. Ltd.
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VICTORIA EMBANKMENT,
LONDON, W.C.2.

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Arrange your business in advance by Wireless.

PLEASE SEE OVER.

Form S. 3-4 J.
PRINTED IN ENGLAND
BY THE H. P. CO. LTD.

SHIP TO SHIP

MARCONIGRAM

SHORE TO SHIP

Prefix	Handed in at		
P	LONDON		
Number	No. of Words	Date handed in	Time handed in
2/13	32	31st August 1939	1512

Service Instructions	Date Rec'd.	Time Rec'd.	Rec'd. from	By
	31st	1713	GKJ	S

THIS FORM SHOULD ACCOMPANY ANY ENQUIRY RESPECTING THIS MARCONIGRAM.

To Winslow
Passenger
EMPRESS OF AUSTRALIA
PortisheadRadio

Announcement here Saturday morning stop Personnel splendid stop Secrecy absolutely imperative till advised stop Confine interviews strictly to our good treatment stop Cable me ~~xx~~ Canada House weekend address

This message is only received for delivery subject to the conditions printed on the back hereof.

THE CHARGE FOR AN IMMEDIATE REPLY IS ..... PER WORD.

CLARIDGE'S — SAVOY — BERKELEY ● see back

BRITISH WIRELESS MARINE SERVICE

JOINT SERVICE DEPARTMENT OF:

THE MARCONI INTERNATIONAL MARINE COMMUNICATION CO. LTD. RADIO COMMUNICATION CO. LTD.

MARCONI SOUNDING DEVICE CO. LTD.

MARCONI OFFICES, ELECTRA HOUSE, VICTORIA EMBANKMENT, LONDON, W.C.2.

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Ship Letter Telegrams to places in the British Isles, France, Germany and United States of America, etc. These messages are sent by Wireless to a coast station in the country to which the messages are addressed and thence by post to the addressee.

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For further particulars and rates apply at the Accepting Office on board.

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IN THE HEART OF MAYFAIR EVERY ROOM ABSOLUTELY SILENT AND SUPPLIED WITH FRESH, WASHED AIR

BERKELEY

BERKELEY ST. PICCADILLY

Reservation messages to these three Hotels may be sent FREE OF CHARGE from any liner by wireless; and from ALL telegraph offices in the United States, or Canada.

Part of mission will sail on Empress of Britain Saturday Sept 2/39 with Holt Gurney

Three men are expected to come ~~one~~
Party will consist of one principal and two assistants perhaps more

You should try to arrange ~~for temp~~ with the Canadian Government for temporary free office space stop Announcement expected tomorrow (Thursday) stop Will wireless again.

Interpretation of
Message received
by E W S on board
Empress of Australia
Time Received "1726"
(actually about 5 PM)
30th August 1939

Canadian Pacific

Stivet
137

Questin Copy Sat AM
London Aug 26/39

1. Will Missin Sail ?

2. When will missin Sail ?

3. How many principals or senin assistants ?

4. How many junin assistants ?

5. Would they accept temporary free office space from Canadian Government, or offic space at nominal rentals $1.00 per year

6. Would they accept permanent free office space frm Canadian Government, or offic space at nominal rental.

7. May I speak to the Prime Minister as representing the missin, advocating that Canadian Government collaborate and Co-ordinate with missin so that Prime Minister ~~through Mr Massey can disclos~~ may discuss with the Cabinet and can disclose in advance through Mr Massey just how the ~~missin~~ British missin will be met and how far the Canadian Government will go in collaborating with the ~~Britis~~ British missin after they Arrive in Canada ?

FIRST VICE PRESIDENT
MAY
28
1940
MONTREAL

1404 Montreal Trust Bldg.,
67 Yonge Street,
Toronto 2, Ontario,
May 27, 1940.

E. Winslow-Spragge, Esq.,
First Vice-President,
Canadian Ingersoll-Rand Co. Limited,
New Birks Building,
Montreal, Quebec.

Dear Mr. Winslow-Spragge:-

I beg to confirm my telephone conversation with you today in regard to your letter dated May 25th, with enclosures.

I discussed these with Mr. Holt Gurney and he said that he hopes to go to Ottawa sometime this week and will telephone you in the hope that you can meet him there.

I think there are excellent suggestions in your letter of May 25th to Mr. Howe as I have heard many other manufacturers talking in the same way in recent months.

We fully agree with you here that great use could be made of the ability and experience of the members of our Mission to England. They studied British conditions on the ground last summer and most of them are hard at work filling orders of some kind and most of them had extensive experience in the last war.

I am obliged to you for writing me and I am taking your letter and the enclosures to Winnipeg to discuss it with other members on the train and at the meeting.

I think you will probably be interested in the enclosed list of members of the Association who are serving in various capacities. We compiled this here and it may not be complete but I think the list contains nearly all our members who are advising the Government.

Yours faithfully,

J. T. Turrell

JTS/FM.

General Manager.

March 3rd, 1941.

Mr.E.A.Lunderville,

Montreal Personal.

Controller, Sherbrooke.

Indemnity Letter
12 hours work
time off for lunch

War Service

Dear Sir:-

I have your letter of March 1st which I have referred to Mr.Young for advice. My own attitude is strenuously against your suggestion. If there is anyone who for medical reasons cannot work a full day, his or her case will be given individual attention and where necessary someone more robust may have to be put in charge. There has been a disposition to tell me most glibly that operators can effectively work twelve hours a day, six days a week but these same people when it comes to the pinch, hesitate themselves to work eight hours a day, six days a week. I think it is wrong. I do not think we can have a robust, energetic organization headed by such people. I am generally told that it is unnecessary for a mechanic or a machinist to stop work for his mid-day meal but these same people, when it comes down to cases, are unable to see themselves able to snatch a bite and get back to work in an hour. I think it is wrong. Off-hand I think it is simply a question of habit and that those people do not know that there is a war. I have got no objection to facilitating matters by arranging for a lunch waggon or arranging for a table at the Royal Hotel or at any other nearby point but in such cases af medical illness which have got to be treated individually, I think it is a poor time starting to make exceptions. However, this is only my own impression of your letter. I don't think you are in step with Dominion Engineering, Canadian Car and Foundry, Aluminum Company,Montreal Locomotive. or any of the other people with whom I am in contact or else you would not be writing in whatseems to me to be a wishy-washy fashion. We have got a job to do.

We are not doing it well enough and our failure is jeopardizing the whole effort which Canada is making. Perhaps this will be brought home to you more earnestly by the attached copy of letter of February 26th from E.M.Stiles, an American by birth, Chief Engineer, Alberta Nitrogen Company, Calgary and Chief Engineer of Consolidated Mining & Smelting at Trail. I could also cite letters from Hugh Hilton, General Manager of Steel Company of Canada and from a number of others.

We are not doing our job and we have got to make a really enthusiastic effort to do it better.

If anyone cannot hold to the pace, it is better that we should do without them because pussy-footing will never produce the results we need.

Yours very truly,

W

C. Winslow-Sprague

General Manager.

EW-S/EC
C2-GMY

Very heavy year.

QUEBEC DIVISION
1938 - 1939

CHAIRMAN

E.Winslow-Spragge	Canadian Ingersoll-Rand Co., Ltd.	Montreal

VICE-CHAIRMAN

H.R.Wake	Aluminum Co., of Canada, Ltd.	"

EXECUTIVE COMMITTEE (ELECTED)

N.C.Polson, Jr.	N.C.Polson & Co.Ltd.	"
R.H.Gillean	Watson Foster Co.Ltd.	"
H.K.McLean	St.Lawrence Sugar Refineries, Ltd.	"
G.H.Bartlett	Barrett Co.Ltd.	"
W.S.Atwood	Canadian Car & Foundry Co.Ltd.	"
Fred.C.Mechin	Imperial Oil, Ltd. (Mfg.Dept.)	"
R.M.Calvin	Canadian Vickers, Ltd.	"
F.McKinley	American Can Co.	"
H.P.Nellis	Dominion Rubber Co.Ltd.	"
A.A.Swayne	Steel Co. of Canada, Ltd.	"
T.C.McConkey	B.J.Coghlin & Co.Ltd.	"
E.S.Trudeau	Dominion Oilcloth & Linoleum Co.Ltd.	"
R.E.McAfee	Babcock-Wilcox & Goldie-McCulloch, Ltd.	"
G.C.Grubb	Canadian Industries, Ltd.	"
C.H.Beresford Hands	McColl-Frontenac Oil Co.Ltd.	"
R.R.Macaulay	Miner Rubber Co.Ltd.	"
P.H.Desrosiers	Sorel Steel Foundries, Ltd.	"
W.S.Hulbig	Canada Envelope Co.Ltd.	"
C.V.Caesar	E.B.Eddy Co.Ltd.	Hull
Alf.Marois	A.E.Marois, Ltd.	Quebec
J.A.Dery	St.Lawrence Paper Bag Co.Ltd.	"
T.G.Leonard	Eastern Canada Steel Co.Ltd.	"
T.S.L.Pope	International Fertilizer, Ltd.	"
H.E.Weyman	Levis Tramways, Ltd.	Levis
F.C.Chisholm	Southern Canada Power Co.	Drummondville
R.C.Wilkins	Robt.C.Wilkins, Ltd.	Farnham
N.A.Austin	Miner Rubber Co.Ltd.	Granby
P.B.Keyes	Commonwealth Match Co.Ltd.	St.Johns
E.H.Acton	Aluminum Co. of Canada, Ltd.	Shawinigan Falls
P.H.Skelton	Canadian Ingersoll-Rand Co.Ltd.	Sherbrooke

EX-OFFICIO

H.W.Matheson	Shawinigan Chemicals, Ltd.	Montreal
F.P.L.Lane	Imperial Tobacco Co. of Canada, Ltd.	"
Raoul Fortier	Elz.Fortier, Ltd.	Quebec
R.Bernard	J.A.Gosselin & Co.Ltd.	Drummondville
[illegible]atterson		

EXTRACTS FROM THE BRITISH IMPERIAL CALENDAR AND CIVIL SERVICE LIST - 1959.

Canada House, Trafalgar Square, S.W.1.
Telephone: Whitehall 9741.

High Commissioner,	The Hon. Vincent Massey
Secretary,	L. B. Pearson
Military ,	Col G.P.Loggie
Air Force Liason,	Squadron Leader F.C.Higgins

Cabinet Officers, Richmond Terrace, S.W.1,
Telephone: Whitehall 5422.

Minister for Co-ordination of Defence and Deputy Chairman of the Committee of Imperial Defence,	Rt. Hon. Lord Chatfield
Chancellor of the Duchy of Lancaster	Rt. Hon. W.S.Morrison.
Permanent Secretary and Secretary of the Cabinet	Sir Edward E.Bridges
Deputy Secretary of the Cabinet	Sir R.B.Howorth
Secretary of the Committee of Imperial Defence	Major-General H.L.Ismay
Adviser on Supply Questions to the Minister for Co-ordination of Defence,(also Chairman of the Supply Board)	Sir Arthur Robinson

Prime Minister's Advisory Panel of Industrialists,
Richmond Terrace, S.W.1.

Chairman,	Lt. Col. J.H.M.Greenly
Members:	Peter F.Bennet Sir George Beharrell J.O.M.Clark Sir Geoffrey Clarke J.S.Addison
Secretary,	Major J.A.Davies

C.N. OFFICER NAMED

Rail Vice-President to Organize Key Defence Board

2 MONTREALERS NAMED

C. E. Gravel, H. B. Chase Chosen—C. W. Sherman, Hamilton, Other Member

By F. C. MEARS.
(Gazette Resident Correspondent.)

Ottawa, July 12.—R. C. Vaughan, of the Canadian National Railways, has been chosen by the federal Government to organize the Defence Purchasing Board, according to an announcement made tonight after the Cabinet meeting by Premier Mackenzie King.

The Canadian National Railways has loaned Mr. Vaughan, vice-president, purchases and stores, for the period that will be required to organize and get this board under operation. He will serve without remuneration as temporary chairman of the board, but will continue to draw his salary as an official of the railway.

Supply Board, Committee of Imperial Defence,
Richmond Terrace, S.W.I.

Chairman,	Sir Arthur Robinson
Joint Secretaries,	Major J.A.Davies Lt.-Col. H.S.Briggs

Admiralty, Whitehall, S.W.I.
Telephone: Whitehall 9000

First Lord,	The Rt. Hon. Earl Stanhope
Fourth Sea Lord and Chief of Supplies and Transport,	Rear Admiral G.S.Arbuthnot
Permanent Secretary,	Sir R.H.Archibald Carter

Ordnance Survey Department, Southampton,
Telephone: Southampton 5181.

Director General,	Brigadier M.N.MacLeod

Air Council, Adastral House, Kingsway, W.C.2,
Telephone: Holborn 3434.

Secretary of State for Air and President of the Air Council,	The Rt. Hon. Sir Kingsley Wood
Parliamentary Under-Secretary of State for Air and Vice-President of the Air Council,	Captain H.H.Balfour
Chief of the Air Staff,	Air Chief Marshal Sir Cyril L.N.Newall
Air Member for Personnel,	Air Vice-Marshal C.F.A.Portal
Air Member for Development and Production,	Air Marshal Sir Wilfrid R.Freeman
Air Member for Supply and Organization,	Air Vice-Marshal W.L.Welsh

Director-General of Production,	E.J.H.Lemon
Permanent Under-Secretary of State for Air,	Colonel Sir Donald Banks
First Deputy Under-Secretary of State for Air (Acting Permanent Under-Secretary of State for Air)	Sir Arthur Street

Department of the Chief of the Air Staff

Chief of the Air Staff,	Air Chief Marshal Sir Cyril L. N. Newall
Deputy Chief of the Air Staff,	Air Vice-Marshal R.E.C.Peirse
Assistant Chief of Air Staff,	Air Vice-Marshal W.S.Douglas

Department of the Air Member for Development and Production

Air Member for Development and Production,	Air Marshal Sir Wilfrid R.Freeman
Director-General of Production,	E.J.H.Lemon Lemon
Deputy Director-General of Production,	J. S. Buchanan
Director-General of Research and Development,	Air Vice-Marshall A.W.Tedder

Joint Directorate of Research and Development

Director of Tecnhical Development	Air Commodore R.M.Hill
Director of Scientific Research,	D.R.Pye
Director of Armament Development,	Group Captain G.B.A.Baker
Director of Communications Development,	R. A. Watson Watt.

Dominions Office, Downing Street, S.W.1. Telephone: Whitehall 9191

Secretary of State, The Rt. Hon. Sir Thomas Inskip

Under-Secretary of State, Permanent, - Sir Edward J.Harding

Air Raids Precautions Department, Horseferry House, Thorney Street, S.W.1., Telephone: Victoria 6826.

Deputy Under-Secretary of State, C.W.G.Eady

Inspector General - Wing-Commander E.J.Hodsoll

Imperial Defence College, 9 Buckingham Gate, S.W.1. Telephone: Whitehall 9000.

Commandant, Vice-Admiral T.H.Binney

Directing Staff, Capt. W. G. Tennant
- Brigadier R.H.Dewing
Air Commodore R.Graham

Secretary and Librarian, - Major L.A.Clemens

Department of Overseas Trade, Head Office: 35 Old Queen St.S.W.1. Telephone: Whitehall 9040.

Parliamentary Secretary, The Rt. Hon. R.S.Hudson

Comptroller - General Sir Quintin Hill

Department of Scientific and Industrial Research, 16 Old Queen St., Westminster S.W.1, Telephone: Whitehall 1632.

Secretary to the Council, - E. V. Appleton

Building Research, Research Station, Garston, near Watford, Herts. Telephone: Garston 2246.

Director, - R.E. Stradling

Chemical Research Laboratory, Teddington, Middlesex, Telephone: Molesay 1380.

Director, - G. S. Whitby

Food Investigation.

Director, E. Barnard

Forest Products Research, Research Laboratory, Princes Risborough, Aylesbury, Bucks. Telephone: Princes Risborough 101.

Director, W. A. Robertson
Timber Mechanics Officer C. S. Chaplin

Fuel Research, Fuel Research Station, Blackwall Lane, East Greenwich, S.E.10. Telephone: Greenwich 1220.

Director, F. S. Sinnatt

Road Research, Road Research Laboratory Harmondsworth, West Drayton, Middlesex. Telephone: Colnbrook 204.

Director, R. E. Stradling

The National Physical Laboratory, Teddington, Middlesex, Telephone: Molesay 1380.

Director, C.G. Darwin

Physics Department

Superintendent, G.W. C.Kaye

Electricity Department

Superintendent, E.H. Rayner

Radio Department

Superintendent, R. L. Smith-Rose

Metrology Department

Superintendent, J. E. Sears

Engineering Department

Superintendent, S. L.Smith

Aerodynamics Department

Superintendent, E.F.Relf

Department of Metallurgy

Superintendent,	C. H. Desch

The William Froude Laboratory

Superintendent,	G. S. Baker

Board of Trade

President,	The Rt.Hon. Oliver F.G. Stanley
Permanent Secretary,	Sir William B. Brown

War Office, Whitehall, S.W.1,
Telephone: Whitehall 9400

Army Council

Chief of the Imperial General Staff,	V.C.Gen.the Viscount Gort
Deputy Chief of the Imperial General Staff,	Lt.-Gen.(local) Sir Ronald F.Adam
Director of Military Operations and Intelligence,	Maj.-Gen. H.R.Pownall
Director of Staff Duties,	Maj.-Gen. L. Carr
Director of Military Training,	Maj.-Gen. H.R.S.Massy
Director of Training and Organization, (C.D.& A.A.)	Maj.-Gen.L.R.Hill
Department of the Director-General of Munitions Production, Director,	Engineer Vice-Admiral Sir Harold A. Brown
Deputy Master-General of the Ordnance,	Lt.-Gen. Sir Maurice G.Taylor
Directorate of Artillery, Director,	Maj.-Gen. E.M.C.Clarke
Director of Mechanization,	Maj.-Gen. A.E.Davidson
Director of Ordnance Services,	Maj.-Gen. B.A.Hill

Director of Army Contracts (Assistant Under-Secretary of State)	H.C.Gordon
Director of Ordnance Factories,	C.N. McLaren
Director of Industrial Planning,	G.S. Whitham
Director of Scientific Research	H. J. Gough
Chief Superintendent of Ordnance Factories,	F. Carnegie

Design Department, Royal Arsenal, Woolwich, S.E.18.

Superintendent of Design,	Brig. A.E.Macrae

Inspection and Experimental Staff, Armaments Inspection Department, Royal Arsenal, Woolwich, S.E.18. Telephone:Woolwich 2080.

Chief Inspector,	Brig. K.F.Dunsterville

Small Arms Inspection Department, Enfield Lock, Middlesex, Telephone: Waltham Cross 1080.

Chief Inspector of Small Arms,	Col. G. C. Shipster

Inspection Department, Engineer and Signal Stores, Royal Dockyard, Woolwich. Telephone: Woolwich 2468.

Chief Inspector,	Col. C.M.Simpson

Signals Experimental Establishment, Woolwich Common, S.E.18, Telephone: Woolwich 0181.

Superintendent,	Lt.-Col. St. J.D.Arcedeckne-Butler
Director,	R.P.Ross

Air Defence Experimental Establishment, Biggin Hill, Kent. Telephone: Ravensbourne 2631-2

Superintendent,	Major R.G.Lamb
Director,	W. S. Tucker

Mechanization Board, Royal Arsenal, Woolwich S.E.18, Telephone: Woolwich 2080

President,	Brig. J.E.Hollebone

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Explosives Research

Director, G.Rotter

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Ballistics Research

Director, A.D. Crow

War Department Chemist, Royal Arsenal, Woolwich, S.E.18, Telephone: Woolwich 2080. Ext.839

W. D. Chemist, A.V.Elsden

Ministry of Supply, Industrial Consultative Committee

among its thirteen members are included:

Chairman and Managing Director of Vickers-Armstrong Limited,	Commander Sir Charles Craven
Chairmam of the Firth Vickers Stainless Steel, Limited,	Allan John Grant
Chairman of Alfred Herbert Ltd.,	Sir Alfred Herbert
Chairman and Managing Director of Harland and Wolff, Limited,	Frederick Ernest Rebbeck
	Sir James Lithgow
	Oliver Boden
	C.R.Englebach
	C. MacDiarmid
	J. Rogers.

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Captain Harold Balfour, British Under Secretary for Air, and a member of the British Air Mission now in Canada, told the Canadian Club in Ottawa on November 21st, that the British Government had no illusions about the war and was preparing for a long and arduous fight.

Hon. C. D. Howe, Minister of Transport is reported as saying in a public address in Toronto on November 22nd that Canada's contribution of men would be limited, but in the air and on the sea and in the field of finance, munitions and supplies, the Dominion would give her greatest effort. Mr. Howe also revealed that Canada is undertaking a new naval programme involving the building of warships.

> "Those in authority are preparing for a long war" he is quoted as saying."

In reference to industry, he is quoted as follows:-

> "Our industries are already geared up to a scale of output that has made Canada the fourth exporting nation of the world, and are being converted to production of war supplies as rapidly as is required.
>
> Hydro-electric energy for industrial purposes is available in amounts several times greater than during the last war period."

Hon. J. L. Ralston, Minister of Finance, speaking over the Canadian Broadcasting Corporation's national network from Ottawa, on November 24th, announced that, in collaboration with the British Government, the Canadian Government "is going ahead promptly with the construction of new anti-submarine and mine sweeping craft. We are consulting with the British regarding the construction of large ships as well".

He said that British War purchases in Canada fell into four classes, raw materials, foodstuffs, airplane bodies and finished munitions.

In speaking of Canada's war measures, Mr. Ralston said, in part:

> "This program with which we start is estimated to cost about $315,000,000 in the first year of war. This is almost as great as our war expenditure in the fiscal year 1917-1918 when the Great War was at its height. This is going to be a long war. We must plan not for one year but for three."

The Minister forecast loan issues.

The financial problem of purchasing war supplies is engaging the earnest consideration of the British and Canadian Governments.

During the last war, Great Britain withdrew part of her great investments all over the world to pay her war expenditures and part of those of her allies. She also borrowed large sums from the United States. Now, the United States will not loan to belligerents. The British people are withdrawing more of their investments, selling them and lending the proceeds to the Government. In addition, they have imposed heavy war taxes on themselves.

The Canadian problem is similar. We cannot borrow abroad. War taxes have been imposed. Part of investments and savings must be sold and loaned to the Government. Consequently, both Governments are forced to estimate carefully their incomes and proposed expenditures and to compare them with their resources, especially in case of a long war. Financial negotiations between the two

Governments are proceeding. We are advised that this is responsible for part of the apparent delay. It also lies at the root of the exchange problem.

Your Chairman and members of your Committee have made several visits to Ottawa since the last meeting of Council to confer with members of the British Mission, the War Supply Board and Government officials.

Members of the Association's Mission have received many calls from members of the Association since their return from England. It may be said that they are conducting schools in their districts in munition making and have passed on by personal interviews and correspondence much that they learned when visiting the factories of the United Kingdom. They have also placed much information at the disposal of the Government departments, the British Mission and the War Supply Board.

Your Committee will continue to give effect, in every possible way, to the Association's policy of contributing to and co-operating with the national war effort.

All of which is respectfully submitted.

W. D. BLACK,
CHAIRMAN.

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FEDERATION OF BRITISH INDUSTRIES

21 Tothill Street,

London, S.W.1.

Confidential.

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J. T. Stirrett, Esq.,
Canadian Manufacturers' Association,
1404 Montreal Trust Bldg.,
67 Yonge Street, Toronto 2,
ONTARIO.

Dear Mr. Stirrett,

I am very much obliged for your letter of May 1st, enclosing the most interesting further information on the defence capacity of Canada. Your previous communication and the very full particulars contained in it were much appreciated by the Panel, and have been forwarded to the new Minister of Supply for his consideration. I propose to deal with your present communication in a similar manner.

Also, very many thanks for sending me copy of the letter which Mr. Ian Mackenzie addressed to your President.

I think that this exchange of information between our two organisations will be of the greatest service to our people here in the light of any requests they may wish to make for the co-operation of Canadian industry in the Defence Programme. I feel certain that we can continue usefully to co-operate by corresponding, but at the same time it is a matter of the greatest regret to me that I have been unable to visit Canada on this occasion. I only hope this is only a pleasure postponed.

Yours sincerely,

Guy Locock (Sgd.)