

The Canadian Manufacturers' Association's Mission to the U.K.



Scene in Canada House, London, on August 4, 1939, following Arrival of Mission.

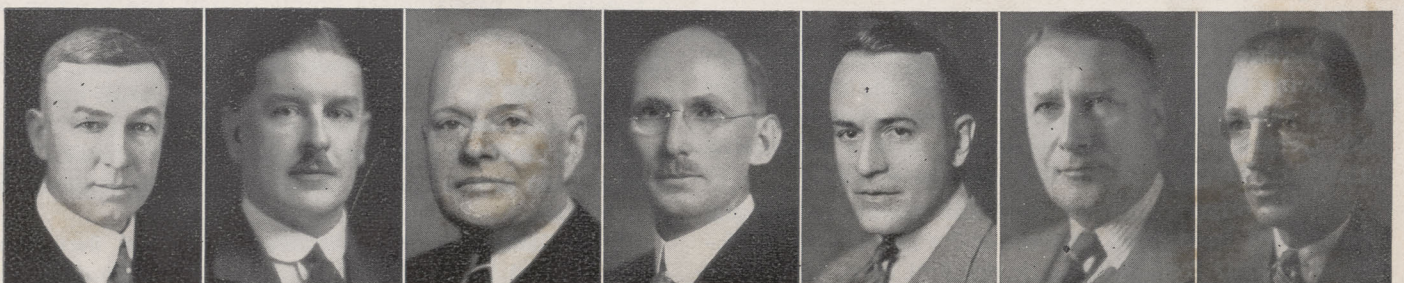
In this interesting photograph the following members of the Mission and other interested parties are shown—seated, left to right, E. Winslow-Spragge, vice-president and general manager, Canadian Ingersoll-Rand Co., Limited, Montreal; John E. Goodison, vice-president, The John Goodison Thresher Co., Limited, Sarnia; E. Holt Gurney, president, Gurney Foundry Co., Limited, Toronto, and chairman, Ontario Research Foundation (head of the Mission); Hon. Vincent Massey, High Commissioner for Canada in the United Kingdom; J. T. Stirrett, Assistant General Manager, C. M. A., Toronto; Major-General A. G. L. McNaughton, president, National Research Council, Ottawa; S. M. Finlayson, deputy general manager, Canadian Marconi Company, Montreal.

Standing, left to right—A. R. Goldie, director, Babcock-Wilcox & Goldie-McCulloch Limited, Galt; R. J. Magor, president, National Steel Car Corporation Limited, Montreal; Col. G. P. Loggie, A. W. Fraser, National Steel Car Corporation Limited, Montreal; Victor Drury, president, Canadian Car & Foundry Co., Limited, Montreal; Harry A. Scott, acting Chief Canadian Government Trade Commissioner in the United Kingdom; Air Commodore R. H. Mulock, Canadian Car & Foundry Co., Limited, Montreal; Hugh Dalton, Secretary, British Columbia Division, C. M. A., Vancouver; H. L. Brown, assistant Canadian Trade Commissioner; O. H. Anderson, National Steel Car Corporation Lim-

ited, Montreal; J. C. Patteson, European manager, Canadian Pacific Railway, London; John M. Evans, The Shawinigan Water & Power Co., Limited, Montreal.

Other members of the Mission present but not shown in the picture were—H. G. Bertram, president, The John Bertram & Sons Co., Limited, Dundas; J. G. Morrow, chief inspector and metallurgist, The Steel Company of Canada, Limited, Hamilton; Guy T. M. Bevan, chief engineer, Massey-Harris Co., Limited, Toronto; Philip S. Gregory, assistant general manager, The Shawinigan Water & Power Co., Limited, Montreal; Victor G. Bartram, vice-president and general manager, Shawinigan Chemicals, Limited, Montreal; Morris S. Lambe, The Ottawa Car Mfg. Co., Limited, Ottawa; David Pritchard, Canadian Industries Limited, Montreal; W. Lambert, Marine Industries Limited, Montreal; J. H. McDonald, president, British Columbia Mfg. Co., Limited, New Westminster; F. A. Welling, representing Captain I. B. Bullen, London representative of Dominion Steel & Coal Corporation Limited.

Also present were A. F. Gill, National Research Council, Ottawa; O. W. Ellis, Ontario Research Foundation, Toronto; Colonel Noel Carr, director of mechanization and artillery, Department of National Defence, Ottawa; and P. A. Clews, European manager, Canadian National Railways, London.



J. H. McDonald

G. T. M. Bevan

J. G. Morrow

H. G. Bertram

V. G. Bartram

P. S. Gregory

M. S. Lambe

The Canadian Industrial Mission

Leader in the September Bulletin of the
Canadian Chamber of Commerce in Great Britain

DURING the past month a mission of the Canadian Manufacturers' Association, headed by Mr. E. Holt Gurney, has been in Britain making a careful survey of the special requirements in relation to the rearmament programme.

Wherever the mission has gone the members have been warmly received, and it is evident that some practical results will accrue from the visit. The mission has rendered a service to Canadian industry and its findings should have a far reaching effect upon Empire defence generally.

The delegation represented the leaders of industry, who at considerable trouble and expense undertook their arduous tour not from a personal point of view, but entirely from the standpoint of National and Empire defense. The findings of the mission will be awaited with considerable interest.

The mission has now returned to Canada, leaving behind them a greater knowledge of Canada's industrial resources and renewed assurance of the willingness of the Dominion to place those resources and the skill of her workers at the disposal of the Empire should the need arise.

The delegation was particularly pleased with the reception accorded to it in official quarters and not least by the Minister of Supply, with whose Department they were naturally principally concerned. Members of the Chamber will not need to be reminded that Mr. Burgin is a warm friend of Canada. It is not too much to state that the Canadian industrialists were greatly impressed by the Minister's abilities and his breadth of vision and understanding of industrial affairs.

While the visit of the mission will prove to be of great value to the Dominion and the Empire, should an emergency arise, we cannot but feel that even greater value can result under conditions of peace.

It has long been a cherished ambition of some associated with the administration of the Chamber that the industrialists of Canada and the United Kingdom should have an opportunity of discussing face to face the many problems common to each. That ambition has been achieved in part. True, most of the visitors were interested in the manufacture of goods urgently needed for war conditions, but an excellent start has been made, and it will be disappointing if in the reasonably near future it is not found possible for further exchanges in both directions to take place.

Report on the Work of the Mission of the Canadian Manufacturers' Association to the United Kingdom

MEMBERS of the mission of the Canadian Manufacturers' Association which visited England and Scotland have returned to Canada. Members of the Association are familiar with the efforts made by Committees of the Association during the past three years to increase the production of materials for war purposes for use in Canada and the United Kingdom. The Association was particularly active during the past year through the Committee on National Defence. Many meetings of interested firms were held under the auspices of the Committee and negotiations were carried on with the Government of Canada and with the services of the United Kingdom. Last November, the Executive Council approved a suggestion from the Executive Committee that machinery should be set up in Canada to deal with Canadian production of war materials for Great Britain. Last March the Committee endeavoured to induce a party of British industrialists to visit Canada and about the same time the advisability of arranging for a party of Canadian manufacturers to visit Great Britain was considered.

Mission Authorized

Following discussion of a report of the Committee on National Defence, the Annual General Meeting in June of this year, decided to authorize the organization of a group of manufacturers to visit Great Britain with the following objects:

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

Government Assistance Assured

A delegation from the Association interviewed the Prime Minister and six of his colleagues in Ottawa on June 28 and received the Government's assurance that any mission which the Association sent to England would be assisted in every possible way and also that if a British mission comes to Canada, the Government would give them every proper co-operation.

The organization of the mission of the Association was then completed. It was decided that the mission should be national in character; that its members, as far as possible, should be in a position to speak for entire departments of Canadian industry and that the members should take a broad view of the task of co-ordinating British and Canadian manufacturing capacity.

The Prime Minister asked the Hon. Vincent Massey, Canadian High Commissioner in the United Kingdom, to confer with the British Government and to arrange with the British Government for the reception of and assistance to the mission while they were in the United Kingdom.

The Minister of Trade and Commerce arranged that Major-General A. G. L. McNaughton, President of the National Research Council, and Mr. A. F. Gill of the Council's staff, would be available in England to advise the mission. Similar permission was given to Col. Noel Carr, Director of Mechanization and Artillery, Department of National Defence, Canada, by the Minister of National Defence. The Ontario Research Foundation loaned Mr. O. W. Ellis, Director of Engineering and Metallurgy, to the mission.

Mr. W. D. Black, immediate Past President of the Association and Chairman of the Committee on National Defence, was unfortunately prevented from going by a severe illness from which he has now happily recovered.

The mission sailed from Canada on July 29 on the "Empress of Britain." They were joined in England by members of the Association who had reached England previously and also by some who came to England after the mission. The following is a list of the members of the mission and those authorized to co-operate with them:

Members of the Mission

- (a) (1) Arrived "Empress of Britain" Southampton, August 3.
- E. Holt Gurney, President, Gurney Foundry Company Limited, Toronto, Chairman, Ontario Research Foundation.
 - H. G. Bertram, President, The John Bertram & Sons Company, Limited, Dundas, Ontario.
 - E. Winslow-Spragge, Vice-President and General Manager, Canadian Ingersoll-Rand Company Limited, Montreal.
 - J. G. Morrow, Chief Inspector and Metallurgist, The Steel Company of Canada Limited, Hamilton, Ontario.
 - Guy T. M. Beven, Chief Engineer, Massey-Harris Company, Ltd., Toronto, Ontario.
 - S. M. Finlayson, Deputy General Manager, Canadian Marconi Company, Montreal.
 - John E. Goodison, Vice-President, The John Goodison Thresher Company, Limited, Sarnia, Ontario.
 - Philip S. Gregory, Assistant General Manager, The Shawinigan Water and Power Company, Montreal, Quebec.
 - John M. Evans, The Shawinigan Water and Power Company, Montreal, Quebec.
 - J. T. Stirrett, Assistant General Manager, Canadian Manufacturers' Association, Toronto, Canada.
 - Hugh Dalton, Secretary, British Columbia Division, Canadian Manufacturers' Association, Vancouver, B.C.
- (2) The following, authorized to assist the Mission, arrived "Empress of Britain," Southampton, August 3.
- Major-General A. G. L. McNaughton, President, National Research Council, Ottawa, Canada.
 - Col. Noel Carr, Director of Mechanization and Artillery, Department of National Defence, Ottawa.
 - A. F. Gill, i/c Codes and Specifications, National Research Council, Ottawa.
 - O. W. Ellis, Director of Engineering and Metallurgy, Ontario Research Foundation, Toronto.
- (b) Members of the Association or representatives who joined the Mission in England:
- Harold Crabtree, First Vice-President, Canadian Manufac-

September 13, 1939

GREAT OPPORTUNITY FOR CANADA.

It is impossible to overstate the importance of the advent to this country of the British purchasing commission which is now in Ottawa. It is equally impossible to over-stress the necessity for the most complete co-operation between the Canadian Government and this mission, and between the Canadian Government and Canadian industry, if the Dominion is to make full use of an opportunity unprecedented in the country's history, an opportunity to serve itself and at the same time to serve the cause to which the British Empire and France have dedicated themselves. The mission, which is to be reinforced by later arrivals, consists of Admiral Sir Percy Addison, representing the Admiralty; Major-General R. F. Lock, J. Crone and J. B. Gordon, of the Ministry of Supply, and A. C. Boddis, contract officer. These gentlemen should be welcomed officially and most cordially and during their stay in Canada should be the guests of the Government. They come with what is actually an unlimited financial backing. They are empowered to pour hundreds of millions of dollars into the lap of Canada. They are not only ready but eager, given the proper response from the Canadian Government and from Canadian industry, to purchase munitions upon a scale so vast as to be staggering when expressed in terms of money. What is to be the Government's attitude, because upon the answer to that question hinges the attitude of Canadian industry?

It is not a question which answers itself and the situation in this regard is extraordinary, perplexing and disturbing. Since the commencement of the European crisis the Dominion Government, or at any rate the Prime Minister, has held aloof from the Government of Britain wherever and whenever proposed British activities in this country were concerned. It began when at the session of last year Mr. King set his face against a proposal to train British fliers in Canada. True, he subsequently receded from that position but the incident was illuminating and its impression upon Canadian public opinion was profoundly disagreeable. When during the past summer the Canadian Industrial mission under the auspices of the Canadian Manufacturers' Association pro-

ceeded to England for the purpose of discussing war contracts with the various British ministries concerned, the Canadian Government again held aloof, and again the Canadian people were puzzled. The Government did send certain of its technical officers with the mission for the purpose of conveying information upon Canadian industrial resources but it did this upon the distinct understanding that it was assuming no responsibility in regard to the mission itself and was not concerning itself in promoting the mission's success. This record of indifference, of something very close to hostility, justifies some misgiving as to the degree and the warmth in which the Prime Minister may be prepared now to co-operate with the British mission which has been sent to this country with what amounts to a blanket authority for the purchase of munitions and other needed supplies. If there is to be anything less than the closest and most active co-operation on the part of the Government, Mr. King and his colleagues will show themselves unfaithful to their trust, unfaithful to the cause which this country has espoused and disloyal to their own policy, that of, in the Prime Minister's own words, "furnishing of supplies of all kinds to the British and allied powers, munitions, manufactures and raw materials and foodstuffs."

Mr. King stated on Friday that the British mission has been authorized by the Government of the United Kingdom "to place certain orders in Canada" and to make "a further survey of the situation." The fact as we understand it is that this mission is authorized to place orders upon a scale that will keep Canadian industries and Canadian labor working at top speed from coast to coast. Canadian industrialists, with or without the backing of the Canadian Government, should see to it that the mission accomplishes what it is here to do. Opportunity is knocking at Canada's door. Not to admit it would be a sinful folly. The business which these visitors desire to place in Canada spells an industrial prosperity almost beyond calculation. It spells the end of unemployment and of relief expenditures. It means the enormous enrichment of the Dominion and a major contribution to the success of the Mother Country and her continental ally, the Republic of France. If such an opportunity is lost, somebody, somewhere, will be required to explain and to

accept the condemnation of an outraged people.

Gazette - September 11, 1939.

Quick Placing Is Seen Of Munition Contracts

Gaz

Sept 11, 39

(Special to The Gazette.)

Ottawa, September 10.—Contracts with Canadian industry for supply of munitions and other materials for the British Government are expected to be negotiated immediately.

Members of the British purchasing commission reached here today and were officially announced as follows:

Admiral Sir Percy Addison, representing the Admiralty; Major General R. F. Lock, J. Crone and J. B. Gordon of the Ministry of Supply and A. C. Boddis, contracts officer.

Other members of the mission will arrive later.

Star, September 9, 1939.

FULL CANADIAN SUPPORT TO BRITAIN PREMIER PLEDGES

Of special and vital importance is the furnishing of supplies of all kinds to the British and Allied powers—munitions, manufactures and raw materials and food stuffs.

The urgent necessity of a constant supply of munitions, and the ability of Canada, because of its industrial equipment and its relative accessibility to the main theatres of the war, to meet these needs in great measure, are apparent.

It is a subject on which there has been consultation with the Government of the United Kingdom. The British aircraft mission which was sent to this country in 1938, placed initial orders with a representative co-operative group of Canadian aircraft manufacturers.

With the concurrence of the Governments of Canada and the United Kingdom, a delegation organized by the Canadian Manufacturers' Association and widely representative of Canadian industry, recently visited the United Kingdom to study on the spot all forms of armament and munitions production with a view to the expeditious adaptation of Canadian industry to these forms of production.

Representatives of the delegation recently presented to the Government a report of their enquiries and conclusions.

I may say that the inquiry was carried out in the most thorough-going way and will prove of decided help to the governments both of Canada and the United Kingdom, and that it is a fine example of the capacity and readiness to co-operate of leaders in Canadian business.

A special British mission has just arrived from the United Kingdom to survey the munitions situation further. It has been authorized by the Government of the United Kingdom to place certain orders in Canada on the lines explored in consul-

tation with the Canadian mission and to make a further survey of the situation.

Extract from speech of Premier Mackenzie King in the House of Commons on September 9, 1939, at the special session called to consider Canadian participation in the war.

CANADA'S AID IN DEFENCE

SUPPLIES AT DISPOSAL OF THE EMPIRE

WELCOME TO MISSION OF INSPECTION

The enormous character of the resources of Canada, freely placed at the disposal of the Empire, was referred to by Mr. Burgin, Minister of Supply, yesterday when he presided at a Government luncheon at the Carlton Hotel to the Canadian mission of industrialists who are on a visit of inspection of armament factories. He declared that the democratic peoples were now fully aware of the dangers that threatened the world, and were determined to make good the gaps in defence and prepare themselves for eventualities.

Mr. BURGIN, welcoming the members of the mission on behalf of the Government, alluded to the immense contribution which Canada made to the Empire during the Great War and said they were delighted that the mission had been able to come over at this time to see something of the magnitude of the preparations for defence and of the attitude of the Government to their problems. For a long time they had been living in a sort of twilight when peace had certainly ended, although war had not begun; a period which had many of the attributes of war on a large scale. The magnitude of the effort, the preoccupation of the leaders of industry and the Government alike in dealing with the problems of defence needed no reminder from him. They had seen something of the country's armament factories and they would have realized something of the enormous scale on which preparations must be made, and he hoped they had realized the difference between the democratic group of countries and the totalitarian States.

DEMOCRATIC LIBERTY

We valued the liberty of the Press, freedom of discussion, and the right to debate, whereas in the totalitarian States, dragooned and disciplined, at the touch of a switch or the giving of one order, a whole country took one particular line of thought and action. It had not been easy to move 45,000,000 peace-loving people into the frame of mind that it was necessary to contemplate measures of defence to enable democratic countries to uphold the decencies of life among the influences of to-day, but the democratic peoples were now fully aware of the dangers that threatened the world. Whatever they might cost, they had determined to make good the gaps in defence and prepare themselves for all eventualities.

The mission had seen something of the high pitch to which the defences had been brought. The Navy, Army, Air Force; look where they willed, they would find much to impress and give reason for solemn thought before any enemy could lightly allow conflict to break out. They welcomed the mission's investigation of Britain's methods of large-scale manufacture and preparation for defence; they had exchanged views and had learned something of the enormous character of the resources of Canada which were so freely and unstintingly placed at the disposal of the Empire.

AN UNHAPPY NECESSITY

Mr. VINCENT MASSEY, High Commissioner for Canada, described the mission as hard-working; they had laid out for themselves a Spartan programme of work. Canada had never sent a group of people more widely representative of Canadian industry or more acutely conscious of the significance of the work in hand. As all in Canada realized, the situation which had come about in this unhappy world had made rearmament an unhappy necessity which pressed on democratic Governments and demanded the intelligent use of industrial capacity. Canadian industry had a task to fulfil, and Canadian industrialists and engineers had come to investigate the extent and nature of the task. With the progress that had taken place in the last 25 years, the Dominion was far better equipped than ever before to produce munitions both in volume and variety.

The mission were on a visit of inquiry to learn the needs of the United Kingdom in terms of equipment; not only present needs, but potential needs. They were able to give a full and clear picture of the capacity of Canadian industry to assist the Mother Country in these difficult times. No visitor to this country could fail to be profoundly impressed by the spirit of quiet determination which prevailed throughout the British Isles and the immense material power which had been generated in the cause of peace.

Mr. E. HOLT GURNEY, leader of the mission, said that if a crisis arose, then, in scope, volume, and time—most important of all—the entire manufacturing fabric of Canada would be of use to the Empire in a wider, larger, and quicker way.

* * A list of names of those present appears on page 13.

The London Times

August 1939

CANADA WILL HELP IN DEFENCE

INDUSTRIAL MISSION

The facilities which Canada could offer for the production of equipment for defence purposes were discussed yesterday by the Canadian Mission of Industrialists now visiting Britain with representatives of three defence departments of the British Government.

The mission was received by Mr. Vincent Massey, High Commissioner for Canada. The representatives of the British defence departments were Vice-Adml. Sir Harold Brown, of the Ministry of Supply, Rear-Adml. Fraser, Controller of the Admiralty, and Sir Wilfrid Freeman, of the Air Council.

The Canadian mission is headed by Mr. E. Holt Gurney, of Toronto, and is accompanied in an advisory capacity by Major-Gen. A. G. L. McNaughton, president of the Canadian National Research Council and former Chief of the Canadian General Staff, and Col. Noel Carr, of the National Defence Department.

August 11, 1939.

CANADA'S WEEKLY



CANADIAN INDUSTRIAL MISSION IN LONDON
Delegates who are visiting the United Kingdom in conference with Mr. Massey at Canada House

Canadian Industrialists Visit United Kingdom

ON Saturday last the Hon. Vincent Massey, High Commissioner for Canada, received at Canada House the Canadian Mission of Industrialists now visiting the United Kingdom. The Mission is headed by Mr. E. Holt Gurney, Toronto, and is accompanied in an advisory capacity by Major-General A. G. L. McNaughton, president of the Canadian National Research Council and former Chief of the Canadian General Staff, and Colonel Noel Carr, of the National Defence Department. The Mission also includes about twenty Canadian industrialists and scientists.

The Duke of Devonshire, Under-Secretary of State for Dominion Affairs, extended a very warm welcome to the Mission on behalf of His Majesty's Government. The members of the Mission then proceeded to discuss, privately and informally, the facilities which Canada could offer for the production of equipment required for defence purposes, with representatives of the three Defence Departments of the British Government—Vice-Admiral Sir Harold Brown, of the Ministry of Supply; Rear-Admiral Fraser, Controller of the Admiralty, and Sir Wilfred Freeman, of the Air Council.

While in the United Kingdom the Canadian party will visit numerous plants engaged in armament production with a view to reporting on what Canada could contribute in the event of an emergency.

LUNCHEON

H.M. GOVERNMENT

His Majesty's Government entertained at luncheon at the Carlton Hotel yesterday Canadian industrialists visiting this country. Mr. Burgin, Minister of Supply, was in the chair.

The following guests were present:—

The High Commissioner for Canada, Mr. H. G. Bertram, Mr. Guy I. M. Bevan, Captain I. A. Bullen, Colonel Noel Carr, Major-General E. M. C. Clarke, Mr. P. A. Clews, Mr. Harold Crabtree, Brigadier J. S. Crawford, Mr. Hugh Dalton, Major-General A. E. Davidson, Colonel H. G. Eady, Mr. A. S. Ellis, Mr. O. W. Ellis, Mr. John M. Evans, Mr. R. D. Fennelly, Mr. S. M. Finlayson, Colonel D. R. D. Fisher, Brigadier A. C. Fuller, Mr. A. F. Gill, Brigadier H. W. Goldney, Mr. John E. Goodison, Mr. Philip S. Gregory, Mr. E. Holt, Sir Edward Harding, Sir Quintin Hill, Mr. Morris S. Lambe, Mr. W. Lambert, Mr. E. J. H. Lemon, Colonel J. J. Llewellyn, Colonel P. Loggie, Mr. A. R. McBain, Mr. C. N. McLaren, Mr. Moir Mackenzie, Major-General A. G. L. McNaughton, Mr. F. W. Mottershead, Mr. J. G. Morrow, Air Commodore R. H. Mulock, Mr. J. W. L. Oliver, Mr. A. A. Part, Mr. J. C. Patteson, Sir Frederick Phillips, Mr. David Pritchard, Lord Riverdale, Mr. C. S. A. Ritchie, Mr. H. Russell, Sir Henry Self, Mr. J. I. Stirrett, Mr. C. J. Stucke, Lieutenant-General Sir Maurice Taylor, Vice-Admiral F. T. B. Tower, Mr. G. H. Ward, Mr. G. S. Whitham, and Mr. E. Winslow Spragge.

CANADIANS TO SEEK WAR ORDERS IN U.K.

Party of 10 Including 3
Montrealers Sailing Today
For England

GET GOVERNMENT HELP

Ottawa Agrees to Co-operate
And Sends Officials on
Trip—Others Overseas
To Join Delegation

By F. C. MEARS

Ottawa, July 28.—To lay the basis for a scheme whereby direct munitions orders from Britain to Canadian plants may be placed, a party of Canadian manufacturers will sail tomorrow for the United Kingdom, according to an announcement made this evening by Premier Mackenzie King.

Ten heads of Canadian firms will form the manufacturers' party who sail tomorrow and they will be joined in England by a party of eight others who are already in that country. Accompanying the party tomorrow will be four Government officials, headed by Maj.-Gen. A. G. I. McNaughton, of Ottawa.

Premier King stated in his announcement that the mission was the result of a conference last month between manufacturers and the Cabinet here, and in accordance with the Government's undertaking to render the party every aid while in Britain, the Prime Minister stated that not only would officials accompany the party but assistance would be rendered by the High Commissioner's office in London.

Those comprising the party sailing tomorrow are: Holt Gurney, of Toronto, head of the Gurney Foundry Company; H. G. Bertram, head of the Bertram Company of Dundas, Ont.; E. Winslow-Spragge, of Canadian Ingersoll-Rand Company, Montreal; J. G. Morrow, Hamilton; G. T. M. Bevan, Massey-Harris Company, Toronto; S. M. Finlayson, Canadian Marconi Company, Montreal; J. E. Goodison, Sarnia; P. S. Gregory, Shawinigan Company, Montreal; J. T. Stirrett, C.M.A., Toronto; and Hugh Dalton, of C.M.A., Vancouver.

The four Government officials to accompany the party are: Major-Gen. McNaughton, head of the National Research Council; A. F. Gill, of the same body; O. W. Ellis, Ontario Research Foundation, Toronto, and Col. Noel Carr, National Defence Department.

PREMIER'S STATEMENT.

Premier King's statement follows: "The Prime Minister announced today that on the initiative of the Canadian Manufacturers Association, and with the approval of the Canadian and United-Kingdom Governments, a representative party of Canadian manufacturers will sail, to confer with the appropriate United Kingdom authorities with a view to securing data concerning defence requirements there and of furnishing information as to available sources of supply in Canada.

"This step follows the arrangement announced by the Canadian Government at the end of June, when a deputation from the association interviewed the Prime Minister and a committee of the Cabinet, at Ottawa, and explained their desire that Canadian industrial capacity should be further employed in the production of armaments for the British defence program.

"It is hoped that this exchange of information will assist in rendering possible a scheme for the placing with Canadian firms direct of preliminary orders for a limited quantity of goods on a developmental basis.

"The Canadian Government's announcement of last month stated that while, as indicated above, any contracts would be negotiated directly between the United Kingdom authorities and the Canadian firms concerned, the Canadian Government would facilitate the mission of the Canadian Manufacturers Association as far as possible, continuing to co-operate as in the past by furnishing the United-Kingdom authorities all available information, or, where necessary, by gathering information and making it available.

"For this purpose certain Canadian officials are proceeding to England to be available during the visit of the Canadian Manufacturers Association party. It is also understood that a representative of the Ontario Research Foundation will be present, in England, for a similar purpose."

The Industrial Mission

THE representative Canadian industrialists who have been visiting this country carry back to Canada a deep impression of British preparedness for whatever dire necessity may arise. They have seen the enormous scale on which the central defence forces of the Empire are now equipped and they return home well primed to enable Canadian industry to share in the task of defending our homes and our liberties. At the British Government luncheon to the delegation on Monday, Mr. Massey spoke impressively of the "quiet determination" with which the British people face the future, however stern it may prove to be, and Mr. E. Holt Gurney, the leader of the delegation, pledged his colleagues to bring to the aid of Empire security in time of need "the entire manufacturing fabric of Canada in a wider, larger and greater way." We stand together as never before to uphold the decencies of life among the debasing influences that afflict so large a part of humanity.

* * *

Canada's Contribution to Defence

Resources Unstintingly Placed at the Disposal of the Empire

THE members of the mission of Canadian industrialists who are looking into the armament situation in the United Kingdom were on Monday the guests of the British Government at a luncheon in London, presided over by the Rt. Hon. Leslie Burgin, M.P., Minister of Supply.

Mr. Burgin on the International Situation

In extending a welcome to the mission on behalf of the Government, Mr. Burgin recalled the immense contribution which Canada made to the Empire during the Great War. They were delighted, he said, that the mission had been able to come over at this time to see something of the magnitude of the preparations for defence and of the attitude of the Government to their problems. For a long time they had been living in a sort of twilight when peace had certainly ended, although war had not begun; a period which had many of the attributes of war on a large scale. The magnitude of the preparations, the immensity of the cost, the universality of the effort, the extent of the organisation, and the preoccupation of all classes, and in almost all countries compared with conditions prevailing in the years 1915, 1916, and 1917. They had seen something of the country's armament factories and they would have realised something of the enormous scale on which preparations must be made, and he hoped they had realised the difference between the democratic group of countries and the totalitarian States.

"One difference," remarked Mr. Burgin, "is that we value liberty of the Press, freedom of discussion, and right of debate. Every step that is taken to move the democratic peoples to protect themselves is debated and discussed in the open. In the totalitarian States they are dragooned and disciplined at the touch of a switch, and at the pronouncement of a single word and the giving of one order the whole country takes a particular line of thought and action. It has not been easy to move 45,000,000 peace-loving people into the frame of mind that was necessary in the autumn of 1938 to contemplate measures of defence and sufficient protection to enable the democratic countries to uphold the decencies of life among nations to-day. But democratic peoples to-day are aware of the dangers that threaten the world, and whatever it may cost they have determined to make good the gaps in their defences and prepare for all eventualities."

The mission, added the Minister, had seen something of the high pitch to which the defences had been brought. The Navy, Army, Air Force; look where they willed, they would find much to impress and give reason for solemn thought before any enemy could lightly allow conflict to break out. They welcomed the mission's investigation of Britain's methods of large-scale manufacture and preparation for defence. They had exchanged views and had learned something of the enormous character of the resources of Canada which were so freely and unstintingly placed at the disposal of the Empire.

A Hard-Working Mission

The Hon. Vincent Massey, High Commissioner for Canada, said the members of the mission were hard-working; they had laid out for themselves a Spartan programme of work. Canada had never sent a group of people more widely representative of Canadian industry or more acutely conscious of the significance of the work in hand. As all in Canada realised, the situation which had come about in this unhappy world had made rearmament an unhappy necessity which pressed on democratic Governments and demanded the intelligent use of industrial capacity. Canadian industry had a task to fulfil, and Canadian industrialists and engineers had come to investigate the extent and nature of the task. With the progress that had taken place in the last 25 years, the Dominion was far better equipped than ever before to produce munitions both in volume and variety.

The mission, said Mr. Massey, could be described as a visit of inquiry to learn the needs of the United Kingdom in terms of equipment; not only present needs, but potential needs. Its

members were able to give a full and clear picture of the capacity of Canadian industry to assist the Mother Country in these difficult times. No visitor to this country, added the High Commissioner, could fail to be profoundly impressed by the spirit of quiet determination which prevailed throughout the British Isles and the immense material power which had been generated in the cause of peace.

Mr. E. Holt Gurney, of Toronto, the leader of the mission, said that if a crisis arose, then, in scope, volume, and time—most important factor of all—the entire manufacturing fabric of Canada would be of use to the Empire in a wider, larger, and quicker way.

The following guests were present:—

The High Commissioner for Canada, Mr. H. G. Bertram, Mr. Guy I. M. Bevan, Capt. I. A. Bullen, Col. Noel Carr, Major-General E. M. C. Clarke, Mr. P. A. Clews, Mr. Harold Crabtree, Brigadier J. S. Crawford, Mr. Hugh Dalton, Major-General A. E. Davidson, Col. H. G. Eady, Mr. A. S. Ellis, Mr. O. W. Ellis, Mr. John M. Evans, Mr. R. De Fennelly, Mr. S. M. Finlayson, Col. D. R. D. Fisher, Brigadier A. C. Fuller, Mr. A. F. Gill, Brigadier H. W. Goldney, Mr. John E. Goodison, Mr. Philip S. Gregory, Mr. E. Holt, Sir Edward Harding, Sir Quintin Hill, Mr. Morris S. Lambe, Mr. W. Lambert, Mr. E. J. H. Lemon, Col. J. J. Llewellyn, Col. P. Loggie, Mr. A. R. McBain, Mr. C. N. McLaren, Mr. Moir Mackenzie, Major-General A. G. L. McNaughton, Mr. F. W. Mottershead, Mr. J. G. Morrow, Air Commodore R. H. Mulock, Mr. J. W. L. Oliver, Mr. A. A. Part, Mr. J. C. Patteson, Sir Frederick Phillips, Mr. David Pritchard, Lord Riverdale, Mr. C. S. A. Ritchie, Mr. H. Russell, Sir Henry Self, Mr. J. I. Sturrett, Mr. C. J. Stucke, Lieut-General Sir Maurice Taylor, Vice-Admiral F. T. B. Tower, Mr. G. H. Ward, Mr. G. S. Whitham, and Mr. E. Winslow-Spragge.

8
Sougard
Interesting

The Gazette

FOUNDED JUNE 3, 1778.
THE GAZETTE is printed and published by the GAZETTE PRINTING COMPANY, Limited, which John Stuart Miller is Secretary, at the Office 1000 St. Antoine Street, Montreal. Telephone 2231. Private branch exchange 2231. Advertising rates: per line per week: C. Mears, Chief of Bureau, Telephone 2-8787. Ottawa: 17 Central Chambers, 41 Elgin Street. Quebec: 94 Grande Allée, Telephone 2-1323. Toronto: 100 King Street West, Telephone 2-1323. Montreal: 1000 St. Antoine Street, Telephone 2-3046.

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MONTREAL, TUESDAY, AUGUST 1,

I wish to remind the world that we Chinese have been a peaceful people for over 5,000 years.
—Mme. Chiang Kai-shek.

GOVERNMENT WILL CO-OPERATE.

A very singular Government attitude is indicated in the Prime Minister's statement regarding the Canadian arms mission which is now on its way to London for the purpose of securing munition orders from the British Government. The mission consists of ten prominent Canadian industrialists and is accompanied by four officials of the Federal Government headed by Maj.-Gen. A. G. I. McNaughton, President of the National Research Council. In England the party will associate with other Canadian manufacturers already on the ground. The mission is under the auspices of the Canadian Manufacturers' Association which, it will be remembered, made a careful investigation of defence problems from the industrial standpoint and, when European conditions became critical, went to the Ottawa Government with an offer of all the assistance which Canadian industry was capable of giving. Commenting upon the position of the manufacturers it was stated in these columns some little time ago that the projected mission to England would have been and should have been initiated by the Canadian Government itself, which knew the resources of Canadian industry and which had before it the offer of the manufacturers, as already stated. The point is now, as it was then, that a great deal of valuable time has been lost; indeed it is asserted, though of course unofficially, that scores of millions of dollars in munition orders have been lost to Canada through the Government's indifference to the requirements and capacity of Canadian industry. The official attitude of aloofness goes back to the time of the first proposal to train British flyers in this country and the Government's record so far as co-operation with the British Government is concerned has always been puzzling to Canadian citizens. It can have been no less puzzling to British Ministers.

The Ottawa Government has now announced its co-operation with the Canadian arms mission, but even this co-operation is limited. The Prime Minister states that what is being done now follows the interview of last June when the Canadian manufacturers informed the Government of their desire to participate in the production of armaments for the British defence programme. It may follow that interview, but if so, it does so at an interval of a full month, a month of very precious time. Even the work of this mission can only be preparatory. It is not suggested that the manufacturers who are in London, or the others who are on the way there, will return with orders in their pockets. According to the Prime Minister's statement they are to "confer with the appropriate United Kingdom authorities with a view to securing data concerning defence requirements there and of furnishing information as to available sources of supply in Canada." The British Government does not expect immediate or very substantial results, for he proceeds to express the hope "that this exchange of information will assist in rendering possible a scheme for the placing with Canadian firms direct of preliminary orders for a limited quantity of goods on a development basis." This is about as guarded as even Mr. King could make it.

The Government, as has been said, is co-operating, but its co-operation is conditional, or, at any rate, restricted. Mr. King recalls his statement of last month that while the Canadian Government will assist the mission as far as possible, continuing to furnish the United Kingdom authorities with necessary information, "any contracts will be negotiated directly between the United Kingdom authorities and the Canadian firms concerned." It is quite possible that Canadian industry will be satisfied under this arrangement, that is to say, it will be content to take its orders directly from the Government of the United Kingdom when such orders are available. This, however, does not explain the curious unwillingness of its own Government to get behind it, to endeavor to get at orders for it, to make the mission a national rather than a purely industrial affair. And since it is all the more strange in view of the fact that industrial expansion brought about by a flood of munition orders from Great Britain would be a partial solution of the Canadian unemployment problem, a problem with which the Government is deeply concerned. It is even less understandable in view of the fact that the Government could participate actively and directly in this important enterprise without incurring any financial obligation, and this same Government has not hesitated to impose a heavy burden upon the taxpayer for the benefit of the Western wheat grower. Why should not the Government of Canada, in this matter of munitions, stand as close to Canadian

industry as it expects the Government of Great Britain to do?

A LOSS TO PUBLIC LIFE.

The Province of Quebec will feel an acute sense of loss through the tragic death—due to an automobile accident on the Trans-Canada highway between Fredericton and Edmundston, N. B.—of the Hon. Dr. P. H. Laporte, Minister of Health and Labor in the New Brunswick Government. Sixty-one years of age, Dr. Laporte was born at Vercheres, Quebec; he was educated at l'Assomption College and Laval University, completing his medical studies at l'Ecole des Medicines in Paris. Moving to New Brunswick, he started medical practice at Edmundston and was active in public life. First elected to the New Brunswick Legislature in 1935, he was called to the Cabinet in July, 1938, and in the past year his work in the Ministry of Health and Labor showed excellent results. A man of fine culture and kindly disposition, Dr. Laporte endeared himself to his colleagues and, indeed, to all who were privileged to call themselves his friends—and there were many of them in his native Quebec as well as in the province of his adoption. He married a Montreal lady, who died some years ago, and he had a number of relatives in this city.

Women



Introduces Flared Hiplines; Skirts Are Absent Thus Far

31. — (P) — Hips won freedom in showings of styles today. Dresses were hip-shirred and sleeveless designs. Day suits designed heralded light skirts so red evening skirts appeared, outstanding satins, tiff, outstanding gold or spangled in vintages.

fabric called "naskari," closely imitating astrakhan fur. This made collars, cuffs and handbags in grey or brown for tailors and ensembles. Many coats and frocks in front and back.

Day dresses had back-tied necks and long tight sleeves. Many three-quarter length sleeves and high-front necks were featured for evening wear.

Afternoon skirts were slightly longer, about 4 inches from the ground. All day skirts were moderately flared.

Contrasted with the stiff Saturday suits were evening suits of aurore wool and jersey. Lame brocades were used for evening and striped lames for blouses. Many tiered skirts were shown for the evening. Headresses for the evening consisted of ostrich or peacock ribbon bows.

Black was shown for day, included with purple and wine reds, pale olive and shell.

Turkish will play week visit wearing and heartily arrived train at

Dominion was Educator of the possible operation and the

When the plan, with black velvet ribbon n a simple black frock.

This frock illustrates the effectiveness of white organdie ruffles with black velvet ribbon n a simple black frock.

Summer Store Hours 9 a.m. to 5.30 p.m. SATURDAYS STORE CLOSURES AT 1 P.M.



plus fullness equals

Midsummer Chic in dress and matching turban! The BLACK DRESS looms bigger than ever on fashion's new horizon — EATON'S presents it in a prophetic collection to wear right now. Made of a new mat rayon jersey, these dresses have either the balanced or back skirt fullness and the tiny waistlines so important for Fall,—and they're paired with matching jersey turbans! Dress sketched — black only, with pin of simulated gold and amethyst. Other styles in Opal black, Moonstone blue, or Pearl beige. Sizes 14 to 20. BETTER DRESSES—THIRD FLOOR.

T. EATON CO. LIMITED OF MONTREAL

GREAT LONDON'S Complete AMUSEMENT GUIDE See Page 8

The Evening News

6.30

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BROADCASTING PAGE 4

LARGEST-EVENING NET SALE IN THE WORLD LONDON: SATURDAY, AUGUST 26, 1939

NO. 17,973

FIFTY-NINTH YEAR

LONDON FORECAST
PERIOD ENDING 10 a.m. tomorrow
On a fine day with some bright periods;
On a fine day with some bright periods;
On a fine day with some bright periods;
CHANCE of thunder locally; warm and close
CHANCE of thunder locally; warm and close
CHANCE of thunder locally; warm and close
FURTHER OUTLOOK.— Unsettled and
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ONE PENNY

AMBASSADOR REPORTS TO PREMIER From Berlin

Sir Neville At No. 10 After Air Journey

HIS MEETING WITH HITLER REVIEWED

Exchange of Opinions, But No Terms Discussed

ROME IS HOPEFUL

Berlin Says Hitler Has Suggested Negotiations

SIR NEVILLE HENDERSON, BRITISH AMBASSADOR IN BERLIN, ARRIVED AT CROYDON SHORTLY AFTER NOON.

HE DROVE AT ONCE TO REPORT TO THE PREMIER ON HIS MEETING WITH HITLER.

AFTER a call at the Foreign Office, where Sir Alexander Cadogan was waiting to greet him, Sir Neville went across to No. 10.

There he saw the Premier, Lord Halifax, and Mr. Butler, Under-Secretary for Foreign Affairs. All the five remained at No. 10 for lunch, during which the details of the 75-minute meeting between the Ambassador and Hitler were disclosed and discussed.

I learn authoritatively, writes the Evening News Political Correspondent, that, contrary to report, there was no second interview between Sir Neville and Hitler. I also learn authoritatively that there was no discussion of any terms.

UP TO POLAND

There was an exchange of views. It would appear, therefore, that the exchanges have not yet reached the stage of discussion of anything in the nature of precise terms.

The British attitude remains the same—namely, that any proposals for a negotiated settlement must be left in the last resort to Poland.

There is no change in the British estimate of the situation. A German Propaganda Ministry spokesman in Berlin states (according to B.U.P.) that the Ambassador was given "a new Peace Plan from Hitler," and that Berlin expects Sir Neville to return later to-day with the British reply.

MESSAGE TO DUCE

An official communiqué issued in Rome announces that Mussolini received the Chief of Staff of the Italian Army and the Under-Secretary for Air and the Navy.

Count Ciano, the Foreign Minister, was also present. Mussolini stated to-day (according to Exchange) that he was in constant communication with Hitler. The outlook in Rome is now more hopeful.

Mussolini, it is officially announced in Rome, has received two messages from Hitler.

Telephonic communication between Danzig and the Chancellery in Berlin is being held open continuously. It is being used frequently for conferences between Hitler and Forster, new "Dictator" of Danzig.

ROOSEVELT AGAIN

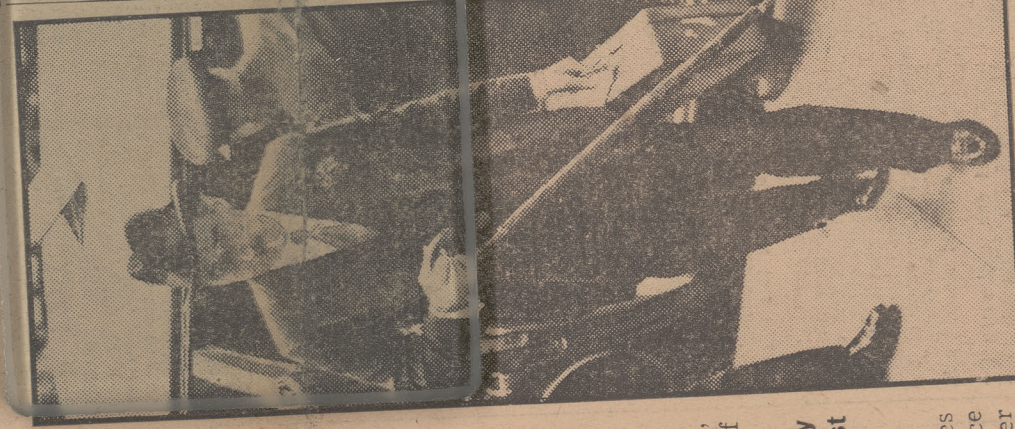
The speech which General von Brauchitsch, Commander-in-Chief of the German Army, was to have made over the radio to-night to the German Army has been cancelled.

ROOSEVELT AGAIN

Nothing is known officially in Berlin about the accuracy or otherwise of a report that Hitler is to broadcast or of a report of a meeting of the Reichstag.



While Sir Neville Henderson was hurrying back to the Foreign Office from Croydon to-day the car in which he was being driven broke down. He got out while an inspection was made and was about to transfer to another car when the trouble was rectified and he continued the journey to Downing-street.



Sir Neville arriving at the Foreign Office.

Crown Jewels Taken Away

IT was officially announced this afternoon that the Tower of London jewel house, Windsor Castle state apartments, and the Kensington Palace state apartments are closed until further notice.

The Crown Jewels and other treasures at the Tower, with valuable works of art from the national galleries, are being moved to a place of safety.

Throughout the week-end London's museums will continue arranging their most valuable pieces out of the City.

SHE SAVED HIS LIFE

Solicitor Leaves Woman £1,000 when he is indebted for having been the means of saving my life some years ago.

This bequest is contained in the will published to-day, of the late Reginald Truscott Baxter, a solicitor of Abchurch-lane, Leazes, who left £14,494 gross.

DUCHESS ON WAY HOME

The Duchess of Kent who has been in business is on her way back to London where she is expected to arrive to-morrow afternoon.

680 HADN'T PAID

Only a few of 680 people issued for whom process rates appeared at Acton Police Court to-day. An extension of time was granted.

ANOTHER I.R.A. EXPLOSION

BOMB DAMAGES FRONT OF TOWN HALL

POLICE HUNT CAR

TAXI LIGHTS "COMB" BEACH AT BLACKPOOL

A VIOLENT explosion, caused by an I.R.A. bomb, did great damage to the front of the Town Hall at Blackpool to-day.

The explosion which took place at 3.15 a.m. could be heard five miles away. Immediately after, six more were said to have been seen running along the promenade.

A taxi-driver told the police that the explosion occurred just after a car passed the scene and police cars were sent to hunt the car, a motor-car coloured 10 hp. one.

Police also drove in taxis along the walls of the town, and their headlights were used in the search of anyone hiding on the beach.

Three More Bombs

Between midnight and the time of the explosion three other bombs were found in the centre of Blackpool.

Two were in a building outside a shop in a side street, the other chain store in the grounds of the Central Police Station.

An explosion, which occurred this morning near a Red Cross first-aid post on the East Prescott-road, Liverpool, is believed also to have been caused by an I.R.A. bomb.

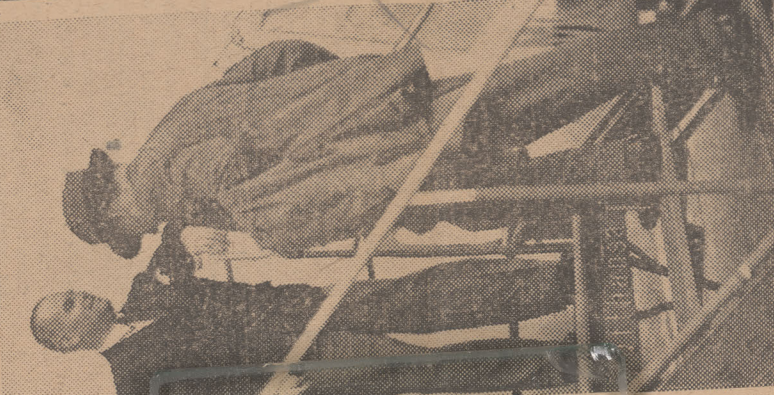
ITALY'S ATTITUDE

Reports That She "Might Remain Neutral"

There is a growing belief in Egyptian official circles that Italy intends to stay neutral in the event of war (says a B.U.P. message from Cairo).

Lending credit to this belief is the fact that Italian Consuls are the visiting their nationals to the German country, although nearly all the Germans have now left.

A very strong impression is current in diplomatic circles in Berlin (says Exchange) that Italy, in certain circumstances might remain neutral in any European conflict.



While Sir Neville Henderson was arriving in Berlin, the German Ambassador, Dr. Hesse, was leaving to return to Berlin.

She Ought To Know

"You won't see too much of your husband," the clerk at the matrimonial agency he just as well, said the wife, cheerfully.

ARMY LIST AGAIN

There is Nothing in it That Would Help an Enemy

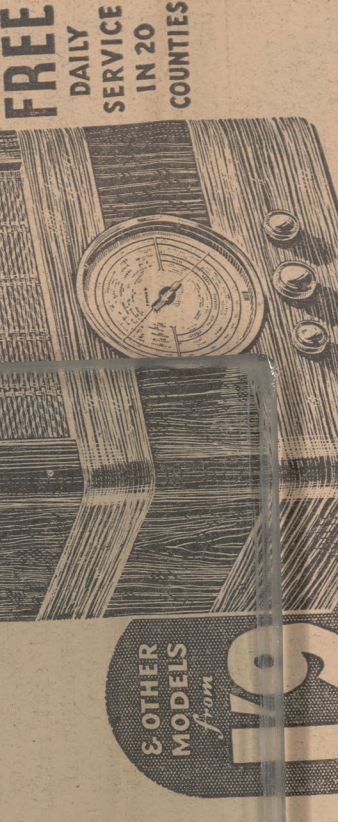
The monthly Army List, the publication of which was suspended in the February issue, as an extraordinary measure, resuming which could be of use to an enemy is now included.

RADIO SHOW GOES ON

Chairman Denies Rumours Speaking to television viewers to-day from Radiolympia, Colonel Gomme, chairman of the Exhibition Committee, refuted rumours that the show might be forced to close owing to the crisis.

He said: "Those who come to Radiolympia during the next week can be certain of one thing, while they are there, they will be in touch with every news centre in the world."

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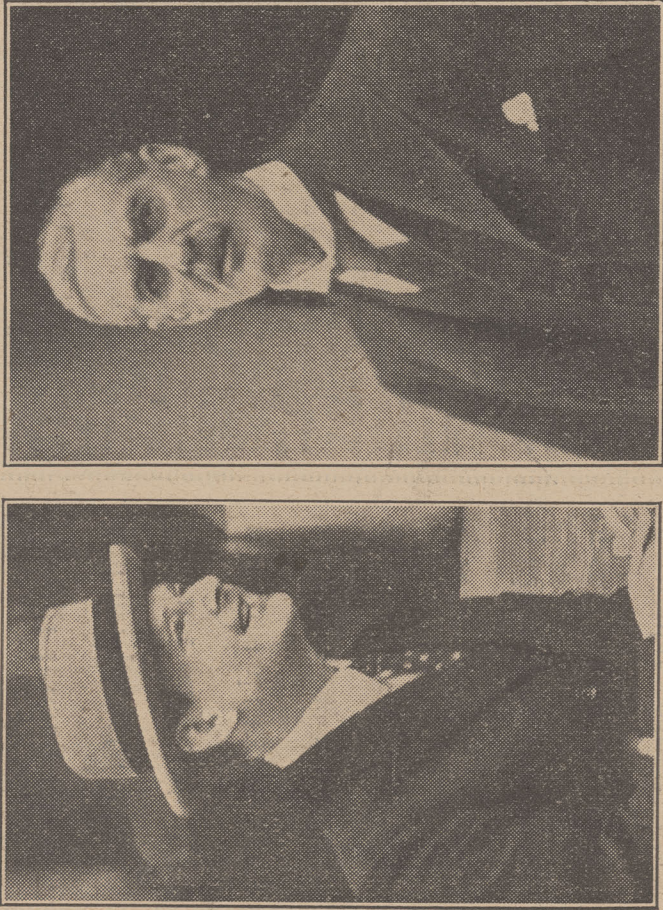
Name Address N.068

Handwritten notes in the top right corner of the page, including the name "Mrs. B. Baker" and some illegible scribbles.

MOMENTOUS DAY IN LONDON: PARLIAMENT REASSEMBLES



THE KING, who returned to London from Balmoral yesterday, is seen on his way from Euston to Buckingham Palace. He held a meeting of the Privy Council before Mr. Chamberlain made his important statement in the House of Commons.



LEAVING THE HOUSE.—Count Raczyński, the Polish Ambassador, leaving the House of Commons yesterday. Right: Mr. Chamberlain leaving Downing Street for the House.



MR. CHAMBERLAIN being greeted by the crowd on arriving at 10, Downing Street, after his visit to Buckingham Palace yesterday. He presided over a short meeting of the Cabinet soon after his return to No. 10.

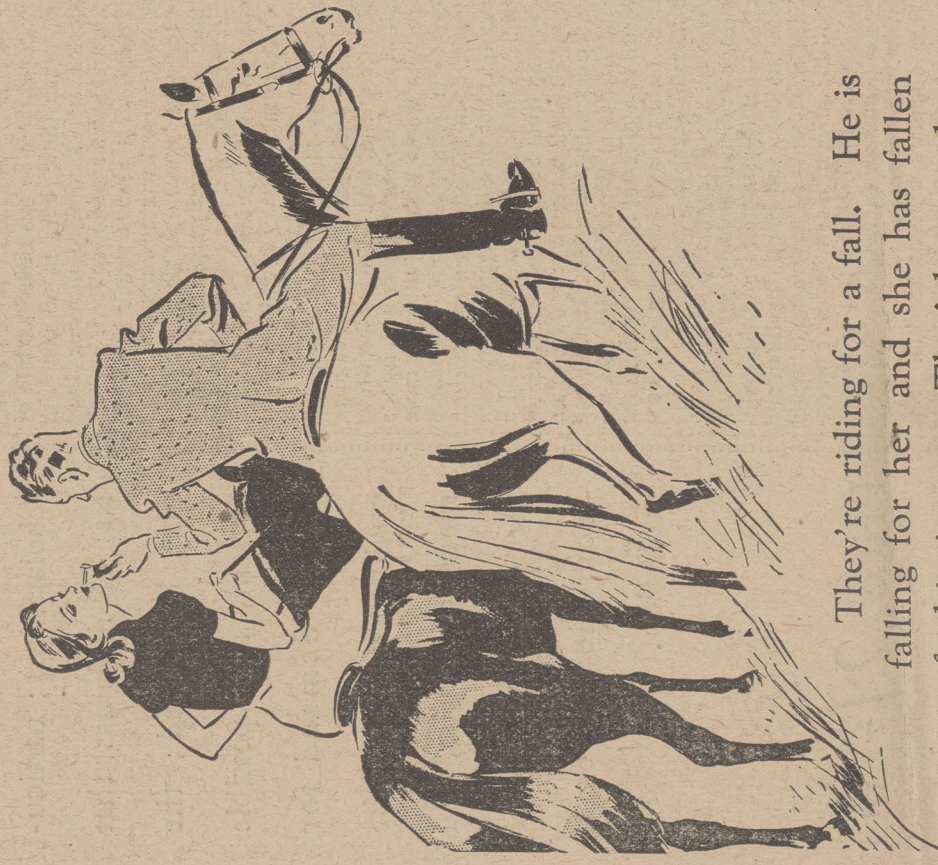


GENERAL SIR EDMUND IRONSIDE (Inspector-General of Oversea Forces) leaving the War Office after a conference yesterday. Right: Lord Chatfield and Mr. Hore-Belisha in Downing Street.



CROWDS IN WESTMINSTER.—Part of the large crowd which assembled near the Houses of Parliament yesterday to watch the arrivals and departures of members of the Government.

The Bridle Pair



They're riding for a fall. He is falling for her and she has fallen for his cigarettes. That's because they are Gold Flake. Ever since women became aware of the flavour of Gold Flake—that distinctive flavour of the really fine Virginia tobaccos of which they are made—nothing but Will's Gold Flake will satisfy them.

WILLS'S
GOLD FLAKE
is the man's cigarette
that women like

N.B. You can get Will's Gold Flake CORK-TIPPED as well as Plain.

Make a pleasure cruise of
YOUR CROSSING TO NEW YORK!

and the ship.
Magnificent people,
lots of nice people found
wonderful dance bands.
—never felt better.



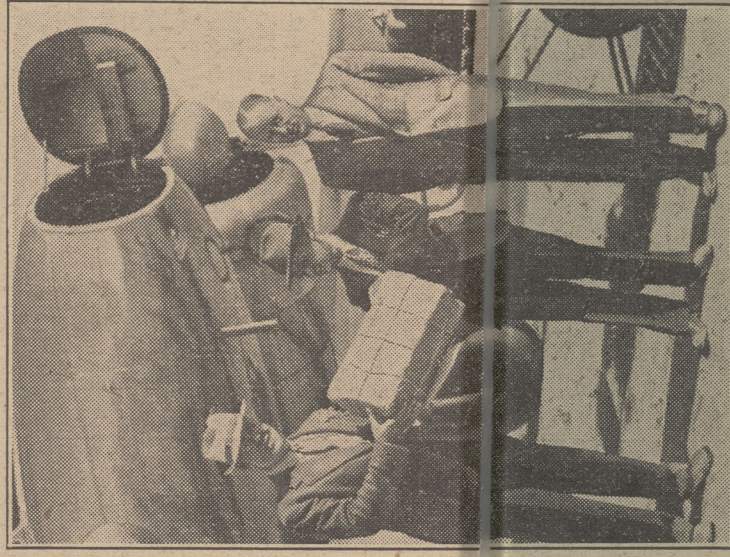
From the moment you step aboard you'll find real American Hospitality. Find out how low the price of good living aboard can be, from your Travel Agent, or

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HOSPITALITY
Pres. ROOSEVELT
Sept. 1
MANHATTAN
Sept. 8
PRES. HARDING
Sept. 15

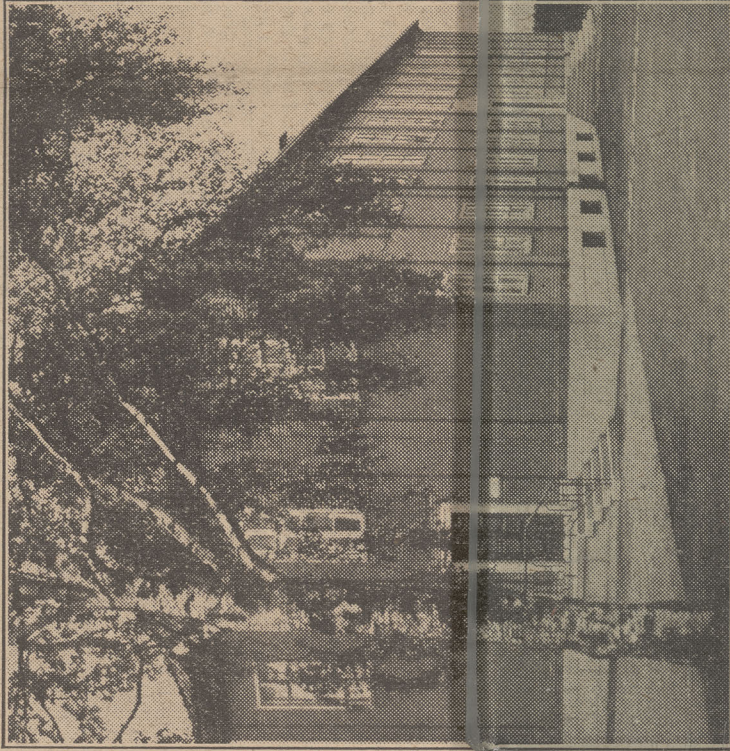
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UNITED STATES LINES

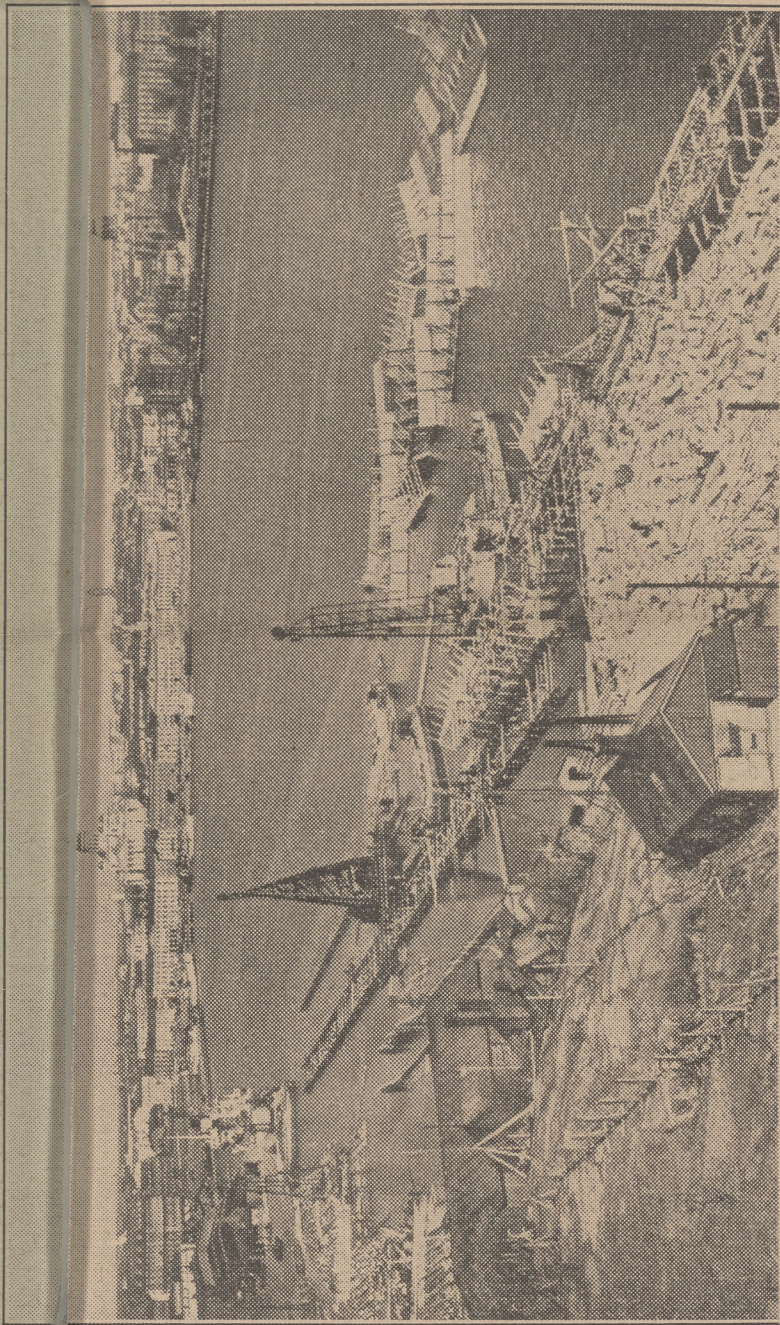
Dept. T-5c, 7 Haymarket, S.W.1 (Whit. 4162) and 38 Leadenhall Street, E.C.3 (Royal 6677)



ENGLAND TO CALGARY.—The arrival of passengers at Calgary for the Hudson Bay Company 84 hours after leaving Southampton. It was sent on the new transatlantic service and then by air across Canada.



A SWEDISH MUSEUM.—The new Zorn Museum at Mora, Dalecarlia, Sweden, which was opened recently. It is dedicated to the memory of Anders Zorn, the great Swedish artist.



HELSINKI HARBOUR, Finland, showing some of the work in connexion with the present enlargement. Space is being reserved for a number of passenger vessels bringing foreign visitors for the Olympic Games next year.

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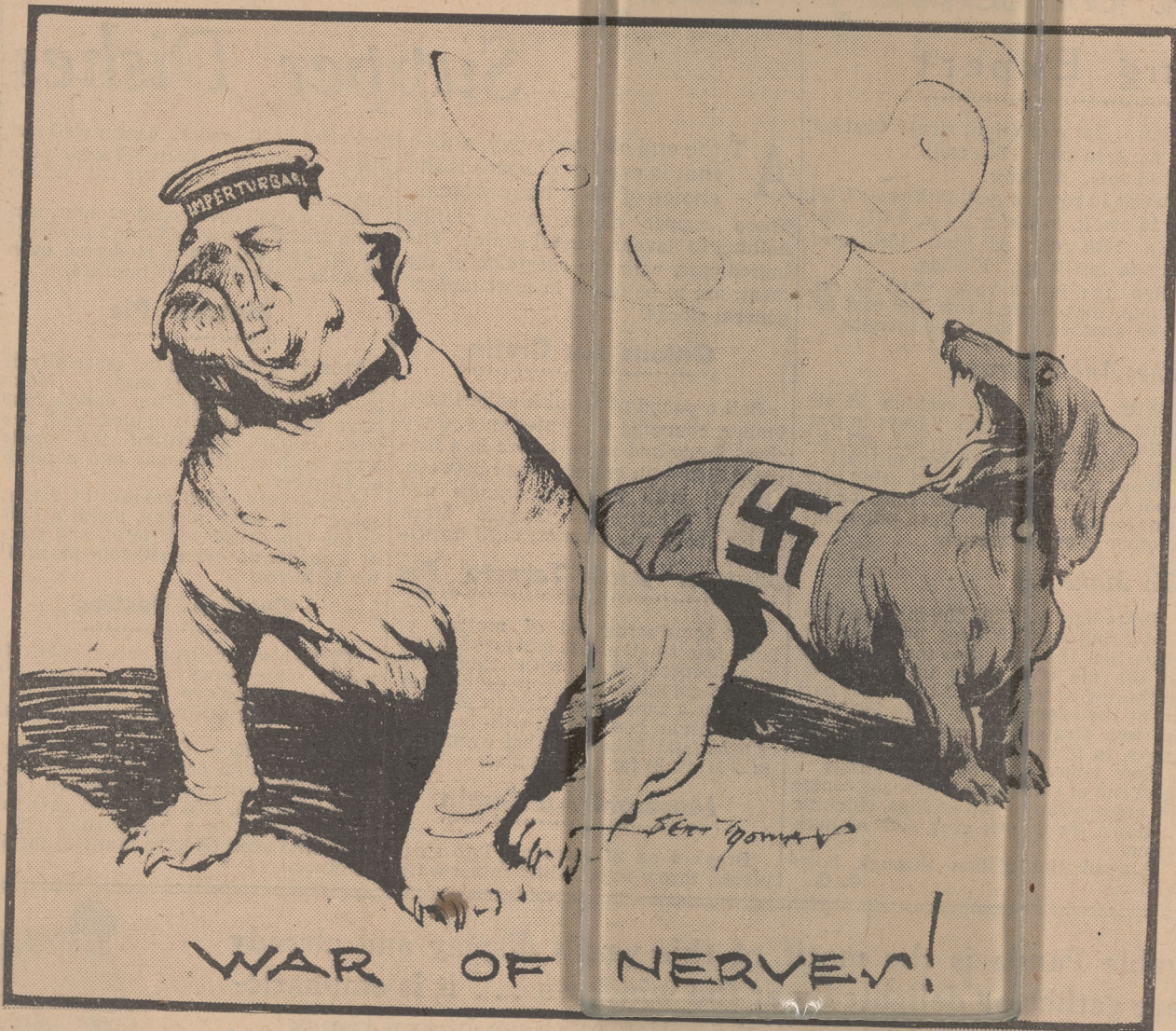
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THE BEESTON BOILER Co., Ltd., BEESTON, NOTTS.
Makers of Robin Hood Boilers and Beeston Radiators.

SATURDAY, The Evening News AUGUST 26, 1939

JAMES TUBE TO BE SHUT FOR THE DAY



WAR OF NERVES!

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Japan 'Most Friendly' to Britain

Watch For Baby 'Easy To Prepare' Supper Dishes

Knitting Expert

... follows: 1st row (right side): Cast off 16 sts. k. to end. (Toe end).
 2nd row: All knit.
 Work 10 rows in g-st. 13th row: Cast on 16 sts. k. to last 2 sts. k. 2 tog. (toe end). 14th row: All knit. 15th row: Knit to last 2 sts. K.2 tog.
 Rep. the last 2 rows until 23 sts. remain, then work 1 row and cast off. Make another in the same manner.

The Ankle Straps

With No. 12 pins cast on 33 sts. using pink wool. Work 2 rows in g-st. Next row (blue wool): K.1, m.1, k.2 tog, k. to last 3 sts. k.2 tog, m.1, k.1.
 Work 3 rows more in g-st using blue wool for the next row, and pink for the two following rows. Cast off, make another in same manner.

To Make Up

Press lightly. Fold the main section, and bring cast off edge over cast on edge. Sew the two edges tog. beginning at the toe end. Sew up toe seam, gathering in toe edge of the upper part to fit the edge of sole. Join tog. ends of two straight extended strap like parts, to form the back seam of shoe. Sew lower edge of these straps to heel end of sole section. Sew the centre of ankle strap to top of shoe, catching it down for $\frac{3}{4}$ inch each side of back seam.

Thread the ribbon through holes and tie.

O. G.

At the end of a long day, a dish that is easy to prepare is the choice of most busy women. These supper dishes, while losing nothing in flavour, are all simple. The ingredients, with the exception of the meat, are to be found in most larders' general stocks.

Onions Au Gratin

Boil a pound of Spanish onions until tender, changing the water once. Chop them finely and make layers in a fireproof dish with grated cheese between. Cover with buttered crumbs and bake in a hot oven (Regulo Mark 8) for about ten minutes, until brown.

Mutton And Tomato Pie

Cut some scrag end of mutton or lamb into small pieces and make layers in a fireproof dish with tinned or stewed tomatoes between each layer. Bake in a slow oven (Regulo Mark 4) for about an hour, cover with buttered crumbs and bake in a hot oven (Regulo Mark 8) for ten minutes.

Macaroni Au Gratin

Break 4 oz. of macaroni into small pieces, throw into boiling salted water

and cook until tender. Drain well and make layers in a fireproof dish with grated cheese and pieces of tinned pimento.
 Season well, cover with crumbs, add some grated cheese and small pieces of butter, and bake in a moderate oven (Regulo Mark 5) for 30 minutes.

Mutton Pie

This is quickly made, especially if ready mixed pastry is used. Make layers of small mutton chops, four large sliced cooking apples, and two large onions, sprinkling the apple layer with a little sugar and a pinch of allspice.
 Add a very small amount of water, cover with flaky pastry, make a hole in the top, brush with milk, and bake in a moderate oven (Regulo Mark 4) for 1½ hours.

Cornish Pasties

These are excellent hot or cold. If made some time before they are wanted, say before an evening out, they can be quickly reheated on your return.
 Take rounds of short pastry, put on each a spoonful of cubed steak mixed with cubed potato and onion, all very well seasoned, fold over and seal the edges. Bake on a solid shelf in a moderate oven (Regulo Mark 5) for 50 minutes.

The lovable Panda is the motif of this year's display and already people are gathering delightedly at the windows . . . it is emphatically a grand show and welcome light relief in these heavy times . . . come and see how spectacular Pontings is in its All White Dress,



*Shipping for
Luffkin papers
Aug. Sept/39.*

THE TIMES FRIDAY AUGUST 25 1939

ES

AMERICANS ADVISED TO RETURN

MR. KENNEDY'S WARNING

The following statement was issued yesterday by Mr. Kennedy, the American Ambassador:—

The international situation has reached a point which makes it advisable for American travellers to leave England.

We feel that it is our duty to warn those Americans now in England that by remaining longer they are running the risk of inconvenience and possibly danger. They are also contributing to the anxiety of those at home and will, if an emergency develops, make it harder to care for those compelled to remain. Moreover, we must remember that a large body of foreign tourists would be a considerable burden, in the event of trouble, upon the resources of a country faced with grave problems of its own.

All those who do not have any important reason for remaining are therefore urged to return to the United States without delay. Accommodations are now available on most vessels. The same may not be true in another day or two.

This notice is addressed at this time particularly to tourists. All Americans who do not leave are requested to register immediately at the nearest American Consulate if they have not already done so.

Mr. John Roosevelt, son of President Roosevelt, who has been on a visit to Europe, is returning to America in the United States Lines ss. Washington, which left Southampton yesterday. He is accompanied by Mrs. Roosevelt.

Our Southampton Correspondent telegraphed last night:—

There are several indications that Americans who have been on holiday in England are returning home somewhat hurriedly. The United States Lines vessel Washington left Southampton to-night with 1,200 passengers; the Normandie, of the French Line, which sailed for New York last night, had 1,400 passengers. In both cases there were many last-minute bookings. A number of British people who had booked cabins cancelled their allocations, having decided to remain at home.

CONTINENTAL HOLIDAYS

The Foreign Office last night advised pending holidaymakers on the Continent that, in the international...

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THE TIMES FRIDAY AUGUST 25 1939

possible " to formulate proposals
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successors can quite hope to exert his full influence, the position remains one of almost absolute authority.

The birth, growth, and extension of the Salvation Army must rank among one of the wonders of the modern world. While no doubt dramatic start to the emotional founder, its work has been spread by the self-sacrificing labours of whom the public know little or t in the Army's relations with the le a heavy responsibility rests in rt on the General. This respon- been met with great spirit and y the three members of the BOOTH by GENERAL HIGGINS who have ld the office. The retiring holder— ANGELINE BOOTH—has inevitably g her five years at the head of the rmy, that the momentous hap- those years have very largely achievements of the Army out of nd. But, as she herself said, "We d our army in the teeth of the is has been shown particularly in length throughout the world—and the Americas—no less than in its in helping to break down the en classes at home. All who read general's past services will feel that continuing and enlarging that in- not have been given into safer

Palace and London House

in Fulham Palace for nearly forty WINNINGTON-INGRAM, bachelor and he is must have accumulated a what is vulgarly called junk, besides ck there from London House in uare, where Bishops of London, either bachelors nor ascetics, had than a century. He has been ar, and has received many gifts d associations with good reason It must be a wr— to

A CALL

THE ARCHD FOR

APPROPRIA LL

TO THE EDITOR

Sir,—During these rollings and turbot prayers for peace h the hearts of Christ believe that " the L never so unquiet." within the next few which will determi

I therefore ventu on Sunday next, worship throughout special and united even now the crim averted, and timeg to settle their diff prayer for all to wh ability of governme they may be restrai of God ; prayer tha God's Will may be

There has not be season to comm leaders. But I f special prayers answered.

As regards se there is neither forms. It will appointed for Trinity, and day have an the prayers for periods of by the m-

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C.M.A. Seeks Arms Business

Delegation Confers With Minister Of 1939 National Defence

OTTAWA, March 13—(Star Special by Staff Correspondent)—Representatives of the Canadian Manufacturers Association today conferred with the Minister of National Defence, Hon. Ian Mackenzie upon the production of arms and munitions. It is understood that the deputation which was headed by W. D. Black, president of the association, outlined the capabilities of Canadian industry to supply arms.

Mr. Mackenzie announced that he would ask representatives of the association to confer with departmental officials upon the requirements of the department. Attending the conference were Mr. Black, E. Winslow-Sprague, H. G. Bertram and J. T. Stirratt, representing the C.M.A., and Mr. Mackenzie Major General L. R. LaFleche, deputy minister, and Major General W. H. P. Elkins, Master General of the Ordinance representing the Government.

Mr. Mackenzie stated following the conference that the deputation from the C.M.A. had expressed a desire to supply the needs of the National Defence Department as far as possible from Canadian factories. They expressed the belief that there are a large number of articles which the Department is purchasing abroad which might be manufactured in Canada. This might include some types of artillery.

The delegation is conferring further today with Departmental officials.

B.W.I. Shooting Found Justified

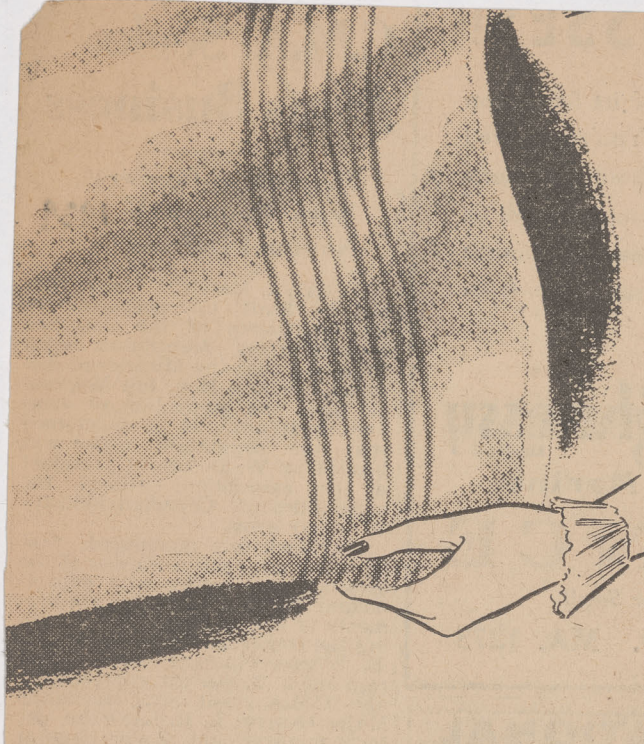
KINGSTON, Jamaica, March 13 — (C.P. Cable)—A coroner's jury decided today the shooting of Daniel Johnson of Montego Bay, Jamaica, by a policeman at a labor picnic January 2 was justifiable.

The majority of the 43 witnesses before the 10-day hearing said that Johnson and Constable Robb of the Jamaica constabulary were fighting when a revolver dropped to the ground near them. Both lunged for it, but the officer reached it first and shot Johnson, who already had drawn a knife.

The shooting almost caused a riot at the picnic.

Duke of Kent's Estate Offered For Sale

LONDON, March 13 — (C.P. Havas)—The Duke of Kent's country estate, "The Coppins," at Iver, Buckinghamshire, is for sale, it was announced today. The property was a bequest to the Duke from his aunt, Princess Victoria. Negotiations are continuing for



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Report on the Work of the Mission of the Canadian Manufacturers' Association to the United Kingdom - 1939

MEMBERS of the mission of the Canadian Manufacturers' Association which visited England and Scotland have returned to Canada. Members of the Association are familiar with the efforts made by Committees of the Association during the past three years to increase the production of materials for war purposes for use in Canada and the United Kingdom. The Association was particularly active during the past year through the Committee on National Defence. Many meetings of interested firms were held under the auspices of the Committee and negotiations were carried on with the Government of Canada and with the services of the United Kingdom. Last November, the Executive Council approved a suggestion from the Executive Committee that machinery should be set up in Canada to deal with Canadian production of war materials for Great Britain. Last March the Committee endeavoured to induce a party of British industrialists to visit Canada and about the same time the advisability of arranging for a party of Canadian manufacturers to visit Great Britain was considered.

Mission Authorized

Following discussion of a report of the Committee on National Defence, the Annual General Meeting in June of this year, decided to authorize the organization of a group of manufacturers to visit Great Britain with the following objects:

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

Government Assistance Assured

A delegation from the Association interviewed the Prime Minister and six of his colleagues in Ottawa on June 28 and received the Government's assurance that any mission which the Association sent to England would be assisted in every possible way and also that if a British mission comes to Canada, the Government would give them every proper co-operation.

The organization of the mission of the Association was then completed. It was decided that the mission should be national in character; that its members, as far as possible, should be in a position to speak for entire departments of Canadian industry and that the members should take a broad view of the task of co-ordinating British and Canadian manufacturing capacity.

The Prime Minister asked the Hon. Vincent Massey, Canadian High Commissioner in the United Kingdom, to confer with the British Government and to arrange with the British Government for the reception of and assistance to the mission while they were in the United Kingdom.

The Minister of Trade and Commerce arranged that Major-General A. G. L. McNaughton, President of the National Research Council, and Mr. A. F. Gill of the Council's staff, would be available in England to advise the mission. Similar permission was given to Col. Noel Carr, Director of Mechanization and Artillery, Department of National Defence, Canada, by the Minister of National Defence. The Ontario Research Foundation loaned Mr. O. W. Ellis, Director of Engineering and Metallurgy, to the mission.

Mr. W. D. Black, immediate Past President of the Association and Chairman of the Committee on National Defence, was unfortunately prevented from going by a severe illness from which he has now happily recovered.

The mission sailed from Canada on July 29 on the "Empress of Britain." They were joined in England by members of the Association who had reached England previously and also by some who came to England after the mission. The following is a list of the members of the mission and those authorized to co-operate with them:

Members of the Mission

- (a) (1) Arrived "Empress of Britain" Southampton, August 3.
- E. Holt Gurney, President, Gurney Foundry Company Limited, Toronto, Chairman, Ontario Research Foundation.
 - H. G. Bertram, President, The John Bertram & Sons Company, Limited, Dundas, Ontario.
 - E. Winslow-Spragge, Vice-President and General Manager, Canadian Ingersoll-Rand Company Limited, Montreal.
 - J. G. Morrow, Chief Inspector and Metallurgist, The Steel Company of Canada Limited, Hamilton, Ontario.
 - Guy T. M. Beven, Chief Engineer, Massey-Harris Company, Ltd., Toronto, Ontario.
 - S. M. Finlayson, Deputy General Manager, Canadian Marconi Company, Montreal.
 - John E. Goodison, Vice-President, The John Goodison Thresher Company, Limited, Sarnia, Ontario.
 - Philip S. Gregory, Assistant General Manager, The Shawinigan Water and Power Company, Montreal, Quebec.
 - John M. Evans, The Shawinigan Water and Power Company, Montreal, Quebec.
 - J. T. Stirrett, Assistant General Manager, Canadian Manufacturers' Association, Toronto, Canada.
 - Hugh Dalton, Secretary, British Columbia Division, Canadian Manufacturers' Association, Vancouver, B.C.
- (2) The following, authorized to assist the Mission, arrived "Empress of Britain," Southampton, August 3.
- Major-General A. G. L. McNaughton, President, National Research Council, Ottawa, Canada.
 - Col. Noel Carr, Director of Mechanization and Artillery, Department of National Defence, Ottawa.
 - A. F. Gill, i/c Codes and Specifications, National Research Council, Ottawa.
 - O. W. Ellis, Director of Engineering and Metallurgy, Ontario Research Foundation, Toronto.
- (b) Members of the Association or representatives who joined the Mission in England:
- Harold Crabtree, First Vice-President, Canadian Manufac-

turers' Association, President, Howard Smith Paper Mills Limited, Montreal.

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

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

A. W. Fraser, National Steel Car Corporation, Montreal, Que.
O. H. Anderson, National Steel Car Corporation, Montreal, Que.

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

Air Commodore R. H. Mulock, Canadian Car and Foundry Co. Ltd., Montreal, Que.

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

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

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

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

David Pritchard, Canadian Industries Limited, Montreal, Que.

W. Lambert, Marine Industries Limited, Montreal, Que.
(c) Authorized to co-operate with the mission:

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

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

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

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

The members were received at Canada House by Mr. Massey on the morning of August 4 and immediately afterwards, at a meeting which Mr. Massey had arranged, consulted with following:

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

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

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

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

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

Summarized statements were presented by members of the mission to the representatives of the British Government present on the following subjects:

Communications; steel; machine tools; engineering; specifications; power; guns; machine shops and shells; shipbuilding; component parts and tooling; and organization.

The representatives of the British Government then spoke to the mission and described the situation in the United Kingdom and gave them a great deal of information.

The members of the mission then began the task of making appointments for conferences with individual members, or groups, and officials of the various Departments and sub-Departments of the Navy, Army and Air Force. Col. G. P. Loggie, Liaison Officer, Ordnance Department, after consultation with the three services, prepared a tentative list of arsenals, dock yards, ship-building plants, and munition factories, which might be inspected by special arrangement. An itinerary was planned and the mission broke up into small groups to visit these places and to confer with the appropriate officials during and after the visits. In this way there was a most valuable exchange of information and experience in manufacturing and the mission received a very clear impression of modern methods of manufacturing war supplies. They were greatly impressed by the immense programme under way in the United Kingdom.

Members of the mission state that they were warmly welcomed by the British authorities and manufacturers and were given every possible advice and assistance.

The mission met the Right Honourable Leslie Burgin, M.P., Minister of Supply, and members of his staff, on August 9, and at later conferences, and discussed with him problems which had arisen out of the visits and interviews with officials.

Members of the mission interviewed Premier King, four of his Ministers and several officials, in Ottawa, on September 5, and gave a preliminary report of the work of the mission. The members of the mission expressed their thanks to the Prime Minister for the valuable assistance given through Mr. Massey and his staff, Canada House, to the Minister of Trade and Commerce and to Major-General McNaughton, President of the National Research Council and Mr. Gill of the Council's staff, to the Minister of National Defence and Col. Noel Carr, Director of Mechanization and Artillery, and to the Ontario Research Foundation and Mr. O. W. Ellis, Director of Engineering and Metallurgy, for the very helpful co-operation extended to the mission.

While it is too soon to estimate the results of the mission, the members are confident that the visit will assist materially in making available the services of Canadian industry in the present national emergency.

War Measures Act Now in Operation

Wide Powers Conferred on Government

THE War Measures Act (R.S.C., 1927, Chap. 206) authorized the Governor-in-Council to exercise many extensive powers when it may be deemed necessary to do so "by reason of the existence of real or apprehended war, invasion or insurrection," and it is provided that a proclamation under the authority of the Governor-in-Council shall be conclusive evidence that war, invasion, or insurrection, real or apprehended, exists.

By proclamation dated September 1, 1939, issued over the signature of the Right Honourable Ernest Lapointe as Acting Secretary of State, it has been declared that a state of apprehended war exists and has existed since the 25th of August, 1939. Orders and regulations under the authority of the Act may be expected shortly therefore.

Generally speaking, the War Measures Act authorizes the Governor-in-Council to make such orders and regu-

lations as may be deemed necessary or advisable "for the security, defence, peace, order and welfare of Canada." Under this general clause it is expressly provided that its powers since extend to the following enumerated subjects:

(a) Censorship and the control and suppression of publications, writings, maps, plans, photographs, communications and means of communication;

(b) Arrest, detention, exclusion and deportation;

(c) Control of the harbours, ports and territorial waters of Canada and the movements of vessels;

(d) Transportation by land, air, or water and the control of the transport of persons and things;

(e) Trading, exportation, importation, production and manufacture;

(f) Appropriation, control, forfeiture and disposition of property and of the use thereof.

3 minutes each

The Fin. Post

4/8/39

Mr. Winslow Spragge
Mr. Dancel



Boasts Strategic Location Plus Great Metal Supplies

By RONALD A. McEACHERN

Mining Editor, The Financial Post

Will Canada become one of the world's great armament centres?

In the last war Canada played a big role as a source of munitions and war supplies. But since that time several things have happened, giving this country a war-time importance never dreamed of in the frantic days of 1914-18. A new set of problems has been created, perhaps not yet fully realized by political or industrial leaders.

Canada's metal mining industry has grown from a \$60 millions industry in 1914 to a \$322 millions industry in 1938. Not only in amount, but in variety and efficiency of production, Canadian industry can meet all competition.

In the last war, the traditional centres of the British armament industry, well bolstered by the great reputation of the British steel trades, did their job passably well. But today the modern bombing plane brings industrial England within the zone of any European battlefield. Good intentions and a fine reputation won't be enough to make British armament factories a satisfactory source of supply next time.

No Longer Infant

In the last war, too, while battles were not just a matter of shells, guns and men, mechanization was still in its infancy. Today army equipment embraces an almost unlimited list of industrial products fabricated from an equally wide range of metals.

Hence Canada's new importance in war-time is twofold: first, her possession of vast stores of essential munitions, minerals and secondly, her possession of a wide variety of munitions metals along with a geographic location both as regards Britain and United States which gives her supplies and her plants a superior strategic position in war time.

Have Iron Now

This year all that is changed. Canada will be able to provide a major part of her own iron ore needs; will be able to become an exporter even. Algoma Ore Properties, a subsidiary of Algoma Steel Corp., is getting its New Helen mine in the Michipicoten area into production. This deposit is estimated to have some 100 million tons of carbonate iron ore averaging 35%.

Joseph Errington is driving hard to get his Steep Rock Lake property into production as soon as possible. This may mean next year. From preliminary information, Steep Rock ore is very high grade, better than 55%, is available in vast quantity and, especially important, is very well located as regards rail and water transport.

Grade of Canada's new iron ore deposits and their location, both as regards transportation and proximity to established steel plants, give them major importance either in peace or war. Instead of importing some \$210 millions worth of iron and its products every year (\$174 millions from U.S., \$28 millions from Great Britain) Canada is now on the way to producing enough for her own needs and more to sell abroad.

But just as there are many wines, so there are many different kinds of steel. Just as radio and aviation have grown to adult stature since the close of the Great War, so has the science of modern metallurgy.

Over 8,000 Steel Alloys

There are today over 8,200 recognized steel alloys; combinations of metals blended to highest possible efficiency for the particular task in which they will be employed.

Greater strength with less weight has been the main theme of metallurgical researches. Success in this sphere has been just as important to the development of modern aviation as greater knowledge of aerodynamics.

Producers of Canada's metals which are necessary for armament purposes will be perfectly sincere when they tell you that the normal prosperity of a peace-time market brings them greater profit than war; that the regularity of the peace-time business, with its fairly predictable demand and price, is far more desirable than the chaotic, unpredictable business of war.

Retiring president, E. A. Collins, of the Canadian Institute of Mining and Metallurgy, declared at the recent annual meeting, "To perpetuate our mineral industry, we must attack the larger, though leaner and perhaps more complex deposits." He further went on to point out the vast future that lies ahead for min-

ing in this country in the industrial metals.

What are the munitions metals? How many of them can Canada supply? What are the Canadian mining companies that would be concerned in filling the vast, sudden demand of a war market?

As a great world producer of nickel, lead, zinc, copper, Canada's record is known to all. Her great copper producers are International Nickel, Noranda, Hudson Bay Mining and Smelting, Falconbridge, Consolidated Smelters, Sherritt Gordon, Granby Consolidated, Aldermac, and Waite Amulet. Germany, Italy and Japan all have far less copper than their present demands.

In lead, Consolidated Smelters is one of the world's great producers. The same company turns out a vast amount of zinc, followed by Hudson Bay Mining and Smelting.

But what of the many other metals required for war purposes and by modern metallurgy?

Steel, of course, is fundamental. Since 1923, no iron (steel's principal raw material) has been mined in Canada. Ontario and British Columbia have both posted bounties hoping to encourage development of this ore vital to heavy industry. But Canada has been importing every ton of iron from United States and Newfoundland.

Manganese

Manganese is an important mineral for alloy purposes. It gives steel great strength and elasticity combined with hardness. For war purposes, it has special uses because of its non-magnetic quality. It is of great value, for instance, in construction of a submarine mine which

cannot be detected by ordinary magnetic means.

So far, Canada seems to be weak on manganese. Our production has been irregular and small, coming mainly from New Brunswick, Nova Scotia and some from British Columbia. Russia is by far the biggest producer, followed by British India, the Gold Coast (West Africa), Japan, Brazil, Egypt and Cuba.

At the present time, New Brunswick's provincial geologist is working on a new process which, he believes, offers hope of giving economic importance to vast deposits of low-grade bog manganese known to exist in the Maritimes.

Canada's imports of manganese oxide are around 75,000 tons valued at over \$800,000.

Chromium

Chromium is not merely a fancy metal for fussing up sport model cars and modernistic furniture. It is one of the principal elements in the manufacture of alloy steels, especially in stainless steels. Added to steel, chromium increases its tensile strength and, in war, is especially useful for armor piercing shells. It is an important constituent of auto axles, springs, impact tools of all kinds, whether it is the head of your kitchen hammer or a giant punch.

If Canada has been a small producer of chromium in the past, it is a Canadian company which now claims it will have a leading position in the world market.

Chromium Mining and Smelting Co. holds exclusive rights to the new Udy process of treating low-grade chromium ore. So far, work has been largely experimental and the company's property north of Port Arthur has not proved attractive. Search for new property, both in this country and elsewhere, is now under way. Additions to the

plant at Sault Ste. Marie have recently been completed.

Most of Canada's chromium production in the past has come from the eastern townships of Quebec, some of it from properties of Asbestos Corp. of Canada. Fairly heavy shipments came from this source during the Great War.

Russia is now the largest producer, followed closely by South Africa, Turkey, New Caledonia and Jugoslavia. New York 1937 price average was around \$21 per ton.

Tungsten

Tungsten makes steel harder and improves its wearing qualities. In addition to its use in radio equipment, tungsten is indispensable in cutting, crushing and grinding tools. It is another of the metals which President Roosevelt is storing up as part of the U.S. armament plan.

China long held a monopoly, but the Japanese invasion, plus sharply increased demand, sent prices skyrocketing.

Once again, Canada has been a small producer but indications are that we have the ores available if required. Most Canadian tungsten comes from scheelite ore. Indian Path Mines, near Lunenburg, Nova Scotia, has been turning out a small production. In New Brunswick a deposit at Burnt Hill Brook produced during the Great War but has since been idle. At the end of the war, some exploration was done on a deposit in southeastern Manitoba. In British Columbia, Cariboo district, D. D. Fraser of Quesnel has erected a small plant for working the Hardscrabble Creek deposit. Some tungsten has been noted both in the Yukon and on Outpost Island, Great Slave Lake.

Molybdenum

Molybdenum is frequently a suitable substitute for tungsten, and has had a rapidly expanding market in recent years, as new applications are being rapidly developed. England, for instance doubled her consumption in one year, 1937.

During the Great War, Canada had several molybdenum properties which were worked, but since that time there has been little regular production. In 1937 there was a marked revival of interest in development of this metal here. In Ontario, the Phoenix Molybdenite Corp., the only shipper in 1937, worked its property intermittently. The Duke Molybdenite Corp. was formed to work a property near Cochrane. Prospecting was done north of Sault Ste. Marie. A small flotation test mill was put up north of Ottawa by the Kindale Mines Ltd. and La Reine Gold Mines did considerable development work on its property in Abitibi district, Quebec. In Manitoba and British Columbia other development work was undertaken. Even the Consolidated Mining and Smelting Co. had a hand in the development, apparently with unimportant results.

While Canada is not now an important producer, this extensive activity indicates that molybdenite ores exist in Canada and that with a better price or political necessity, this country could readily look after her present needs of around \$70,000 worth per year.

United States is now the main producer, with Mexico, Norway and Australia following. Price is around 45 to 50 cents a pound.

Vanadium

Vanadium has found a wide range of application in alloy steels, since it exerts one of the most powerful influences of all the alloying metals. A very small amount increases the elastic limit and tensile strength of steel up to 50%. Ordinary steel fatigues, or becomes brittle, under continued vibration or variable strains. Vanadium offers particular advantages in combating this, hence is useful in things like automobile pistons and connecting rods. This is another metal for which demand has doubled and tripled in recent years.

To date, Canada seems to have found no vanadium deposits, and main production comes from Peru, South West Africa, United States and Northern Rhodesia.

Titanium renders a steel very

China has in the past been the main source, with Bolivia, Mexico, Czecho-Slovakia and Algeria supplying some of the demand.

Several properties in Canada have indicated antimony-bearing ores, and the Dominion Department of Mines and Resources in an official bulletin has declared, "The present high price for antimony and the difficulties facing the antimony industry in China are an incentive to explore for new deposits and to resume development of the deposits already known in Canada."

Mercury

Mercury is an important constituent of detonators for high explosives, either for peace or war. The mercury mines of Spain had an important bearing on General Franco's tactics before the Loyalist defense was entirely broken. Trade figures for 1937 are interesting revelation of the enormous purchases of Germany, Italy and Japan, and the fervent government appeals, certainly in the first two countries, for development of domestic output. Spain and Italy are the world's largest producers with United States following. Price is \$80 to \$90 per flask (of 76 pounds).

With the exception of a small output, 138 flasks, produced between 1895 and 1897 from a property near Kamloops, B.C. and about 12 flasks recovered between 1910 and 1918 in the treatment of the silver ores in the Cobalt camp, Ontario, there has been no mercury production in Canada until the past year.

Empire Mercury Mines Ltd., with 30 claims in the Bridge River district of British Columbia, got into production with a 10-ton mill in the summer of 1938. Results to date, so far as information is available, would indicate that greater production could be secured in this country.

Fin. Post
4/8/39

Mr. Winslow Spragge
Mr. Ferrabee

Mr. McLean



An Investment in Machinery

Dominion Engineering Prospects Improving With Larger Orders

By JOHN E. LANGDON
Staff Writer, The Financial Post

Dominion Engineering Works is an outgrowth of the Quebec bridge. It was formed in 1919 under the name of Dominion Engineering and Machinery Co. to take over the St. Lawrence Bridge Co., which had been set up to handle the fabrication of steel for the now famous structure stretching across the St. Lawrence River a little above Quebec City. Today it ranks as one of the leading machinery manufacturing firms in the country.

There is hardly an industry in Canada which at one time or another has not gone to Dominion Engineering Works for equipment. The company has supplied more newsprint machines to the pulp and paper industry than any other manufacturer. Its hydraulic machinery is to be found in all parts of the country. The mining industry is familiar with the company's products, so too the iron and steel industry. Rubber, construction, fishing and a score of other industries use machinery manufactured by the company.

Covers Wide Field

The different types of equipment manufactured by Dominion Engineering Works are too lengthy to list. However, some idea of the versatility of operations may be gathered by listing the principal divisions: paper making machinery, hydraulic machinery, rolling mill machinery, mining and crushing machinery, plastics machinery, transmission machinery, Diesel and gas engines, hydraulic presses, electric steam generators, sheet metal formers, wire drawing and stranding machinery. In fact there is very little machinery of an industrial character that is not or cannot be produced by the company.

After the St. Lawrence Bridge Co. was taken over, the company absorbed the pulp and paper machinery business of Dominion Bridge Co., changing its name to the present one. In 1928 the company formed Dominion Welding Engineering Co. (a field in which it has pioneered) and in 1933 the Dominion Engineering Co. At the beginning of 1937 the company absorbed Charles Walmesley & Co. (Canada).

Has Strong Affiliations

Dominion Engineering Works affiliations are important. It is associated with Dominion Bridge Co., Dominion Hoist & Shovel Co., both of Montreal; Farrel-Birmingham Co., of Ansonia, Conn.; United Engineering & Foundry Co., of Pittsburgh; Crossley Bros., of Manchester, and Crossley Premier Engines, of Sandiacre, Eng. In addition the following act as agents of the company: Manitoba Bridge and Iron Works, of Winnipeg; Riverside Iron Works, of Calgary; Standard Iron Works, of Edmonton; Hubert Davies and Co., of Johannesburg, South Africa, and Kendall, Knight & Co., of Sydney, Australia.

Under its present set-up Dominion Engineering Works unquestionably ranks as one of the leading machine manufacturers in the Dominion. Because of its importance in that field, the company has been of particular interest to investors.

Enter New Fields

During the early years of its operation, Dominion Engineering depended largely upon the pulp and paper industry for the larger share of its business. The reputation achieved in this division, brought to the company a major share of the business offering. The company then branched out into the water power industry with a considerable degree of success.

Up to 1930 these two industries provided the company with a preponderance of business. With the slowing down of the power industry and the lack of new building in the pulp and paper field, Dominion Engineering widened its scope of operations to include many new products, such as mining machinery, Diesel engines, etc. While the pulp and paper and power industries continue to provide an important volume of work, the company is less dependent on them than formerly. Moreover it is in a position to take advantage of any improvement in the general business situation as a result of its diversification programme.

Trend of Earnings

No particulars are made public by the company as to its annual volume of business. However, an approximate idea of its activity can be gathered from the net profit reported from year to year. The peak of earnings was reached in 1928 when new newsprint machine installations were at their peak, and

the bottom, not in the depression year curiously enough, but in 1935.

Following is the trend of net profits, together with share earnings on the common stock:

Earnings on Capital Stock		
	Net Profits	Earned per Share
1926	\$559,971	\$25.07
1927†	479,309	21.46
1928	774,391	6.20
1929	709,490	5.68
1930	353,640	2.83
1931	68,742	(1)
1932	67,326*	0.54*
1933	88,869*	0.71*
1934	90,632*	0.73*
1935	283,554*	2.27*
1936	26,259*	0.21*
1937	144,925	1.16
1938	16,811*	0.13*

†Shares split on a basis of 5 for 1.
(1) All written off to depreciation, development and research.
*Deficit.

Maintain Working Capital

While earnings have not been restored to predepression level because of lack of capital outlay for new equipment or replacement, too much stress should not be laid on the share earnings. An examination of the net working capital shows that the company has been able to maintain its position so as to take care of a substantially greater volume of business:

Net Working Capital Position	
1926	\$ 974,794
1928	2,423,951
1930	2,283,411
1932	1,837,236
1934	1,473,779
1936	1,612,618
1938	1,608,370

Only One Class of Stock

Dominion Engineering's position has been strengthened in other directions. Originally the company had outstanding \$4 millions of preferred and an equal amount of common stock. Both issues were closely held. When the company was reorganized in 1924 preference shareholders received one share of common for every two shares of preferred, while the old common shares were cancelled. In July, 1927, the common stock was split on a basis of five new shares for each old one. The following January the issued common was increased to 125,000 shares by the granting of rights to shareholders. In 1933, the funded debt of subsidiaries was cleaned up, so that since then the company has had no bonded debt and only one class of stock.

Though earnings of Dominion Engineering Works have not been very impressive of late years, still its showing is considered satisfactory in view of the conditions with which the company had to contend. Of more importance to investors, however, are the prospects for the

company and not what has happened to earnings in the past few years.

Basis for Progress

Dominion Engineering has a comparatively small share capital, against which large earnings can be shown with a revival of business.

The diversification programme undertaken since 1930 has put the company in a position where it can draw upon a much larger field for business. Further, the prospects are that business should be on a larger scale over the next few years.

As far as is known Dominion Engineering is not engaged on any armament work. With its facilities the company would be an important producer of machinery for war-time purposes or in the manufacture of war materials in the event of a war. If the international political situation settles down and business confidence is restored, there are a number of projects in mind which could conceivably result in a large amount of new business.

Plenty of Scope

There is room for improvement in sales of the newer products of the company, such as machinery for the mines, rolling mill machinery, hydraulic presses and transmission machinery.

The growing use of Diesel engines has brought an increasing volume of business to the company and is capable of much greater expansion.

On the books now is an order for four 44,500 h.p. hydraulic turbines for the La Tuque development of the St. Maurice Power Corp. This business alone will run into a large sum and keep the plant busy for some months to come.

Big Job in Hand

The pulp and paper industry offers little prospect of new equipment,

Manufacturers Ready to Play Part In Defence

Bigwin Island, Ont.— With rearmament playing such an important part in world industrial production and trade, and with the added public interest in the Canadian program created by the Bren Gun inquiry and legislation designed to restrict profits on government contracts, the matter of munitions orders became one of the live topics for discussion at the annual meeting of the Canadian Manufacturers' Association. The question came before the convention in the report of the executive committee which referred to the association's special committee on national defence, under the chairmanship of the president, which had been appointed

during the year for the purpose of extending every possible assistance to the Canadian and British governments in regard to defence problems, and, if necessary, in the production of war materials on a large scale.

Reviewing the situation in his presidential address, W. D. Black after emphasizing the futility of any hope of isolation from world influences, explained that the association had given to the government what assistance was considered to be useful and assurance of willingness to mobilize productive resources. He quoted from a statement issued by the executive council some months ago:

"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."

A Nation Unprepared

As to Canada's ability to defend herself in the event of war, Mr. Black said:

Canada is woefully behind in preparation, lamentably under-manned in personnel and deficient in equipment for defence. This has been the condition since the close of the Great War. In 1918, we really believed that there would be no more great wars, at least, for several generations, and adapted our policies accordingly. We thought we were entering a period in which countries, instead of resorting to force, would consent to having their disputes settled by international law. Manufacturers as well as others,

were happy to cease war operations and to resume peaceful production. Outside of those who belonged to skeletonized forces, few took any interest in defence. Money was needed for many other purposes. The land, air and sea services were starved and military research work came almost to a standstill.

In concluding his reference to the armament program, Mr. Black emphasized that practical business planned economy which savours too much of theory and regimentation and which to date has not produced in other countries results over long periods of time which have been obtained by methods based on individual enterprise and responsibility.

State Arsenal's Uneconomic

That the construction of great state arsenals for the production of Canada's limited requirements in the matter of defence has been found uneconomic from the standpoint of the taxpayers, Defence Minister Mackenzie told the association in discussing the armament situation at a convention dinner. The Minister emphasized that defence problems which formerly were the concern of the soldiers now embodied industrial questions of a character that affected organizations like the C. M. A. By common consent of the world's democracies the time has come, the Minister said, when "peace and freedom—to use the phrase of His Majesty the other day—require active and determined defence if seriously menaced."

"We must be equipped and prepared to defend ourselves against direct assault on our own shores," said the speaker. Great Britain needed the entire resources of her own industry for rearmament, and this circumstance imposed on Canada the duty of developing within the Dominion the means of producing her own defence equipment.

Private industry had shown amazing technical skill and ingenuity in originating the production of many items of defence equipment never before manufactured in this country. "This policy of creating sources of supply for defence equipment within Canada has possibly taken longer than some other theoretical alternatives," Mr. Mackenzie said. "But with particular regard to aircraft, deliveries are now being made at a steady and encouraging rate of progress. The most important contribution made to Canadian defence has been the development within Canada of self-reliance on our own industry."



Limitation of Profits

Discussing the government's much criticized legislation to limit profits, Mr. Mackenzie said:

"And now I tell you that this country expects industry to make its contribution to Canadian defence on the same basis as Canadian manhood makes it—that is, on a decent maintenance basis. This involves provision for the security of capital structure, fair wages to labor and reasonable returns." With regard to the limitation of five per cent, imposed on the profits of non-competitive contracts, he declared that while industry was entitled to its reasonable return, it was nevertheless expected to "make a valuable contribution to the security of the state."

Industrial Opportunity

Discussing Canadian armament manufacture, at the Canadian Manufacturers' Association convention at Bigwin Island, Ont., Lewis G. Ord, general manager of Canadian Associated Aircraft, Ltd., said that although there were heavy costs in airplane production, construction of airplane frames required practically no capital, and he believed manufacturers with adequate floor space could enter the business with "very little" capital outlay.

Canadian unemployed youth, from 18 to 25 years of age, could be employed in such production, he said. It has been found that young men of this age were more readily adaptable and, in fact, 75 per cent of the labor required in frame manufacturing could be drawn from unskilled labor.

Mr. Ord also claimed that present British output of military aircraft is at least equal if not greater than Germany's, and Britain's development is more rapid. Mr. Ord doubted that present piling up of armament could be continued very long, that it would reach a peak and then lag.

The special committee of the association, appointed last year to study problems of national defence, is continuing for another year its work of obtaining cooperation with the

*Fin. Post
New Market
22/6/39*

*Financial Post
June 22/39*

*File CMA
Re Munitions Committee*

*Report of Annual Meeting
Bigwin Inn*

*Re President's Remarks
Mr. Dan Mackenzie's remarks
Mr. Lewis G. Ord (Associated Aircraft)*

It seems rather curious that a mission of this kind should be necessary now, somewhat late in the day. Very early in the series of European crises the Canadian Manufacturers' Association informed the Dominion Government of its willingness to co-operate in a rearmament programme and to mobilize its resources in furtherance of such a programme. A special committee of the Association had been studying defence measures for some time from the industrial point of view. The position of the Association was that private manufacturing plants in Canada should be relied upon for the bulk of war supply production, as is done in Great Britain and the United States, and that Canadian manufacturers, in the words of ex-President Black, "should ask themselves what conditions they may face if war breaks out suddenly, and what they can do in advance in preparation for emergencies." The Association took a businesslike as well as a patriotic course in studying the industrial defence problem and in going to the Government with its offer of service. The Government could have used this offer directly or it could have informed itself as to the productive capacity of Canadian industry and passed that information on to the Government of Great Britain. Neither of these things, apparently, was done. Canadian plants are still waiting for the orders which the Canadian Government should have placed with them and are still waiting their full share of British orders which they are equipped to fill, or for which they can be readily adapted; and at the same time the Canadian Government is placing orders in Great Britain and in the United States. The situation could scarcely be more eloquent of administrative wrongheadedness.

CANADIANS TO SEEK WAR ORDERS IN U.K.

Party of 10 Including 3
Montrealers Sailing Today
For England

GET GOVERNMENT HELP

Ottawa Agrees to Co-operate
And Sends Officials on
Trip—Others Overseas
To Join Delegation

By F. C. MEARS

Ottawa, July 28.—To lay the basis for a scheme whereby direct negotiations orders from Britain to Canadian plants may be placed, a party of Canadian manufacturers will sail tomorrow for the United Kingdom, according to an announcement made this evening by Premier Mackenzie King.

Ten heads of Canadian firms will form the manufacturers' party who sail tomorrow and they will be joined in England by a party of eight others who are already in that country. Accompanying the party tomorrow will be four Government officials, headed by Maj.-Gen. A. G. I. McNaughton, of Ottawa.

Premier King stated in his announcement that the mission last month between manufacturers and the Cabinet here, and in accordance with the Government's undertaking to render the party every aid while in Britain, the Prime Minister stated that not only would officials accompany the party but assistance would be rendered by the High Commissioner's office in London.

Those comprising the party sailing tomorrow are: Holt Gurney, of Toronto; head of the Gurney Foundry Company; H. G. Bertram, head of the Bertram Company of Dundas, Ont.; E. Winslow-Sprague, of Canadian; Ingersoll-Rand Company, Montreal; J. G. Morrow, Hamilton; G. T. M. Bevan, Massey-Harris Company, Toronto; S. M. Finlayson, Canadian Marconi Company, Montreal; J. E. Goodison, Sarnia; P. S. Gregory, Shawinigan Company, Montreal; J. T. Shirrett, C.M.A., Toronto; and Hugh Dalton, of C.M.A., Vancouver.

The four Government officials to accompany the party are: Major-General McNaughton, head of the National Research Council; A. F. Gill, of the same body; O. W. Ellis, Ontario Research Foundation, Toronto; and Col. Noel Carr, National Defence Department.

PREMIER'S STATEMENT.

Premier King's statement follows: "The Prime Minister announced today that on the initiative of the Canadian Manufacturers Association, and with the approval of the Canadian and United-Kingdom Governments, a representative party of Canadian manufacturers will sail, to confer with the appropriate United Kingdom authorities with a view to securing data concerning defence requirements there and of furnishing information as to available sources of supply in Canada.

"This step follows the arrangement announced by the Canadian Government at the end of June, when a deputation from the association interviewed the Prime Minister and a committee of the Cabinet at Ottawa, and explained their desire that Canadian industrial capacity should be further employed in the production of armaments for the British defence program.

"It is hoped that this exchange of information will assist in rendering possible a scheme for the placing with Canadian firms direct preliminary orders for a limited quantity of goods on a developmental basis.

"The Canadian Government's announcement of last month stated that while, as indicated above, any contracts would be negotiated directly between the United Kingdom authorities and the Canadian firms concerned, the Canadian Government would facilitate the mission of the Canadian Manufacturers Association as far as possible, continuing to co-operate as in the past by furnishing the United-Kingdom authorities all available information, or, where necessary, by gathering information and making it available.

"For this purpose certain Canadian officials are proceeding to England to be available during the visit of the Canadian Manufacturers Association party. It is also understood that a representative of the Ontario Research Foundation will be present in England, for a similar purpose."

A Tourist Looks at Montreal

A Daily Interview with An Average American Citizen in Which Are Voiced Initial Impressions

By TRACY S. LUDINGTON.

Miss Margaret Wolfe, interviewed in the lobby of the Queen's Hotel yesterday with an armful of pianoforte music, is from Philadelphia. She is a music teacher and a keen student of the piano, as well as a tourist who has seen a great many parts of Europe.

Arriving in Montreal several days ago to visit friends she has stayed on here, intrigued with the beauty of the Laurentian Mountains, but vainly seeking a good place to swim near her hotel. When interviewed she had just about made up her mind that Montreal was more or less devoid of attractive swimming spots and was planning a few days at some Laurentian Mountain resort.

"Montreal is certainly an impressive sight from the Lookout," Miss Wolfe said as she recalled seeing four taken a few days ago. "And I must say that I think your churches here are really beautiful. I was terribly impressed with the Notre Dame, (isn't that it?) with all the beautiful carving?"

Miss Wolfe is a lover of carving of any kind and has bought several quaint wooden figures representing the habitant in his different modes of life.

Montreal, Miss Wolfe finds is like a typical United States city in many ways and she didn't find the "continental atmosphere" here that she had heard so much about. The courtesy of the policemen impressed her and she found all those of whom she asked directions or information not only polite but unusually well-informed, she said.

Another thing that made the visit enjoyable for Miss Wolfe was the opportunity to buy English cigarettes. "I got used to them while I was in England last summer," she said, "and when I returned to the States it was almost impossible to smoke an American cigarette again. I am so glad to get back to them, they seem so smooth and mild, and are so tightly packed. They last twice as long."

"Keen on tweeds," Miss Wolfe plans to do a bit of shopping before her stay here is ended and thoroughly expects to fall before the lure of some of "splendid tweed bargains offered in local stores."

"One thing I do want you to put in the paper," said Miss Wolfe in conclusion, "is that the customs regulations at the border are so smoothly handled. There was no fuss or bother and everyone was as polite as they could possibly be."

COLONIST CHAIR DENIED BY LAFF

Settlement Conditions
Joannes Township
Described

WORK LACK ALL

Deputy Minister
Those on the Land
Failed to Clear
Farms

By ABEL VINEBEI
Gazette Resident Correspondent
Quebec, July 28.—J. E. Deputy Minister of Colonization, in an article in the daily newspaper which reflects conditions as to settlement in Lafford Township, people in the settlement are being cleared out of only 2 1/2 acres a year; another three acres a year; another same period has cleared 1 1/2 acres, a third colonist only 3/4 of an acre in cultivation policy mentioned 1 1/2 acres cleared and 1/2 cultivated. The Deputy Minister points out that the four cleared fairly well established average for the township in 1937 in 2 paying the bonus of \$1 for clearing, had paid bonus of \$15 for the same and in 1938, in addition standard bonus, the Government had given \$15 an acre bonus in the township, a spite this general and encouragement the Township had developed Nothing or little had been the way of clearing.

Trans-Canada Pilots Aid Grasshopper Fight

Pilots of the Trans-Canada Air Lines are being called into the fight against grasshoppers in western Canada, it was learned at T.C.A. headquarters here yesterday. The Dominion Department of Agriculture has requested the air line to report on migrations of the insects in the upper air. While it is pointed out that the grasshopper control campaign has been successful this year and there has been a relatively small loss to crops, the department states that the danger is not yet passed. Flights of mature grasshoppers, either from uncontrolled areas in Canada or from the United States, are still a cause of anxiety. Stimulated to migration by hot and dry weather, the grasshoppers are likely to attack ripening grain.

Observations by Trans-Canada pilots of grasshopper swarms encountered across the prairies would be of great value in determining the locality and extent of migration, the Department of Agriculture says in its request for cooperation.

T.C.A. operating officers at Winnipeg are now working out a method by which the information can best be gathered. In British Columbia and other sections of Canada, T.C.A. pilots are assisting forestry departments by keeping a watch for fires from their points of vantage.

U.S. SCOUTS READY FOR CANADA 'WILDS'

10 Here on Camp Exchange
Hold No Illusions About
Dominion

A group of ten Boy Scouts from New York City arrived in Montreal last night to spend two weeks at Camp Tamarracouta in "exchange" for ten Montreal Scouts who left for the Ten-Mile River Scout Camps in New York the night before.

This is the third year that the international exchange has been in effect, but none of the group that arrived yesterday had been to Montreal camp before. They were whisked away to Camp Tamarracouta, the Montreal Scout Camp at Millie Isles, almost immediately after their arrival.

Although only one of the party had been to Canada before, none of them harbored any illusions about the wilderness of the country. "We do not expect to find any Indians lurking in the bush, for us and we did not bring skis," one of them said.

Although they had little opportunity to see the city last night, the boys will be entertained here August 10 when they will spend a day in Montreal before leaving for New York. A luncheon by G. C. given for them on that day by G. C.

L'ABORD-A-PLOUFFE GETS DIAL PHONES

First Suburban Zone Service
in Quebec to Be Started
on Monday

After seven o'clock Monday morning, Back River telephone subscribers in the L'Abord-a-Plouffe exchange area will dial their numbers instead of calling the operator, according to E. M. Armour, official of the Bell Telephone Company of Canada who supervised over this exchange.

The actual change will take only about two minutes. Cables of the old exchanges will be cut, small blocking tools known as "picks" will be jerked out in bunches from the dial apparatus, and the new building on the corner of Levesque and Laurier boulevards will become the centre of L'Abord-a-Plouffe's telephone system.

"L'Abord-a-Plouffe is the first exchange in Quebec province to have sub-urban zone service on a dial basis," the Bell official said. "Therefore, dialing practice will be different from that in Montreal, and nearly all numbers in the exchange have to be changed."

To help subscribers, a special pink directory section containing dialing instructions and all the new numbers has been issued in L'Abord-a-Plouffe. It is very necessary for subscribers to consult these pink pages carefully before placing calls, to assure best results from the new service," Mr. Armour pointed out.

The L'Abord-a-Plouffe exchange also serves the communities of Laval des Rapides, Pont Vieux, Ile Bigras, Ste. Dorothee and Ste. Dorothee Station, St. Martin, St. Elzear de Laval, Cap St. Martin, and Belanger Village.

GAS STATION IS ROBBED

Goods Valued at \$100 Stolen
in Beaconsfield

A radio, a clock and a quantity of cigars and cigarettes, valued at \$100, were stolen from the Ryer gasoline station at Beaconsfield early yesterday morning. Provincial Police were informed yesterday. The garage is situated about half a mile west of the Beaconsfield Station road.

The break is believed to have occurred between midnight and four o'clock yesterday morning. A milkman living across the road from the garage noticed an open door as he started his milk run, but thought it was the garage owner and raised no alarm. The theft, accordingly, was not discovered until the garage opened for business at eight o'clock.

A lock on the front door was forced to gain admittance, their provincial Police learned during their investigation.

N.U. RALLY IN JO

Carignan and Auger
Among Speakers

A regional meeting auspices of the National League will be held tomorrow afternoon in Joliette, at which will include Hon. Auger, provincial Minister of Colonization, Quebec M.L.A. for Joliette; M.L.A. for Joliette, M.L.A. for Joliette, M.L.A. for Joliette, and former mayor of Montmagny, M.L.A. for Joliette.

If the weather is favourable the meeting will be held in the seminary grounds on the arena will be air on the arena will be

54 BRITISHERS

Over-Sea League

Invitations To—

July 29.
J. Audet, Ottawa, 72 to
nd William Oliver Roth-
brooke, 65 today.
able Justice James Dun-
dman, Ottawa, 65 today.
Reverend Derwyn Trevor
onto, 63 today.
able Charles Bourgeois,
ivers, 60 today.
July 30.
Emond, Quebec, 71.
Edouard Perrault, K.C.,
ska, 65.
Durant Howe, Toronto,

Mr. McGee's brother, Mr.
McGee, and Mrs. McGee.
and Mrs. Rene DeSala-
no have been spending a
ne at Kirk's Ferry, have
to Ottawa.

enneth Daly and her little
spending the summer at
nt.

Philip Morgan and her
Miss Phyllis Morgan, of
ly, are spending a few
tiawa the guests of Major
J. A. C. Macpherson, en
North Hatley, Que.

l Mrs. Roy Glassford and
illy are leaving tomorrow
or trip to the New Eng-
es. They will spend some
ingham, Mass.

H. Dolan, who has been
of her sister, Mrs. Louis
is returning tomorrow to
in Tonawanda, N.Y.
rothy Macpherson and
an Gardner will spend the
at Ivy Lea on the St.

rol Birtwhistle has return-
Brookville, where she spent
eks.

Patterson Murphy is sail-
New York by the Rex for
France, and will be away

Mrs. Arnold Duclos, who
spending a few weeks at
Park, have returned to

Mrs. J. F. Delante and
little daughters are leav-
next month to spend a
s at Rideau Ferry.

nt-Commander F. R. W.
Mrs. Gow left today on
trip through the Province

Social Notes

to The Gazette.)

July 28.—The Duke and
Sutherland, arriving
and yesterday on the
of Britain, are spending
in Quebec before leav-
it the Canadian Rockies
they will sail for Alaska
ing the Duke and
e Mrs. Sloane Stanley,
with Leveson-Gower and
a Topazia Calpania of
Campbell, High Com-
of the United Kingdom
Lady Campbell and Miss
mpbell, returning from a
through New Brun-
Quebec for a short stay
aving for Ottawa.

Mrs. R. H. Price who are
the Lower St. Law-
guests of Mr. Hartland
his yacht The Curlew.

J. Boucher, of London,
visiting her brother-in-
ster, Mr. and Mrs. H. A.
at Ste. Petronille, Island

Mrs. M. Pettigrew are
a tour of the Gaspé

orge Doherty, of Phila-
ll arrive in Quebec to-
during her stay will
of Mr. and Mrs. W. C.
Gomin Road.

Mrs. J. A. Kearns, after
a few days in Quebec
Kearns' sister, Mrs. J.
s, left by motor for Tor-
panied by Mrs. Steph-
ill be their guest.

N. Strang, and her son
th Strang, who have
ing through the Mari-
nces, are leaving tomor-
ntreal after a brief stay
as guests of Misses
e Esplanade.

Mrs. R. H. Doddridge,
or Old Orchard where
e joined by their daugh-
isses Mildred and Doro-
dge, and will then con-
few York to visit the

E. Smith, of Hamilton,
visiting Mr. and Mrs.

Sullivan of Melbourne,
staying at the Chat-

ac.
rphy

with potted palms and ferns will be
banked in the Chancel, and sprays
of the flowers will ornament the
altar, which will be lighted with
white wax cathedral tapers. Rev.
Father P. J. Gallery, C.S.S.R., rector
of St. Patrick's will officiate and
Mr. Hofner, organist of the church,
will play the wedding music.

The bride, who will be unattend-
ed, will be given in marriage by
her brother, Mr. Raymond Murphy.
She will wear a French model of
powder blue sheer lace, made with
floor-length skirt, and short mess
jacket of the same material fin-
ished with a row of self-covered
buttons. She will wear a small
hat of powder blue tulle and white
forget-me-nots, and will carry an
ivory-bound prayer-book attached
to which will be markers of white
satin ribbons, with tiny clusters of
lily-of-the-valley and gypsophila.
Her only ornament will be a cameo
pendant a family heirloom. Mr.
Jean will be witness for his son.

Following the service a breakfast
for the immediate relatives will
be held at the home of the bride's
mother, 83 Aberdeen street, where
pink and white carnations in silver
bowls will be used to decorate the
bride's table, that will be centred
with the cake. Later Mr. and Mrs.
Jean will leave for their honey-
moon which will be spent motoring
in Nova Scotia, and on the Maine
Coast. They will, on their return,
reside in Sillery. The bride will
travel in a tailored ensemble in
sand-colored wool crepe with small
hat of black baku straw and black
accessories.

Visitors At Hotels

Mrs. P. Thibault, Montmagny,
Que., Mr. and Mrs. L. De Hitre,
Quebec, Mrs. K. Nansen and
daughter, Lac Mercier, are guests
at the Mount Royal Hotel.

Recent arrivals at the Hotel Ta-
doussac, Tadoussac, included Miss
Margaret Stuart, Miss Barbara
Stuart, Dr. H. Lachant, Dr. A. E.
Laplante, Mrs. John Drummond.

Among the recent visitors to
Far Hills Inn, Val Morin, have
been the following: Sir Herbert and
Lady Ames, Mrs. Henry Munderloh,
Miss Greta Finley, Dr. and Mrs. G.
E. Hodge, Dr. and Mrs. Colin Rus-
sel, Mr. and Mrs. H. W. Conklin,
Mrs. Barbara, California, Col. and
Mrs. Norman Leslie, Kingston, Mr.
A. C. Leitch, Toronto, Mrs. J. C.
Boughner, Toronto.

According to Culbertson

Ingenious Rescue

"Dear Mr. Culbertson: The fol-
lowing hand, which I noticed in a
recent rubber game, may be inter-
esting to some of your readers. I
don't know that it points any splen-
did moral, but it does, I think,
show how a player may extricate
himself from a dangerous position
into which his own funny busi-
ness' has landed him.

"North-South, vulnerable.

NORTH
S. K Q 2
H. K 6
D. A K Q J 10 4
C. K 10

WEST
S. 10 8 5 4
H. 3
D. 8 6 5
C. Q 7 6 4 2

EAST
S. A 7 3
H. Q J 9 8 4
D. 7 3
C. A 8 3

SOUTH
S. J 9 6
H. A 10 7 5 2
D. 9 2
C. J 9 5

"The bidding:
North East South West
1 heart Pass 4 hearts Pass
Pass Double Pass Pass
Redouble Pass Pass Pass

"North and South were using the
Blackwood Slam
Convention.
North's opening bid was based on
the hope that he would get to play
the hand at three no trump, and it
appeared desirable to stop the lead
of a heart or a club. (Naturally, he
couldn't bid both suits.) After East's
pass and South's four heart bid,
North bitterly regretted his first
bid and searched for some solution
whereby he might play the hand in
diamonds. North realized that, no
matter how often he bid diamonds,
South was likely to insist on hearts,
so decided to make South bid the
diamond suit! The fact that the
partnership was using the Black-
wood Convention gave North the
idea. If he were to bid four no
trump at this stage and find South
with only one ace (which seemed
likely) South would have to bid a
conventional five diamonds (show-
ing one ace), and North would let
him play the hand there. That is
the way things worked out. South,
holding one ace, had to answer with
five diamonds, and North promptly
passed. When East doubled, it re-
quired terrific restraint on South's
part to stand the double, but he
had supreme confidence in North
and felt that there must be some
sound reason for North's remark-
able action in passing to what was
so obviously the conventional an-
swer to a Blackwood four no trump.
I think that South deserves great

getting out of trouble was highly
ingenious and that South, for his
supreme faith, deserves great com-
mendation. If players insist on mak-
ing "phony" bids, it is only logical
that they should know how to pro-
tect themselves when things go
wrong. Thus, although I can hardly
approve North's original heart bid,
it cannot be denied that he solved
his subsequent dilemma in highly
astute fashion. Using the Black-
wood Four No Trump convention,
which requires partner to answer
five clubs if he holds no aces, five
diamonds, one ace, five hearts, two
aces, and five spades, three aces,
North was in no danger. If South
actually held two aces and answer-
ed five hearts, North would have an
excellent play for six no trump. If,
on the other hand, South had only
one ace and was forced to answer
five diamonds (actually the "ase")
North would have arrived at pre-
cisely the desired spot. It was quite
true that if North had bid five dia-
monds, South, not knowing what
was going on, would have gone to
five or six hearts. Hence, as I have
said, it was extremely ingenious of
North to pry a bid out of his part-
ner that he himself could not make
successfully.

But, although things worked out
nicely for North in this particular
case, I must warn readers against
these tactics in general. Huge pen-
alties, rather than even small
rewards, usually follow in their
wake.
(Copyright: 1939: By Ely Culbertson.)

DAYLIGHT TIME ISSUE

Judge to Weigh Its Effect on Girls' Working Hours

Question whether daylight sav-
ing time affects working hours
fixed by law for girls in dress fac-
tories will be decided in the fall
after the summer vacation, Judge
Guerin announced yesterday.

The case before the court con-
stituted two complaints against the
Rose Dress Company, charged with
operating after prescribed hours,
Factums setting forth both sides of
the issue were requested of counsel
by the judge for his consideration.
At the same time Charles Roth-
man, operator of the factory, was
fined \$30 and costs for impeding
the duties of inspectors of the in-
dustry who desired to conduct an
investigation in the plant.

J. S. Woodsworth Is 65

Ottawa, July 28. —(P)— Birthday
greetings were sent today to J. S.
Woodsworth, national leader of the
Co-Operative Commonwealth Fed-
eration, by the C.C.F. national ex-
ecutive. The veteran Member of
Parliament tomorrow celebrates his
65th birthday at his home in Win-
nipeg.

DESIGN IN LARGE AND SMALL CROSSES



The Gazette's Household Arts

Add Beauty to That Bedspread in This Easy Way

PATTERN 6367

Now is the time to start on accessories for fall. Bluebirds and
flowers in 8 and 4-to-the-inch crosses make a spread that will trans-
form your bedroom. Pattern 6367 contains a motif 19 x 21 3/4 inches,
1 motif 4 1/2 x 13 1/4 inches; color schemes; details of materials needed;
illustrations of stitches.

To obtain this pattern send twenty cents in coins (stamps
cannot be accepted) to Household Arts Department, The Gazette,
Montreal. Be sure to write plainly your NAME, ADDRESS and
PATTERN NUMBER.



SLACK SUITS

FIT RIGHT SIT RIGHT

AFTER

Parker's

U. K. May Order More Bombers

A second substantial order for production of British military planes in Canada is expected within the next month or two, The Financial Post is informed. Prime requisite is Canada's capacity to handle the business, at present uncertain.

A considerable number of difficulties have developed in the carrying out by Canadian firms of the initial order for bombing planes. These are now in course of being straightened out. Grave doubts are held among British authorities as to whether this country has as yet developed sufficient skilled craftsmen to handle important orders of the type envisaged when large-scale airplane and munitions orders were first mooted.

hard, very pure and almost rust-proof. Some of it is used for manufacture of a white pigment. The ore of titanium is ilmenite which carries about 18 to 25% titanium and the vast proportion of the world's supply now comes from British India.

But Canada has shown she can produce it. There are deposits of considerable size at St. Urbain and at Ivry in Quebec province and a few thousand tons are shipped annually to a Niagara Falls plant.

Canadian Titanium Pigments, Ltd., a company in which Canadian Industries is interested, was formed to manufacture titanium oxide in this country and a site has been secured for this purpose at Three Rivers, Quebec. Price of ilmenite at New York seems to be nominal, depending largely on individual contract, etc. but according to information available seems to run \$4 to \$12 per ton.

Antimony

Antimony is the mineral which makes "hard lead"; lead suitable for type in printing for anti-friction metals. In war, it has special uses. It is essential in the ordinary shrapnel bullet since it hardens the lead and prevents the bullet from losing its shape on the bursting of the shell which contains them.

No antimony has been produced in Canada since 1917. Small experimental shipments followed, but it was not until Consolidated Mining and Smelting got its antimony plant into operation last year that Canada rejoined the ranks of the important producers. Though not yet in operation quite a year, the Smelters plant is expected to produce around 1,400 tons a year. For 1937 Canada's imports of antimony were about 600 tons, worth around \$147,000 or over \$240 per ton.

In the biggest group of steel alloys Canada stands supreme — nickel.

Canada is now producing 90% of the world's nickel and could produce more if economically desirable. New Caledonia, the French-owned island off the east coast of Australia, produces most of the remainder. That source is poor strategically in time of war, but Japanese are now actively exploiting its important nickel bodies. Some nickel is produced in British India. Germany's armament firm, Krupps, are reported to be getting some of their nickel from Brazil which has a small produc-

tion. When sanctions were imposed against Italy at the time of the Ethiopian crisis, Mussolini subsidized production in Italy and at latest report a couple of small domestic enterprises resulted.

International Nickel is developing some potentially important bodies in Scandinavia. Russia claims that her nickel output will be second only to Canada when a couple of plants get into operation but there have been many delays, and some purges and just where the Soviet nickel industry stands at the present no one knows.

Stable Price

During the Great War, the price of nickel moved up from 30 to 40 cents a pound at New York. Since then, it has been pretty well stabilized at 35 cents. Metallurgical advance since that time, however, indicates that its importance has multiplied several times.

International Nickel is now producing over 207 million pounds of nickel in all forms per year. Falconbridge is producing over 14 million pounds. Other Canadian nickel companies which are expected to start producing are Denison Nickel, an interesting property now seeking funds for a plant and Pacific Nickel Mines (formerly B.C. Nickel Mines). The previous company sent several thousand tons of concentrates to Japan for experimental purposes, and for a time seemed to be on the point of closing a deal with Japanese interests. That scheme did not go through and the property is now inactive.

BRITISH MUNITIONS ORDERS.

The Secretary of the British Columbia division of the Canadian Manufacturers' Association is on his way to England, where, in co-operation with other Canadian industrialists and trade authorities, he will endeavor to enlarge this country's share of British defence orders. Before leaving Vancouver he expressed the attitude of the C. M. A. as one of dissatisfaction with existing conditions, saying that Canada's industrial facilities have not been given a chance to show what they can do in armament construction and that they could be developed into a second line of industrial defence for Great Britain. This view appears to be shared to some extent in Britain itself but a definite knowledge of Canada's manufacturing capacity has been lacking and the placing of more orders in Canada has been delayed for this reason. It will be the business of the present mission to supply a more complete and accurate knowledge of what Canadian industry can do, and to secure a number of experimental orders which will not only "give Canadian plants an opportunity of gearing their production facilities for a job that might conceivably be assigned to them at short notice in the event of a war crisis." Such orders "would give the British Government a thorough test of Canada's industrial efficiency."

but there is much work in repairs and improvements.

The manufacture of the La Tuque turbines will have an important bearing on financial returns this year. Of probably even more importance is the possibility of the company securing the contract for the new continuous strip mill which Steel Co. of Canada proposes to erect in Hamilton. Such a contract would run into several millions of dollars and assure full time operations at the company's plant for a year or more.

Given the earnings, Dominion Engineering Works is generous with its shareholders. On the present stock the company paid \$2.90 in dividends and a bonus of 50 cents a share in 1928; \$4 a share in 1929 and again in 1930. Only 60 cents a share was paid in 1931. Dividends were not resumed until 1937 when 50 cents a share was paid.

Fin Post
8/7/39



Mr. Winslow Sprague

Mining

For Jones 7/7/39 M. Winslow Spragg

SMELTERS PROFITS THREATENED BY NEW SILVER BILL

Lower Silver Prices May Affect Earnings of Canadian Silver Producing Companies

ZINC PRICE REDUCTION?

Considerable uncertainty has been created by the recent action of the United States Senate in eliminating foreign purchases of silver as a matter of government policy. While the bill has yet to be accepted by the president which he may or may not do according to political rather than economic considerations, the very tangible threat of this bill to some Canadian mining companies is already being considered. In recent years, by far the larger part of Canadian silver exports have gone to the United States and of Canada's total exports of silver, amounting to \$12,379,000 in 1938, \$11,836,000 went to the United States.

When on Wednesday after a hard battle, the president's power to devalue the dollar was restored, nothing was done with regard to silver and the whole affair is still very much up in the air. The international silver market is disorganized and no dealer is inclined to make bids for a metal which apparently nobody wants.

Foreign bar silver which for many months has been quoted at the pegged price of 42 3/4 cents per ounce has since dropped to 38 cents last week. Since that time no more silver has been bought. It has been freely predicted that the price may drop to as low as 20 cents if the United States support for silver should be withdrawn altogether. While such a contingency is not to be feared at the moment, the disorganization of the market nevertheless may have unpleasant consequences. This market, which for years has been a political plaything regardless of the fluctuations of supply and demand, may possibly not be able to withstand the effects, political as well as economic, of the reorientation which must follow the recent developments.

Smelters Large Producer

Canada's leading silver producers are in British Columbia, where the largest, Consolidated M. & S. has an annual production of over 9,000,000 ounces. On this basis this company would have a loss in gross revenue of \$90,000 for every one cent drop in the price of silver. A drop of a little more than 10c per ounce would reduce Smelters gross profits by \$1,000,000 which of course could easily be offset by a slight rise in lead and zinc prices. Due to the large amounts of these metals which constitute the main products of the company, only a small fractional gain in prices would suffice to offset a drop in silver earnings.

Lead and zinc prices are still holding firm in the New York Market at about 4.85-4.90c per pound and 4.50c per pound respectively. While there does not seem to be a possible threat to the lead price structure in the international markets, zinc prices may have to undergo a downward revision within the near future. This is indicated in a report by the Washington Bureau of Mines in which the effects of the 20% duty reduction in favor of Canadian produced zinc have had on the American industry. A condition which the bureau finds already serious as a result of the depressed markets abroad, has been aggravated by the influx of cheaper metal from countries with which the United States has made "favored nations" treaties. The conclusion reached is that "it is obvious that if large imports of foreign metal are to be avoided the domestic price of zinc must be reduced by approximately the amount the import duty was cut."

2nd. Quarter Output Down

Consolidated Mining & Smelting Co. of Canada reports lead production for the second quarter of 1939, 5,409 tons lower than in same period last year and 486 tons above the first quarter of 1939. Zinc output shows a decline of 6,335 tons from the 1938 period and a gain of 2,134 tons over the previous quarter. No copper was produced in the second quarter of the current year, while 434 tons were reported last year and 156 tons in the first quarter.

Gold production showed a drop of 6,288 ounces from 1938 and 2,524 from preceding period. Silver production shows gains for both periods, being 180,967 ounces greater than in same quarter of last year and 283,635 above the first quarter's output.

Comparative figures follow:

	1939		1938
	2nd quarter	1st quarter	2nd quarter
Lead, tons	45,919	45,433	51,328
Zinc, tons	34,306	32,172	40,641
Copper, tons	156	434
Gold, ounces	8,583	11,007	14,871
Silver, ounces	2,514,028	2,230,394	2,333,062



Smelters

Fin. Post
8/7/39

Mr. E. Winslow Spragge
Toronto

Bata Shoe Co.

Agreement Assures Bata Operates Here

Ottawa Decision Paves Way for Czech Indus- try's Entry

From Our Own Correspondent

OTTAWA. — Following negotia-
tion with various departments at
Ottawa, complete agreement has
been reached between the Bata
Shoe Co. and the Dominion to
assure establishment by the com-
pany of a factory in Ontario.

Unofficially, The Financial Post
learns that the company's plans
provide for employment in Canada,
when operations are fully under
way, of 1,800 persons.

Not all of these will be engaged
in the manufacture of shoes. About
two thirds of them will be employ-
ed in the company's research and
engineering laboratories which are
to be established in Canada. These
will service a large part, if not all,
of the Bata Shoe Co.'s world-encir-
cling organization.

The company has developed its
own shoe-making techniques and
makes its own machinery. Con-
stant study keeps these processes
and this machinery up to date. The
company will employ between 1,100
and 1,200 persons in this work in
Canada. The other 600 to 700 will
be employed in the manufacture of
shoes.

Big Canadian Output

It is understood that the Bata
company markets in Canada at the
present time about 200,000 pairs of
shoes annually. Proposed produc-
tion of the new plant is around
1,800,000 pairs annually, of which
the company hopes to sell 400,000 in
the Canadian market and to export
1,400,000 pairs to other markets now
serviced from European plants.

Hon. T. A. Crehan carried his pro-
posal to Cabinet in favor of the
company without any serious diffi-
culty. The Cabinet did not require
any reduction in number of the 250
permits which the Bata company
desired for experts to be brought
into this country from Czecho-
Slovakia. These permits will cover
the entry of possibly 800 persons.

The Cabinet ruled, however, that
each permit must be scanned by the
Department of Labor. The Bata
officials felt this might well be a
cumbersome way of doing business
and were inclined to object, but
after a conference with Hon. Nor-
man Rogers, Minister of Labor, all
difficulties were removed and this
condition was accepted by the
company.

Frankford, in Sidney township in
Belleville-Trenton district, is the site
chosen for the establishment of the
new plant. Apart from the key men
that will be brought from the par-
ent factory at Zlin, Czecho-Slovakia,
and the factory in Great Britain,
all labor required will be drawn
from Canadian sources and as far as
possible from the surrounding dis-
tricts.

Machinery Released

The machinery which has been
held in bond at Montreal has been
released and will be shipped by rail
to Frankford and set up in an old
paper mill. Thomas Bata, vice-
president of the Canadian company,
with a small staff has been prepar-
ing the premises to receive the
equipment. Later, operations will be
transferred to a new five-story fac-
tory building.

Following the Bata policy, a
modern village with modern houses,
hospital, theatre, churches and other
necessary buildings will be con-
structed. Swimming pool and sports
field will be provided. The site is
about 100 yards from Highway No.
33 and is served by a branch of the
Canadian National Railways.

The village of Frankford at pres-
ent has a population of about 850
and 50 families are on relief. The
coming of the new industry, there-
fore, is obviously being welcomed.

Officials expect to begin produc-
tion by September and to invest
\$500,000 before end of this year.

Wages will be above the Canadian
average in the shoe industry, execu-
tives say. Factors cited as bringing
the firm to Canada include stability
of conditions here, safety from dis-
ruption by European disturbances,
and cheap power.



The Gazette

MONTREAL, THURSDAY, JULY 13, 1939.

VAUGHAN TEMPORARY HEAD OF ARMS PURCHASING BODY; THREE MEMBERS APPOINTED

"This statute is the result of the Government's decision that special machinery should be set up forthwith to ensure the most efficient and business-like methods in the expenditure of the large sums of money which have been voted to meet the needs of Canada's increased defence program. The act is designed to limit the cost to the Government and to safeguard the public against undue or unreasonable profits on armament contracts. Profits in excess of five per cent., where competitive tenders are not possible, are to be taxed 100 per cent. under the statute.

"The Defence Purchasing Board consists of four members, a chairman and three others, appointed for a term of five years. The chairman will be the chief executive officer of the board, and will devote his whole time to the board's work. He will receive a salary and be ex-officio a member of the Defence Council of the Department of National Defence. The other members will not be on salary but will be reimbursed in respect of actual expenses and receive a per diem allowance for time devoted to the work of the board.

"The board will have exclusive power to negotiate and recommend contracts for armaments and defence equipment and defence projects where the amount involved exceeds \$5,000. Where articles of equipment are required by the Department of National Defence for the purposes of the defence program, requisitions will be made to the Defence Purchasing Board, who will thus constitute a specialized body in control of the business, commercial and financial aspects of all major defence matters.

Mr. King also stated that the act creating this board and providing for its operation would be proclaimed effective on Friday of this week, and he also made it known the Government was anxious to have the board in operation at the earliest possible moment.

It was emphasized by the Prime Minister that Mr. Vaughan was highly qualified as an organizer, and pointed out it would have taken an entirely new man a much longer time to get the board organized.

The other members of the Defence Purchasing Board are: C. W. Sherman, head of Dominion Foundries and Steel Limited, Hamilton; C. E. Gravel, of Montreal; and H. B. Chase, chief officer in Canada of the Brotherhood of Locomotive Engineers, Montreal.

RESULT OF BREN PROBE.

The Defence Purchasing Board, which was a result of the Bren gun probe by the Royal Commission headed by Justice H. H. Davis, was provided for in legislation introduced early in the session but its passage through the Senate was delayed by Senate over the provision for limiting the profits of arms makers.

The House provided for a limitation of 10 per cent. but later this was cut to 5 per cent. The Senate Conservative majority would not assume the responsibility of restoring this to the 10 per cent. level.

An official statement as to the form and function of the board and the act creating it was issued tonight by the Prime Minister as follows:

"It is provided by the act, that, wherever practicable, the board must invite tenders for material required and must accept the lowest tenders. Where the board is of the opinion that it is not in the public's interest to accept the lowest tender, it must report in detail to the Minister of Finance, who in turn must refer the matter to the Government as a whole for decision.

"Special safeguards are provided in respect of non-competitive contracts so as to ensure that a fair and reasonable cost to the Government will be obtained and no unfair or unreasonable profit made by the contractor.

"An important feature of the act is its provision that Canadian labor and Canadian industry will, wherever possible, be given the benefit of defence expenditures. Where the board recommends the purchase of equipment outside of Canada, the board must give its reasons for such recommendation in a report to the Minister of Finance.

"In addition to negotiating actual contracts, the board is required to supervise their performance and

this supervision is extended to contracts which are already under way.

"Furthermore, the new board is empowered to explore the general field of the defence requirements of Canada and, in co-operation with the Department, survey generally the facilities of existing industrial plants in Canada to determine Canada's potential ability to provide defence equipment.

"It is anticipated that the board will meet in the near future with the object of setting up its headquarters in Ottawa and gathering such expert technical and professional officers as are necessary to the performance of its duties. Normal staff requirements of the board will in large measure be taken care of by transfers from Government departments."

Sketches of Members

(By The Canadian Press.)

R. C. VAUGHAN.

Robert Charles Vaughan has been a railwayman since he started as a messenger in Toronto in October, 1898. He was born in Toronto in 1883 and educated there.

In July, 1902, he joined the old Grand Trunk Railway as clerk-stenographer and a year later went to the Canadian Northern Railway in a similar capacity. In 1904 he was promoted as secretary to the third vice-president and general manager and in July, 1910 became assistant to that official.

Vaughan was appointed assistant to the president of the Canadian Northern in September, 1918 and assistant to the president of the Canadian Government Merchant Marine at Toronto. Two years later he became vice-president in charge of purchases and stores department of the Canadian Northern.

He was appointed director of purchases and stores for the C.N.R. at Montreal February 20, 1923. A year later he was appointed vice-president in charge of purchases and stores.

President S. J. Hungerford of the Canadian National announced in November, 1936 that thereafter the general manager of the Canadian National Steamships would report to Vaughan.

C. W. SHERMAN.

Clifton W. Sherman was born in 1872 and began his career as a railway telegraph operator, later entering the steel industry, gaining experience in its various branches until, in 1912, he organized his own company, the Dominion Foundries and Steel Limited. He is also a director of the Adirondack Steel Foundries Corporation. He pioneered in certain phases of the steel industry in Canada and originated a savings and profit-sharing plan for his employees.

C. E. GRAVEL.

C. E. Gravel, who is in his early fifties, was educated in Montreal where he is administrator of the Pratt Estate, and a director of the Bell Telephone Company, Dominion Oilcloth and Linoleum Company, La Banque Canadienne Nationale and the St. Lawrence Flour Mills Company.

Mr. Gravel is a former president of the Chambre de Commerce de Montreal and vice-president of the Canadian Chamber of Commerce. For some years he was alderman of Outremont.

HOWARD B. CHASE.

Howard B. Chase was born in England in 1884 and has been

Not Moner

6/7/39

M. Winslow Spragge

INCOME TAX RULES DETAILED

Procedure Outlined Where Deductions Sought On Portion of Capital Costs

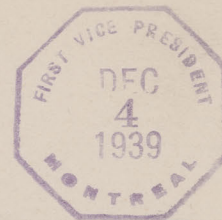
Regulations made pursuant to Section 90 of the Income War Tax Act, dealing with the deduction of a portion of capital costs, have been issued by Hon. J. L. Ilsley, Minister of National Revenue for Canada, and C. Fraser Elliott, Commissioner of Income Tax. They are as follows:

1. There shall be one interim return (for Corporations T. 2-C.E., Interim—for all other persons T. 1-C.E., Interim) to be filed, pursuant to Regulation No. 5, in respect of capital costs for which a deduction is claimed under section 90 of the Income War Tax Act. It must be filed in duplicate by the taxpayer with the Inspector of Income Tax for the District in which the taxpayer customarily filed his Income Tax Returns.
2. There shall be a final return (for Corporations T. 2-C.E., Final—for all other persons T. 1-C.E., Final) to be similarly filed by the taxpayer in respect of the said capital costs in the manner provided by Regulations Nos. 5 and 6 hereunder.
3. The capital costs to be reported on the said forms are those costs within section 90, subsection 2, of the said Act, and in particular must be costs which are actually incurred and paid by the taxpayer during the period beginning the first day of May, 1939, and ending the 30th day of April, 1940, in respect of work actually done in Canada during the said period.
4. The time of payment (not the time of doing the work) determines the form to be used and the period when capital costs are to be reported. Both interim and final returns hereunder are to be used only for reporting work which has actually been paid for by the taxpayer in the periods specified by Regulation No. 5.
5. (a) If the capital costs were paid during the months of May, 1939 to December, 1939, inclusive, the interim return reporting such capital costs must be filed on or before the 31st January, 1940.
(b) If the capital costs were paid during the months of January, February, March or April, 1940, they shall be included in the final return which must be filed on or before the 30th June, 1940.
6. The final return must be made on a distinct and separate form (for corporations T. 2-C.E. Final—for all other persons T. 1-C.E. Final). It will contain a summary of the interim return (if any) together with a statement of the capital costs paid during the months of January, February, March and April, 1940. Failure to file the said final return, on or before the 30th day of June, 1940, nullifies the whole claim for deductions under section 90.
7. The penalties for late filing of the interim return are laid down in section 90, subsection 6 (b), namely:—"not more than \$50 of the benefit of the first annual deduction herein, or to the extent thereof, provided in any case the penalty shall be not less than \$10 which may be assessed against the taxpayer."
8. The date upon which any return is filed shall be taken conclusively to be the date of the postmark if the return is mailed or the date of the receipt stamp of the office of the Income Tax Division to which the return is delivered.
9. The deduction to which all persons (other than corporations) subject to the graduated rates of tax as in the First Schedule of the Act provided, are entitled, shall not exceed the same proportion of the tax otherwise payable under this Act as that which the taxpayer's net income from the business in respect of which the capital expenditure was made bears to his entire net income from all sources. The provisions herein shall apply mutatis mutandis to the interest of each partner in the income of the partnership.
10. "Costs incurred" means those legal obligations for costs within the meaning of section 90, entered into within the said period of twelve

months (Regulation No. 3) which are binding when made between strangers, requiring the one party to perform certain capital works and the other to make payment therefor, and also includes those capital costs incurred by persons using their own employees in the construction of capital properties, provided always that the capital properties are used or intended to be used in the earning of the income of the taxpayer.

11. Each contract under which allowable capital costs within the meaning of section 90 are incurred shall be separately listed on the appropriate return.
12. Only payments actually made within the period beginning the first day of May, 1939, and ending the thirtieth day of April, 1940, will be recognized, even though there may be days of grace, thirty day clauses or other extensions or arrangements which enable the taxpayer to make payments at a date subsequent to the said 30th day of April, 1940.
13. The term "machinery or equipment" includes machinery or equipment purchased within or without Canada but requiring work to be actually done in Canada on their installation in any business activities or enterprises in Canada. The term, however, does not include any machinery or equipment purchased either within or without Canada which is complete in itself and requires no work to be actually done in Canada on installation in a scheme of equipping a business activity or enterprise in Canada. In particular the term does not include automobiles, trucks, motorcycles, bicycles, airplanes and other movable equipment which is complete in itself and does not become affixed to the premises of the business enterprise and does not require any actual work to be done upon it within the meaning of the statute.
14. All claims under section 90 must be made on the prescribed form and attested by solemn declaration. All capital costs claimed must be recorded in the appropriate books of account and must be provable by the taxpayer producing, on demand, vouchers, receipts or other evidence proving the validity of the cost claimed.





Canada Organizes for War

There are three things about Canada's organization for war that merit the attention of every citizen—the plan, the men and an obligation.

The Democratic system of government has many enemies. They say it is inefficient; and slow. That it never knows what to do in a crisis. That it is bungling; that it can neither serve its citizens nor protect them from exploitation.

The economic preparation for war which has been going on in Canada and Great Britain for months—even years—is one of the most amazing stories in the annals of government.

Great Britain had her plans laid months ago. Hundreds of men were appointed to special jobs—jobs which would come into being the hour war was declared. Plans were complete, even to code words and new telephone numbers for their new offices.

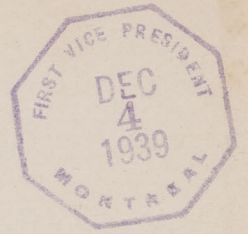
Canada's organization for war was much less complete before war came but has since moved at a rapid pace toward finality. In the first Great War it was not until November, 1916, that the Canadian Government took any action to oversee prices of supplies and essentials. This

time, the Wartime Prices and Trade Board was set up four hours after war was declared. The Foreign Exchange Control Board suddenly seized control of our entire business with the rest of the world, conserving our exchange resources, protecting our security markets from capital flight. The War Supply Board was created; an enlarged version of the former Defense Purchasing Board that had been set up following exposures of favoritism and incompetence in the awarding of contracts for war needs. The hour war was declared Royal Canadian Mounted Police picked up enemy aliens, known or suspected of being hostile to the Dominion cause.

The following chart shows the set up of this whole new group of government bodies, which went into action the first few weeks of the War.

The chart also lists the members of these new bodies. One of the most frequent remarks foreign visitors to Canada make is on the singularly high calibre and ability of the top civil servants.

Canada is too little aware of this body of permanent officials. They are the men



who keep the administration going; who give some of the departments of government high efficiency and integrity.

Some of these men are better known in Washington, London and Paris than they are in Toronto or Edmonton. In those world capitals their abilities are appreciated. In one or two cases, a much higher price than Canada pays has been offered for their skill—so far without success.

In this time of crisis recognition of their special skills and high abilities has come. The Advisory Committee on Economic Planning is a particularly significant instance. This body, composed entirely of top civil servants, has the duty of coordinating all phases of Canada's organization for war, and of advising the Prime Minister on measures desirable for the welfare of the nation.

Other special servants of the Dominion are those who have been called in from important posts in industry to do special jobs, like Wallace R. Campbell, president of the Ford Motor Company of Canada Ltd., or R. C. Vaughan, vice-president of the Canadian National Railways, both directing the work of the War Supply Board. Many of these are dollar a year

men. Others are doing big jobs at government pay and at serious monetary cost to themselves.

Canada's organization for war is on no small scale. The object — making ourselves economically great and making the biggest possible contribution to Allied victory—has the unanimous support of all loyal citizens. Canadian business affected in one way or another by war board activities has given prompt co-operation with the various boards.

But the obligation of every Canadian is to see that our traditional liberties are restored to us, undiminished, when war is past. Winning the war is now the national object greater than all others. To do so speedily and at least hardship to ourselves we have acquiesced in the suspension of many liberties and in the creation of what is almost a new form of government.

Efficient though it seems to be, necessary though we now believe it, we have delivered ourselves over into the hands of a bureaucracy that can walk into our homes, peer into and regulate every type of business transaction from the sale of a big bond issue to the purchase of a pound of cookies.

speculation based on possible or probable war-time profits. Speculation provides a cushion to take care of the shocks which would result from those violent adjustments in industry which are to be expected under the abnormal conditions prevailing. Actually, speculation represents a measure of protection, provided by the people with financial resources, which will ease the shock of adjustment for others in a less fortunate position. And speculation, particularly in the longer term, usually involves contributions to the national economy as well as profits therefrom.

Little Change In The Economic Index

The six factors indicating the trend of economic conditions, compiled by the Dominion Bureau of Statistics, were practically maintained in the third week of October. Advances were recorded in prices of commodities, bonds and common stocks, while speculative trading was also at a higher level. Declines were shown in carloadings and bank clearings. Three of the six factors recorded increases over the same week of 1938. These included carloadings, wholesale prices and speculative activity.

Wholesale prices recorded further gains in the week of October 20th, the index advancing from 78 to 79. Increases were recorded in eight of the nine groups, non-ferrous metals being fully maintained. The Winnipeg Grain Exchange was slightly stronger, No. 1 Northern wheat advancing from 70½ to 71½. Oats participated in the advance, while declines were shown in barley, flax and rye. Base metals were steady at New York, this advancing from \$55.00 to \$56.00.

The weekly index, based on six factors, was steady at 105.1 in the three weeks of October. The standing one year ago was 108.2, a decline of 2.9% having been indicated.

Increased Employment In First War Month

A substantial improvement in industrial employment was recorded at the beginning of October, when 11,891 firms reported that their total staffs numbered 1,186,786 persons as compared with 1,166,242 at the beginning of September. This increase of 20,544 workers in a single month, or 1.8 per cent, was considerably larger than the usual seasonal gain at this time of year.

As a consequence of these large additions to industrial staffs, the index number of employment rose from 119.6 on September 1 to 121.7 on October 1. This latter figure, which may be compared with that of 116.7 on the same date of 1938, was higher than in any other October on record except 1929 and 1937.

Supply Board Change Made

Is Now Placed Under Jurisdiction of Transport Minister, C. D. Howe

Ottawa, Nov. 27 (CP)—Transport Minister Howe today took over jurisdiction over the War Supply Board which was transferred last week to his department from that of Finance Minister Ralston.

"No radical changes are contemplated in the personnel or activities of the board and none were contemplated when the change of jurisdiction was made," Mr. Howe said. "anything that may develop along that line will depend upon circumstances that arise from time to time as our work proceeds."

Mr. Howe said there was no immediate plan for enlarging the board. There have been rumors that wider geographical representation would be given.

The board is now headed by Wallace R. Campbell, Chairman of the Ford Motor Company of Canada, as chairman, with R. C. Vaughan, Vice-President of the Canadian National Railways, Vice-Chairman, and C. E. Gravelle, Montreal, the third member.

Mr. Howe conferred today with Mr. Campbell to acquaint himself with details of the board's operations to date and probably will appoint one of its members as liaison between the board and the Minister.

"We will try to so organize the board that it will stand on its own feet," Mr. Howe said. "We want to make it as self-contained as possible."

Mr. Vaughan, on loan from the Canadian National Railways, will continue to act on the board as long as his other duties permit, the minister said.



The Financial Post
Nov. 18/39



W. E. Winslow Spragg

Britain's War Buying

Purchases on This Continent Routed
Through Four Interrelated Bodies

F Post
Nov 18

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From Our Own Correspondent

OTTAWA.—Recent appointments relating to Britain's war purchases in the United States and Canada have tended to confuse some industrialists regarding the methods of buying which actually are being followed.

The main groups involved are:

The Canadian War Supply Board, under the chairmanship of Wallace Campbell.

The British Purchasing Mission in Canada, under the chairmanship of Col. J. H. M. Greenly, C.B.E.

The British purchasing authority in the United States, directed by Arthur B. Purvis.

The British Supply Board for Canada and the United States, correlating the work of the first three groups.

So far as purchases are concerned, the Riverdale air training mission may be counted out. It is in Canada to co-operate with the Canadian, Australian and New Zealand Governments in organizing the Empire air training scheme. Any orders placed in connection with this scheme will be placed by the Empire committee in charge of it, of which Lord Riverdale is a member, and the purchasing will be done in co-operation with the Canadian War Supply Board.

Purchasing Mission

The British Purchasing Mission has as its chairman and controller Col. J. H. M. Greenly, who is a technical expert, an industrialist and has had experience as a civil engineer. Sir James Rae, an eminent civil servant and administrative expert, is the vice-chairman. On the financial side of the mission is J. A. C. Osborne, former secretary of the Bank of Canada and a high official of the Bank of England.

The British Purchasing Mission, however, has no direct contact with

the public. This mission is instructed from London as to what it is to buy. Having received instructions it consults with the Canadian War Supply Board as to the industrialists in Canada who are best equipped to fill the order.

The Mission then deals directly with the firms which have been recommended to it and, it is understood, the experts of the War Supply Board will continue to be consulted until final arrangements are made and a contract awarded.

U. S. Buying

Mr. Purvis's duties are equally clear cut. He will buy for Britain in the United States. It may be presumed he will only buy there such munitions or war supplies as can be obtained there more satisfactorily than in Canada. Mr. Purvis is well acquainted with Canadian industry and will also be in close touch with the Canadian War Supply Board.

But to make certain that the closest touch is maintained by all these boards — Lord Riverdale's excepted — there was created on Nov. 7 the British Supply Board for Canada and the United States. This body is to co-ordinate all purchases. Col. Greenly is the chairman of this board and Sir James Rae is the vice-chairman. Wallace Campbell and Arthur Purvis are members of it, thus linking all three bodies.

The point to be borne in mind, according to the experts on these missions, is that these purchasing bodies do not originate orders. They buy what they are instructed to buy by their Governments. It is no use, therefore, for an industrialist to go to any of these missions in quest of contracts. It is desirable, however, that industrialists make known to the Canadian War Supply Board their capacity and equipment to do war work.

What's Holding Back the War Orders?

Comparing war orders in 18th 2nd world war.

By **RONALD A. McEACHERN**
Staff Writer, The Financial Post

Canada's main contribution to the Allied war effort is now apparently going to be raw materials, food supplies and credit, more than shells.

For weeks Dominion businessmen have been wondering what was happening about war orders. Official answers were hedged in secrecy, some of it perhaps desirable. But repeatedly the impression was given that Canadian manufacturers should go ahead, get their plants tooled up, hold them in readiness for a major war effort.

Successive indications were that this or that official body practically had their pens poised to sign important contracts. These apparently failed to materialize. After weeks of this, business not unnaturally was baffled, somewhat exasperated, in many cases demanded impatiently to know what had happened to those war orders.

From a variety of sources which can be considered best informed, The Financial Post can now give the following outline of the war order situation.

Original expectations of Canadian business were too great and decisive announcements correcting that misconception were not made.

The war has followed a totally unexpected course, increasing the distortion of the situation. With ships rather than shells the main item consumed so far, both Empire and Dominion plans were thrown out of gear.

It is pointed out that in the past two years

the United Kingdom has built up enormous capacity to produce guns, shells and other materials of war. These plants have been going night and day for months. So far the war demand for these things has been very meagre; hence, Britain is building enormous war stocks against the time when war assumes a more violent course.

Canadian industry has got some very modest war orders. It will get more. Aircraft, anti-submarine boats, ammunition and gun barrels are officially stated to form the basis of early purchases here.

Eventually and assuming, of course, it's a long war, Canadian industrial capacity will be employed—not for shell production as in the last war, although some shell business of a varied type may materialize—but for such items as: machine gun carriers, tanks, small and large, land and marine mines, delicate electrical equipment, air frames, cable and various communication devices, small surface ships, both metal and wooden, small metal parts for war equipment, airplanes, etc., explosives, machine guns, small arms and ammunition.

But Canadian industry is not, in the near future, going to get the gigantic orders it has been permitted to envisage. Those must await a completely new phase of the war.

But this can be stated unequivocally: Official Ottawa is laying all its plans and policies on the assumption that this will be a long war—a war

of three or four years as planned for by the British Government.

"We can hope," a key Government figure told me, "that the enemy will collapse in two years, eighteen months or twelve months, but at the present time the only realistic path, we believe, is to expect a lengthy struggle."

British View

Essentially the same view was expressed by one very close to the British Mission. He denied categorically that apparent delay in placing large munitions orders in Canada was in any way influenced by an expectation that war would be terminated shortly.

"Governments generally may be more experienced in how to handle a war than they were last time," I was told, "but too many people are thinking of war in terms of 1917 and 1918—very intense conflict on an enormous scale—rather than of 1914 when it was just getting under way.

"Just as much use is being made of Canada's capacity today as in 1917," this informant declared. Very good use has been made of the time so far.

Opinion differs sharply as to whether precious time is now being lost through failure to award a variety of educational orders and create shadow plants which could almost overnight sweep into large-scale production of munitions and other war supplies.

Some industrialists with experience in actual

plant operation and tooling feel very strongly that only sheer good fortune will avert a situation in which Canada will not look back to the first three months of war as the golden opportunity for preparation which was scandalously neglected. They point out the fastest time an adaptable plant could be converted and producing a large volume of war materials would be about six months.

Officials reply that Canadian industry is getting extensive and adequate preparation. It is pointed out that a contract does not actually have to be signed before an important phase of the work is completed.

Procedure is outlined as follows: The British Mission engineers select several Canadian firms of repute and ability which appear able to do a good job on the thing required, such as fuses. The firms are then given specifications and asked to draw up their manufacturing plans and costs. The most attractive of these offers is then orally accepted and the industrialist is told to go ahead, buy the new machinery required and get on with production. The "get going" order is given before the contract is signed and is based purely on mutual good faith.

But it is learned from a very reliable source that hardly any of these "get going" orders have so far been given.

The answer of the industrialists is that a successful air "blitzkrieg" against Britain's arms plants would paralyze the Empire's defense system; that an attempt at rapid conversion of Canadian industry would result in completely unnecessary chaos, inefficiency and eventual dislocation.

The feeling is growing among businessmen who have had a clear picture of the course of actual war preparations at Ottawa that the Government is not in all respects following the courses indicated by good business practice.

Confusion and Delay

Authentic gossip in the capital also has it that the British Mission staff here has been experiencing serious difficulties with jammed transatlantic cables and upset mail schedules; with hard-pressed civil servants in London who send sets of plans with essential parts missing or the wrong plans altogether; with overworked departmental heads who do not find time to reply to cables and queries.

Dollar value of contracts for shells, etc., already awarded by the British Mission to Canadian industry is regarded as necessarily secret, at least for the present. And it is only this type of materials—distinctly for war and army use—that are in the sphere of the British Mission. Raw materials, foodstuffs and so on have been handled by others.

Though it is not stressed, Canada's policy on war in the years of peace undoubtedly has some-

1. There was no assurance that, if war came, Canada would be in it; that she would not ban munitions exports from Canada as essential to the preservation of her neutrality.

2. Canada's official attitude was one of non-co-operation with Britain in placing war orders here. In September, 1936, for instance, Hon. Mackenzie King wrote in a letter to Hugh Plaxton, M.P., in connection with the Bren gun deal, that "it would be necessary, of course, to see that it was clearly understood that such orders as were obtained were at the instance of the firm itself and not either directly or indirectly at the instance of the Government of Canada."

The King Government attitude had very clear expression in the first proposals for the air training scheme which were made two years ago. The British proposal then was that Canada permit her to open recruiting offices in Canada and train pilots here at Britain's expense. Canada declined to agree on the ground that it would not do for the Government of any other part of the Empire to be recruiting and training here. If anything were to be done, Canada would do it, was the reply. Observers, of course, saw a careful consideration for the tender susceptibilities of Canadian isolationists.

A pale shadow of the original scheme was then turned out under which Canada agreed to examine and send to Britain a small number of trainees each year. The British Government accepted this deal as the best available.

3. The only official co-operation lent by Canada to Britain in a joint war order was in connection with the Bren contract, where there was political favoritism. In that instance the British felt that Ottawa had led them down the garden path.

Industry Takes a Hand

Finally Canadian manufacturers took a hand. They decided to send their own mission to Britain and they virtually forced the hand of the Cabinet to get representatives of the Department of National Defense to accompany them.

They found the British authorities exceedingly anxious to meet them and talk to them. They came back with a few limited orders. But they were told by one of the highest authorities something to this effect:

"Gentlemen, we were desperately worried about the munitions situation a couple of years ago and we should have welcomed very much the opportunity of co-operating with the Canadian Government in building up shadow plants in Canada; in placing educational orders so that there would be a secondary source of supply across the Atlantic if war came and bombing raids seriously interrupted production here. Moreover, we were afraid that we could not possibly speed up our preparedness programme if we relied only on our home plants.

"Now the situation has changed. We have been able to accomplish wonders with British industries. We have so increased the capacity at home that the urgency to look abroad for supplies has practically disappeared. We are glad to consider Canada as 'insurance' but we can turn out all the shells, guns and other munitions we are likely to need. If we place orders with you in Canada we may actually

be depriving our own plants and workers of employment."

Nevertheless the British did send a commission to Canada to survey our plants. This was Sir James Rae's commission.

The record is plain that Ottawa dilatoriness, when Britain was looking to us with desperately pleading eyes, is something of a factor in the present situation. Canada did not seize the opportunity when it was open to her and now—with British plants producing at a prodigious rate while fighting services are using up supplies at a very meagre rate—the opportunity and the need are not so pressing.

Dollar value of war contracts awarded in Canada on behalf of the Canadian Government is stated by the Minister of Finance, Col. J. L. Ralston, to be around 45 millions. This amount is understood to comprise many hundreds of separate contracts for the supply of uniforms, boots, underwear and a score of items down to toothbrushes for Canadian troops, plus various types of mechanical equipment. Not a single shell order, it is understood, is included on the Canadian list so far.

Added to Canada's war outlay to date is another \$25 millions for railway equipment. Additional orders are being placed but an estimate of the expenditure required to fully train and equip Canada's forces on the scale now undertaken is not available.

Air Training Plan

The Empire air training scheme on which Canada has completed her part of the negotiations, and is now awaiting final British acceptance, is not expected soon to result in war orders on anything like the scale indicated by the originally announced \$700 millions calibre of the project.

It is understood the scheme will retain something approximating the original announcement—the training of 25,000 Empire pilots—but that this will represent a potential achievement, and that the scheme will commence on quite a modest basis indeed.

Hence drastic downward revision of early estimates of expenditures on the air training scheme is clearly indicated.

Much the most important contribution Canada has so far made to the Allied cause is in various kinds of raw materials and in credits.

Britain has made it very clear to the Canadian Government that one of the biggest ways the Dominion can help is in the provision of credits for the purchase of supplies and materials on this continent. In the last war Britain was able to get practically unlimited credit for purchases in the United States. Under the new neutrality legislation, everything must be paid for, cash on the line.

For some years Britain has been building up a very large store of gold in this country. Repatriation is the main way, however, by which Canada is helping Britain with credit. So far, it is understood, less than \$100 millions of Canadian securities in Great Britain have been repatriated.

"Canada is taking no niggling or cheeseparing attitude in the granting of credits," one Government informant said. "At the same time, good business practice is being followed and the future interests of the Dominion are not being forgotten."

Allegations that one reason for delay in the

placing of British orders resulted from arguments on cash versus credit are authoritatively stated to be without foundation. Canada has definitely adopted the granting of credits as one of her chief forms of aid to the United Kingdom.

The total volume of "war business" for Canada so far has been very roughly estimated at over \$150 millions. To some extent, of course, some of this amount would have gone through in the normal course of peace.

An estimated \$70 millions worth of copper, lead and zinc has been bought by Britain from Canadian producers. It is understood that some \$28 millions of lead and zinc is to be sought annually while the war continues. The price paid for copper is about that prevailing in the days immediately prior to war; lead and zinc prices are understood to be slightly better than the prewar rates.

This is metal which Canadian producers would have been unable to sell in any case, so does not represent any addition to the volume of Canadian business.

For Britain the advantage of these deals is that she gets an adequate assured supply of metal at a very moderate and relatively fixed price. For the Canadian producer, the advantage is a stabilized supply and price structure and riddance of the wartime difficulties of securing enough high-cost shipping.

The United Kingdom is buying a very large amount of lumber from Canada—mostly from the Pacific coast. Trade figures show that Canada's exports of lumber to Britain have doubled since the outbreak of war. Lumber exports to the United Kingdom in October totalled over \$3 millions.

Deal on Wheat

Wheat is another vital supply Canada is selling to Great Britain. Lengthy negotiations between the two Governments have eventually reached a conclusion believed satisfactory to both sides. Scarcity of shipping, problems of greater immediate importance and other factors tied Britain's hands during the early weeks of war and her wheat-buying was virtually at a standstill in Canada as elsewhere.

How much Britain will eventually buy and at what price is not divulged, but Britain is believed now to have begun buying Canadian wheat in substantial quantity.

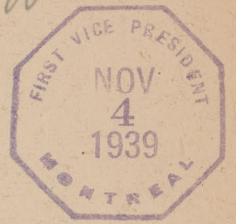
Movement of wheat from Great Lakes ports in the past two weeks reached 50 million bushels, the biggest movement of wheat in Canadian history. Canadian exports of bacon to the United Kingdom have been running near an all-time high.

Contrast With 1914

A broad foundation for general business improvement existed in Canada prior to the outbreak of war. This is a striking contrast to August, 1914, when all business signs were pointing the Dominion into depression.

Since the outbreak of war Canadian business has shown sharp gains in nearly all respects—a gain much larger than was anticipated by the most sanguine of informed observers. Some of this improvement is due to the normal fulfillment of favorable factors, such as the bumper wheat crop. Much of it is due to increased activity from purchases directly or indirectly occasioned by the war. Some of it is doubtless due only to anticipated activity on war orders.

M. E. Winslow Spragge



At The Lookout

EVENTS SHAPING FOR LONG EFFORT TO WIN THE WAR

Canada's Productive Facilities
Being Organized for Great
Effort

EWS

INDUSTRY BENEFITS

Important That Production
Should Be Encouraged by
Profit to Maintain Healthy
National Economy

EVENTS of the week have tended definitely to confirm indications that Great Britain and her Allies are preparing for a long war. Perhaps the most significant of these, although of minor importance in itself, was the release by the British government of the White Paper revealing atrocities in German concentration camps. In a foreword it was stated, in fact, that this information was not gathered for propaganda purposes, but was taken from official records, and, obviously, would not have been released had not those responsible for the Allies' campaign decided that it was futile to entertain hopes of a compromise settlement of the issues on which the war is being fought. And as regards Canada's participation there was the further nation-wide broadcast by Premier King in which he outlined the program of Canada's effort, and in which he declared that "the final victory may be shaped on Canadian soil"; this referred not alone to the Imperial air training plans but to Canada's great and varied resources which are being organized for the production of munitions, to supply foodstuffs, and to insure in other ways the most effective co-operation. To this same end also there has been the opening of the Conference of Empire representatives in London designed to insure maximum effectiveness in co-ordinating the war programs of all the Dominions. These and other developments—including the overwhelmingly patriotic vote in Quebec—reveal the growing momentum of the war effort and the lining up of the British peoples to support the actions of their various governments.

\$108,657,677 in the corresponding period last year.

Congestion of Grain Affects Car Loadings

Car loadings for the week ended October 21 amounted to 63,345 cars compared with 60,079 in the previous week and 62,095 in the corresponding week last year. Light loading of western grain due to accumulations at elevators was an important factor in the weekly loading. The decrease in grain in the western division was 1,392 cars from 1,392 cars from the previous week and 4,799 from last year.

Total Contracts Awarded Still Higher Than 1938

Contracts awarded in the Dominion of Canada during the month of October for all types of construction, as compiled by MacLean Building Reports Limited, amounted to \$14,228,100. This represents a decline of 26.5% from the September total of \$19,379,100. The decline of \$5,151,000 is largely accounted for by engineering projects being less by \$4,403,500, than the preceding month. Residential construction declined \$800,000; business buildings dropped \$2,100,000, while industrial projects increased by \$2,167,800.

Total construction for the year to date amounts to \$165,010,000, an increase of 2.1% over the corresponding period of 1938 which totalled \$161,572,700.

Ontario contributed fifty per cent of the October total with \$7,033,900; Quebec, \$3,257,000; British Columbia, \$1,618,200; New Brunswick, \$948,000; Nova Scotia, \$548,100; Saskatchewan, \$346,600; Manitoba, \$298,500; Alberta, \$154,100; Prince Edward Island, \$23,700. Toronto and Montreal contracts amounted to \$1,588,300 and \$1,596,500 respectively. For the year to date, Montreal is ahead with a total of \$21,874,900 as compared with \$21,094,800 for Toronto.

Contemplated construction reported for the first time in October totalled \$16,604,400 bringing the 1939 total to \$238,545,800. This is 9.6% over the corresponding period of 1938 which amounted to \$263,230,200.

Industrial Material Prices Advancing

Industrial material prices, on the base August 1939=100, continued to rise during the week ending October 27 and the Dominion Bureau of Statistics' index moved to 118.1 from 117.8 for the week ending October 20. The stable group was unchanged at 104.3, but the sensitive group advanced from 127.6 to 128.2, as an increase in manufacturing materials outweighed a reduction in food materials. The index for the former rose from 131.7 to 133.0, whereas that for the latter fell from 117.6 to 116.6. Among the commodities to move higher were steers, raw rubber, resin, raw silk and hemp while wheat, oats and hogs declined. Industrial material prices, on the base 1926=100, advanced from 76.4 to 76.6.

General wholesale commodity prices remained at 79.0, when increases in textiles, wood, iron and non-metallic minerals were offset by reductions in vegetable products, animals and non-ferrous metals.

The manufacturing industries of Canada showed a conspicuous gain in employment in this latest month, when the 6,468 reporting manufacturing firms added 22,234 persons to their working staffs. As a consequence, the index number of employment in manufactures rose on October 1 to 119.7, as compared with 115.3 on September 1 and 112.5 on October 1, 1938. The general gain in employment over the same date of 1938 thus exceeded six per cent.

Among the non-manufacturing industries, logging reported a remarkable gain while transportation and trade also recorded considerable improvement. On the other hand, services reported a substantial seasonal decline and the numbers employed on highway construction also declined considerably. The improvement in employment would have been considerably greater had not 21,000 men last month been removed from work on Quebec highways.

Marked Increase In Motor Car Sales

Anticipation of higher price levels due to possible increases in prices of commodities such as steel and rubber and increased costs of manufacturing, coupled with the earlier introduction of new models resulted in a marked increase in sales of new motor vehicles during September over the corresponding month of last year. There were 6,755 new vehicles sold for \$7,626,227 compared with 5,719 retailing for \$6,564,206 in September, 1938. Sales during the nine months ended September totalled 88,668 for \$96,734,865 compared with 97,563 for



COVERING THE WAR FRONT

One American paper declares that if the Germans could land an army of 250,000 men on the Atlantic coast they could march through the United States to the Pacific as easily and as rapidly as they invaded Poland: "Isolationists, smugly confident that the Atlantic Ocean is an unbridgeable barrier to the Nazi rapacity even in victory, talk in large terms about making the United States 'absolutely impregnable against any conceivable combination of European and Asiatic powers,'" asserts American Metal Market, which goes on to say: "Fine words, but what have they done to implement them with effective action? Meantime, whether the isolationists like it or not, the British fleet and the French army are the first line of defense for our eastern seaboard, as our fleet is in the west. Our second eastern line consists of the few vessels the fleet can spare, plus some obsolete or very old shore batteries, and a small unco-ordinated army and National Guard, just as miserably equipped with up-to-date weapons as it was at the outbreak of the World War. It behooves us to thank our lucky stars that more effective military units than our own stand between us and the Nazis, and that our Navy is adequately prepared to repel any thrust from the Far East. Our isolationists are indeed naive if they cannot read the plain intent in the Nazi and Japanese economic penetration of Latin America, and the ideological campaign waged unremittingly in South America. The President has broadened the scope of the Monroe Doctrine, to include Canada, a policy of self-preservation which the country approved; but how empty his words sound in the light of an inventory of our military equipment."

Toronto is becoming conscious, socially and financially, of the "war refugees" who have settled here by the hundreds in the last few months. Many of these are wealthy, most are highly cultured, many left important places in the professional or industrial life of their countries. The great majority of the newcomers are from Czechoslovakia and Switzerland, with a few from Poland, Hungary and other Balkan countries. One Swiss, a couple of weeks ago, bought the Rosedale home of a Northern Miner subscriber, paying a hundred thousand dollars. It was a cash deal.

Italy is hardly in shape to wage war, without financial aid. Another capital levy has been ordered, this being effective July 1st, 1940, and to be a tax of one-half of one per cent of capital as represented by land, buildings and other capital investments, held by individuals and companies. Such a levy in Canada even would create difficulties and lead to a great shortage of cash.

From the Pacific coast comes word of a small scale edition of the German war that has broken out with some violence in the Bridge River area, British Columbia. At one of the larger mines a number of Germans and Poles were employed. Immediately on the outbreak of the war the boys of both nationalities felt called on to uphold their national ideals and proceeded to indulge in a free-for-all, no holds barred, with rocks, pick handles and all available weapons being employed with vigor and relish by the opposing groups. The intervention of the management with disciplinary powers was able to restore order and prevent serious casualties.

The Congressional debate over the arms embargo, regardless of its outcome, is bringing out some interesting expressions of American sentiment, with growing evidence that the clearer thinking elements of American public life are all on the side of repeal. Here is an important viewpoint, from the front cover of the Washington authority "Sphere".

"The thing we have to save is not alone our youth, but our culture as well. We can save both. We can perform our duty to the full and yet not send a single American conscript to the shambles of distant battlefields.

"Because the American system, which is based on free institutions, is the best system, economic and social, yet developed by mankind, this country is today the richest ever known. It is rich in its holdings of the precious metals, but it is still richer in the size and efficiency of its industrial establishment, and this is supplemented by an agricultural and mineral potentiality that is almost limitless.

"Hitler madly shouts that he has spent 90 billion marks to make ready. That is why he has decided to test his terrifying toy in battle. It would not be neutral to deprive his intended victims of access to our resources. It is true neutrality to sell to the Allies what they want, if they can get it in their own ships and pay for it with their own money.

"Freedom shall not perish from this earth—not unless free people are deluded into the adoption of a false neutrality that would strengthen Hitler's arm and make true his dictum that liberal Governments are asses—and contemptible."

The most important feature of the division of Poland, from the allied point of view, undoubtedly, is that Russia has possession of the Polish oilfields and of a strip of territory between the German division and the Rumanian border. This means that Germany is cut off from further expansion to the east, except by the good graces of Stalin,

B.W.S.
M. Ferrabee



and, moreover the same obstacles separate Hitler from a direct access to the Roumanian oilfields. On more than one occasion this paper has mentioned oil as a vital point in the German position. It happens to be one of the vital materials that is necessary for the conduct of a long war, and of which Germany has not. In elaboration of this phase of Germany's position, The Mining Journal of London notes the decisive part which aviation gasoline must play in the German war. In substantiation of our own observations of two weeks ago, we quote: "Without enormous quantities of spirit of high octane rating suited to the requirements of engines of the latest design, the efficiency of aircraft of the greatest perfection must suffer greatly. If the allies 'swam to victory on a sea of oil', in 1918, how much stronger is our position today, when the tanker fleets of the world have increased so enormously in capacity and the oceans are open to us to draw supplies from all the oilfields of the world. The longer the struggle continues the greater must be their (Germany's) straits not merely for that master requirement oil, but for raw materials of every description."



Co-operation Demanded Against Aggression

Manion Promises Backing of His Party And Makes Plea for Elimination of Profiteering and Political Abuses

OTTAWA, Sept. 9.—(C.P.)—Pledging the support of his party to the Government's policy of "effective co-operation at the side of Britain" in a war against German aggression, Conservative Leader Manion warned yesterday against profiteering and political abuses in Canada during the war.

Repeating his argument of the last session of Parliament that Canada should be strongly defended against attack, Dr. Manion went further and declared his belief that "our best defence is an offensive" in the European theatre of war.

Dr. Manion opened the debate on the address in reply to the Speech from the Throne, speaking ahead of Premier Mackenzie King. He urged that Canada's industries and resources be organized and co-ordinated on a national basis and that neither partisanship nor favoritism should be permitted a place in the nation's war effort.

Text of Manion's Speech to House

Following is the text of Conservative Leader Manion's speech in the House of Commons yesterday at the emergency session:

I do not intend to make any protracted remarks on this occasion. I agree with the Hon. Member for Algoma West (Col. H. S. Hamilton) when he says that this is a time for action rather than for words, and I would add that so far as this party is concerned I can speak with authority when I say that there will be neither now nor later, nothing in the shape of political manoeuvring or captious criticism.

We are going through a very grave crisis, perhaps the gravest that the world has ever known. After all, we cannot forget that it was just 25 years ago that this Parliament met in a special war session which, 21 years ago since we ceased to participate in the last war. In other words, there will have been two great wars within the life-time of a generation. Certainly that is a heavy load for all of us to bear.

But at the same time all the Allies in the last war and in this one can feel with the certainty that they did not desire the war, that this war as the last one, was thrust upon us. In fact, Mr. Chamberlain and M. Daladier were so strongly opposed to entering the war at all that we all knew that there was a certain amount of grumbling in certain countries, in some cases, where they were not taking part in the war because it was thought that these leaders hesitated to stand up with Poland.

But that very delay and hesitation is today a source of pride to all of us, proving as it does so fully and completely that neither England nor France would have entered into a war at all had they not been driven into it by Hitler.

It is no exaggeration to say that this is a war for the preservation of human liberty. We have had abundance of evidence that Hitlerism means autocracy, barbarism, international gangsterism—I used that term about it at the last session of this House and I think it is a proper term to describe the actions of Hitler. Should Hitler win this war it may well be the end of civilization as we know it. The civilization which we enjoy today may go as other civilizations have gone before it.

This session of Parliament was called particularly for the purpose of getting Parliamentary sanction and authority for the actions of the Government in support of the part that Canada will play in this war. The Prime Minister the other day, in a statement which I have before me, said that he would seek Parliament's authority for effective co-operation by Canada at the side of Britain. With that expression of desire for the effective assistance and authority of Parliament I may say at once that the Prime Minister has the assent and support of the party which I have the honor to lead.

It is our duty to let the world, friends and foes alike, know that we are today unitedly behind the mother country in this war for human liberty.

England and France went into this war with no selfish motives, with no hope of financial gain, with no desire for aggrandisement, with no imperialistic ambitions; they went in to save civilization from Hitler, a man whose plighted word we have all learned gives no security, a man who has on numerous occasions in his own country and Austria at any rate instigated murder for the attainment of his ends, a man who rode roughshod over Austria and Czecho Slovakia a man who apparently holds nothing sacred.

Individual liberties, national rights, treaty obligations, international boundaries all may be violated for the purpose of attaining his wild ambitions.

He is not the first man who has attempted to dominate the world, a much greater man than he attempted it about 130 years ago in the person of Napoleon Bonaparte.

Napoleon Ended Life

At St. Helena

After that attempt Napoleon Bonaparte ended his life in early middle age as a prisoner on the Island of St. Helena, and I hope and believe I am expressing probably the hope of this whole House when I say that we trust that Hitler will meet some such fate as that.

Sir, we are bound to participate in this war. We are British subjects, we are part of the British Empire, and, as I have expressed it on other occasions, I do not see how we can possibly be in and out of the British Empire at the same time. At the special session of Parliament held 25 years ago the leader of the Opposition of those days, leading the Liberal Opposition, as I am leading the Conservative Opposition today, that brilliant French-Canadian Sir Wilfrid Laurier expressed himself more eloquently

than I am capable of doing, and I shall quote two or three of his sentences. He said:

"We have long said that when Great Britain is at war we are at war; today we realize that Great Britain is at war and that Canada is at war also."

A little further on he said:

"Upon this occasion, I owe it to the House and to myself to speak with absolute frankness and candour. This is a subject which has often been an occasion of debate in this House. I have always said, and I repeat it on this occasion, that there is but one mind and one heart in Canada. At other times we may have had different views as to the methods by which we are to serve our country and our Empire. More than once I have declared that if England were ever in danger—nay, not only in danger, but if she were ever engaged in such a contest as would put her strength to the test—then it would be the duty of Canada to assist the Motherland to the utmost of Canada's ability."

And still further on he said:

"It will be seen by the world that Canada, a daughter of Old England, intends to stand by her in this great conflict."

And Sir Robert Borden in the same debate, answering Sir Wilfrid Laurier, as the Prime Minister will speak after myself today, said:

"As to our duty, all are agreed: We stand shoulder to shoulder with Britain and the other British Dominions in this quarrel. And that duty we shall not fail to fulfil as the honor of Canada demands."

Some good

With those statements I wholly agree. I have said on other occasions, and I repeat today, that I do not believe there can be any neutrality for any part of the Empire when some other part of the Empire is at war. But in addition to that, we are fighting today for our conception of civilization. We are fighting for Christianity, in all its branches, because Christianity, Protestant and Catholic alike, has been persecuted in Germany by Hitler.

We are fighting for religion, because Judaism and the Jews have been persecuted even more cruelly by Hitler. We are fighting for democracy, for liberty of person, liberty of speech and assembly, liberties which we in Canada enjoy. Hitler's philosophy is a tyrannical autocracy. He places the state above everything and treats the individual as nothing, as a soulless animal to be used and sacrificed. His attitude goes back thousands of years to the law of the jungle, the law of tooth and fang.

There are those who say that we owe nothing to Poland and therefore we should take no part in this war. In the same way one might say, if walking down the street we saw a mad dog attacking a child, that we owe nothing to the child. Nevertheless most of us would go to the help of the child.

One point I wish to make very clear is that to my mind we have no quarrel with the German people as a whole. For generations they have given generously to the world in science and art and literature. We have well over 500,000 citizens of German descent in this country, and they are amongst our very best citizens. But, sir, Germany is controlled at the present time by an unscrupulous egotist. It is true he served Germany well, and had he stopped at a certain point he might well have gone down in history as a great German hero.

He raised the German people from discouragement, gave them back their pride after a just defeat but a humiliating defeat. Had he stopped there he would have been accepted perhaps by all the world as a German hero. But he did not stop there.

He realized that the nations which had been fighting Ger-

many from 1914 to 1918 were sick of war and anxious for peace and disarmament, so anxious that they would do almost anything to secure peace. He saw his chance in that desire on the part of the Allies and took advantage of it. It is one of his outstanding characteristics that he sees his chance and grabs it very rapidly.

I think we all know today that when he re fortified the Rhine he was bluffing the French and British. He had a very small army which might well have been driven back; but again, probably their desire for peace kept them from interfering. Immediately after the re fortification of the Rhine he re armed Germany, and during that progress he found it necessary to begin his murders.

Many of the military leaders of Germany who differed with him in regard to some of his methods were wiped out of existence in what were called blood purges. Then he conquered Austria, again without a doubt instigating the murder of the little Chancellor, Dollfuss, and imprisoning Schuschnigg, who as far as we know is still in prison if he is not dead.

These two men were punished by Hitler and his Nazi followers for the crime of loving their country and desiring its freedom. Then he destroyed Czechoslovakia, putting the Prussian heel on the neck of that little country, and now it is his desire to make Poland the next victim.

As we know, Poland has had a very tragic history. One can go back to the last quarter of the 18th century and find that Poland has been partitioned three times. Incidentally, the leader in that first partition was Germany, supported by Russia and Austria. Those of us who have studied the life of Napoleon will remember that on his first trip to Warsaw he was petitioned by the Polish people to once more declare Poland a nation, and we recall the sacrifice of beauty and purity on that altar of national desire to be re-established; and during all the decades since Napoleon first visited Warsaw hope for national reincarnation have sprung eternal in the breasts of the Poles.

Then after a century of national aspiration, the Treaty of Versailles, following the last war, re-created Poland, much in the likeness of the great country it has been previous to the partitions of the 18th century, and since Poland has been re-created it has become a great and proud state. Now this international gangster demands that Poland submit to him or be destroyed. He refuses anything in the way of conciliation or negotiation with the Poles themselves, who naturally are most interested. He demands total submission and his alternative is destruction. That is the choice he has placed before the Poles.

They must give up their nation, even their nationality; they must give up their liberty; they must submit to Prussian dictation, and all this is demanded with the example of the Czechs and the Slovaks before their very eyes. They refused. I believe that was the only choice that could be made by free men. Most people who have enjoyed freedom would prefer death to slavery. The Poles deserve success, and if they do not get it justice indeed must be blindfolded.

Allies Proffered

Poland Aid

Then France and Britain proffered aid, in accordance with their pledges. They could not do otherwise, nor can we do otherwise if we wish to possess our own souls. In this war, sir, we line up with Britain and France, and with mercy, justice and righteousness. Surely we may be confident of the outcome; for, sir, we must win. If we do not I believe there will be little else that matters. If Hitler and his philosophy conquer the world civilization itself is likely to disappear, and the liberties for which our ancestors fought for a thousand years will go with it. Patrick Henry, a great American patriot, on one occasion said:

"Is life so dear or peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God. I know not what course others may take, but as for me, give me liberty or give me death."

Poland might well say that today, and we in unison with Poland; for if the war is lost the lights of civilization are indeed going out. But I am hoping that we may with confidence repeat the prayer so eloquently expressed on Sunday last by His Majesty the King, when he said: "We may reverently commit our cause to God."

Let us remember, sir, that if the democracies fail Canada is the richest prize among the nations of the world. We should remember as well that this Canada of ours is very vulnerable to attack in these ultra-scientific days. Last session from my place in the House I pointed out the dangers that I

saw enveloping Canada if some great nation should defeat England and France or even if some great nation, without defeating England and France, should succeed in having one of its liners or its fairly heavy ships get through the barricade of the British and French navies and come across the Atlantic or the Pacific to our shores.

I pointed out the dangers on the Pacific, the dangers on the Atlantic, the dangers up the St. Lawrence River, and particularly the dangers down into James Bay, from which point this city is less than 600 miles distant. All the cities and towns of Canada between the City of Quebec on the East and the City of Winnipeg on the West are within that distance of Charlton Islands in James Bay, and today 600 miles is a very short trip for bombarding airplanes.

Therefore I say that this is the danger to Canada if we are not properly protected; if the democracies should be defeated the battle ground might well be at our own gates instead of being 3,000 miles away across the Atlantic, as it is today. I submit that our best defence is an offensive in that far off land. Our home defences, as I said last session should be strengthened, for we need a real defence force in the world today.

Profiteering

Under Fire

Now, following these brief general statements in regard to the causes for which Canada is going to war together with Britain and France, before resuming my seat I should like to offer, as the Hon. Member for Algoma West in particular offered, what I conceive to be a few practical suggestions concerning matters of which I have some knowledge, and I am offering them in a constructive and advisory way. The Hon. Member for Algoma West and the Hon. Member for Compton (Joseph Blanchette) mentioned the very unpopular question of profiteering.

I say, sir, that today I know of no more important question and no more important policy for this government to adopt than to see that there is no profiteering during this war. By profiteering I mean unfair or excessive profits made by taking advantage of the critical condition in which our country and our Empire find themselves. So far as I am concerned this is not a new thought.

I have been expressing it for many years, and particularly in London and Toronto just a year ago this month. I expressed it again the other day in a statement I put out to the press the day Poland and Germany went to war. That was two days before Britain and France declared war, one week ago today, and for the sake of the record I am going to take this opportunity of placing this rather brief statement upon Hansard. It was as follows:

"In this crisis, as in those of September and March last, I refrained from making statements regarding the international situation because I felt that at this terrible critical hour in world affairs it is the duty not only of our public men, but of all others to endeavor to unify and solidify Canadian public opinion. To hold our country together is the first duty of all of us.

"But, unhappily, war between Germany and Poland is now in progress, and undoubtedly England and France, in accordance with their pledges, will be forced to declare war on the side of Poland against international gangsterism, as displayed by Hitler throughout the past year. In this conflict, Christianity, democracy, and personal liberty are fighting for their existence.

"Now that the die is cast, I feel that I should reiterate my position as leader of the National Conservative Party. I adhere completely to the position which was set out clearly by me on March the 30th last in the House of Commons, when I declared my complete agreement with Sir Wilfrid Laurier's declaration that when Britain is at war Canada is at war."

"There can be no neutrality for Canada while Britain is engaged in a war of life and death. Therefore, in my opinion the united voice of Canada will call for full co-operation with Britain and France in this terrible conflict."

I wish to leave the next paragraph until I have read the two remaining paragraphs, because I wish to deal with it separately.

The press release continues:

"The Government during this crisis has not followed the course taken by Mr. Chamberlain by calling into consultation myself or the leaders of the other parties. Nevertheless, as in the other crisis, so in this, I informed Mr. King that I hold myself available for consultation and co-operation at any time, and any assistance

I can give to Mr. King and his Government will be freely given.

I learn by the press that a special session of Parliament is being called for next Thursday. In view of this, I am communicating to any followers the request that they be in Ottawa a day or two in advance of the session."

And now I shall read the paragraph I passed over. It is as follows:

"At the same time, in giving this co-operation, it must be the steadfast determination of all of us that there be no profiteering of any kind—no unfair advantage taken by anyone—no enrichment for some while others are offering their lives."

Excess Profits

Is Blood Money

I repeat that I consider that principle perhaps the most important that the Government can adopt in carrying out this co-operation. I believe that all Canadians desire that that be carried out, and they desire it ardently. They feel that anything made in the way of excess profits by anyone at a time like this is, in a sense blood money.

The idea of growing rich on the suffering of their fellow Canadians is repugnant to everyone. I say that it must not be permitted, and that there should be an absolute and rigid control to prevent it. Anyone taking unfair advantage of the Canadian people in this critical time deserves the severest condemnation and punishment. If allowed it will, to my mind, wreck our system, as surely as would a successful Hitler.

Our system is on trial. While the volunteer is offering his life the profiteer and the racketeer must be eliminated. The Hon. Member for Algoma West expressed it as equality of sacrifice, and I agree that that is the desire of all good Canadians.

Now, one further suggestion. I think the Government should take immediate steps to mobilize our industry, to co-ordinate industrial production and to ensure full and effective aid from our industrial life to Canada at this trying time. In the last war the industrialists of Canada did a magnificent piece of work. They were complimented on their work by the British War Cabinet, when they were thanked for the splendid assistance they gave to Great Britain.

Another suggestion, and it is this: Let not the abuses of political patronage and favoritism interfere with our national efforts. Canada as a whole is fighting, not one party, and Canada demands that we do our duty fearlessly and fairly. Let service, and quality, and honesty rule in all our vast expenditures. We must not let any scandal destroy our efforts.

Then, another suggestion: Based upon some personal knowledge and experience I would like to point out that one of the grave errors in the conduct of the last war was the permitting of huge numbers of unfit men to get into the forces. I say, with knowledge, that in 1916, two years after the war began there were in some battalions in England as high as one-third of the personnel unfit for service, one-third of the personnel who should never have been accepted at all.

That condition was brought about by two chief reasons: Gentlemen who desired to raise battalions loyally and patriotically hurried men into the ranks so that they would make a record in getting numbers sufficient to form a battalion. Individual Canadians who joined the army, but were unfit, joined from patriotic reasons, perhaps realizing that they were unfit, but anxious to serve. As I have said, many of them—tens of thousands—got as far as England, at great cost to Canada, because they had to be returned to Canada at a cost to this country which had to be added to our huge debt.

I submit that this must not be repeated and, I submit further that it can be very easily prevented.

Here is another suggestion: From the very beginning we should give generous treatment to the dependents of those who enlist for overseas service. But, sir, there is one further thought, and it is this, that unless it is necessary for the preservation of our national life, so far as possible those who have dependents should be kept out of the danger zone. It will not only save losses to families, but it will save by way of lessening the huge debt of our country and

lessening the huge pensions which would have to be paid.

Canada Urged

As Children's Haven

Some time ago a suggestion came out from England, which I believe was met with a good deal of favor here in Canada, that Canada be a haven for British children. One month and a day ago at my home city of Fort William I supported that idea. The press report of August 7 respecting my speech quoted me as follows:

"I say here today that not only would every man and woman in Canada gladly agree to such a plan, if it is feasible, but I go farther and say that under similar circumstances, if some of the Allies of the Empire made the same request that again Canada would rise to the occasion and do her humane and Christian duty, just as any Canadian citizen would gladly give shelter in the midst of winter to the children of a neighbor whose home was destroyed by fire."

I repeat that sentiment. For, after all, one of the greatest of Christian precepts is this: "Suffer little children to come unto Me, for of such is the Kingdom of Heaven." I repeat: if the proposal made is feasible I believe the Government should forthwith accept it and do everything it can to carry it out.

Then, sir, yesterday in my mail I received what I consider to be a very wise suggestion from a dear friend of mine, a brilliant Canadian, an outstanding man of letters, loyal, able and anxious to serve, but a man who has almost attained old age, and who has one rather serious disability which would prevent him from doing ordinary active service. In his letter he says this:

"Could not some genius organize a Canadian Legion of Honor at this time, not for foreign service but to serve Canada, to restore its pride in its destiny, and to heal its divisions."

To my mind that is a most worthy idea, even in peace time, because in Canada we have thousands of well-to-do citizens who would offer to serve—as this gentleman offered to serve, as indicated in the letter—without payment by the country. These people are anxious to do something for their country—and that is more true today, in war time. I submit this suggestion to the Government because I think it is certainly more worthy of deep consideration today even than it would be in ordinary times.

There are one or two further points I would offer before I resume my seat. One is that I believe local Canadian problems must not be neglected or forgotten because Canada is at war. After all, in this time of trial it would be a poor service to the Empire if Canada, our Canada, were forgotten.

I expect we are to be called upon in this session—perhaps tomorrow or the next day—to pass a bill providing for an expenditure of some such figure as \$100,000,000, with which to finance our part in this war. That is right and proper, though I would like to interject that with the huge amount of money on deposit in the banks, the money we need should be obtained at very low rates of interest—not at such rates and on such terms as were obtained in 1914 and in subsequent years. But in the absence of our men themselves let us strive to make Canada a land really worthy of their love, a land really worth living in.

I should like to touch briefly upon the Speech from the Throne itself and read the one paragraph which is really the gist of the speech. If there is any objection I shall read it all as it is not lengthy, but I think this one paragraph covers the speech pretty thoroughly. It reads:

"You have been summoned at the earliest moment in order that the Government may seek authority for the measures necessary for the defence of Canada, and for co-operation in the determined effort which is being made to resist further aggression, and to prevent the appeal to force instead of the pacific means in the settlement of international disputes. Already the militia, the naval service and the air force have been placed on active service, and certain other provisions have been made for the defence of our coasts and our internal security under the War Measures Act and other existing authority. Proposals for further effective action by Canada will be laid before you without delay."

Clarification Of Position Demanded

I have no desire to be critical when I say that, to my mind, that statement of Canada's position at the present time is not sufficiently definite and clear. Considering the wires and telephone messages and letters that I have received, considering the press statements that have been made, I think the people of Canada expect a full statement from the Prime Minister of the Government's position at this time. I hope that the Prime Minister will make a statement as full and complete, as clear and definite as it is possible to do. After all, the people have a right to such a statement. It is true that Parliament has been called to give its sanction and authority to what the Government will do, but, after all, the Government must submit its policy to Parliament clearly and definitely. After all, a lead must be given even to Parliament. As part of the British Empire we are at war today. I do not think there is any doubt about that. There may be some argument on technical and legal grounds, but I believe that is our position. I have listened to speeches made by the Minister of Justice (Hon. Ernest Lapointe), the Prime Minister and various other members of the Government; I have read the speeches of Laurier and I have studied the subject thoroughly. I have passed the opinion myself that when Britain is at war, Canada is at war. I believe that is the realistic and practical attitude that we must accept. I believe that is the opinion of the Prime Minister of the Minister of Jus-

tice and of others who have studied the question. It was the opinion of Laurier, of Bennett, and various other people.

I hope the Prime Minister will heed me when I say that I think we might well declare our position openly and clearly. I repeat that we are at war. I do not think it can possibly be questioned but that we are at war. In the interests of national understanding and clear thinking in our country I think our position should be made quite clear.

The Prime Minister in a statement to the press made on the same day on which I made the statement from which I quoted a few moments ago, used terms which were more definite than those contained in the Speech from the Throne. He said:

"In the event of the United Kingdom becoming engaged in war in the effort to resist aggression, the Government of Canada have unanimously decided, as Parliament meets—"

This is how it is quoted in the press.

"—to seek its authority for effective cooperation by Canada at the side of Britain."

And again:

"In the light of all the information at its disposal, the Government will recommend to Parliament the measures which it believes to be the most effective for co-operation and defence."

I sincerely hope and trust that when he speaks, the Prime Minister will make clear the position and policy of the Government. Upon that clear and definite statement depends everything. Upon that statement depends the effective and enthusiastic effort which will be made by our Canadians. Upon it depends our co-operation. Upon it depends the real success of any efforts which Canada will make.

In closing, I want to say that we are fighting in a war for justice, for honor and for liberty. We in Canada, like the people in England and in France, have no selfish motives and no desire for profit. We have no enmity toward any people. We are fighting or will be fighting against policies and principles which are anti-Christian and anti-democratic, policies and principles which are barbarous and brutal. Confident in the right of our cause, certain that justice will finally prevail, we should pledge ourselves here today to do our duty by Canada and the Empire.

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Industry In War

Substantial Expansion of Canadian Industry Should Result From a General European Conflict But Many Problems Will Accompany Such Acceleration

EVENTS in Europe and other parts of the world point to a renewal of the tension experienced during the months of August and September of last year. Whether war will be the final outcome or a basis for a negotiated settlement will be found which will avert a general conflict, every indication suggests a serious situation. Too many factors are involved to allow of useful prognostication. But in preparing for the worst, it is not without value to consider some of the effects of a European holocaust upon Canadian industry.

It is easy to envision a vast demand upon industry in this country to supply equipment of all kinds for armies in the field. British needs would increase and Canada would be a natural base of supplies. On the other hand, the country may be expected to be placed immediately upon a war-time basis. What does that mean? To what extent would industry gain or suffer from such a development? To be able to obtain orders for large amounts of munitions and to supply those requirements at reasonable prices may provide substantial profits to industry. But to be obliged to handle that business under war conditions may place an entirely different angle on the possibility of satisfactory profits.

In attempting to estimate the influences of war on domestic industry, the events of 1914 are of little comparative value. Conditions then and now show little or no relationship. In 1914, the allied nations had made only slight preparations for the conflict, although it was not entirely a surprise when it occurred. Canada at that time was not well developed in an industrial way. And orders for munitions did not appear in large quantities.

The first two years of the war saw the United States receive billions of dollars worth of munitions orders from Great Britain and France as well as other nations. Canada shared almost not at all in that business. On the other hand, in those early years of the conflict it is practically certain that the whole affair was not taken seriously. The thought that was prevalent in the first months of

the war that, "we shall be out of the trenches for Christmas," seemed to continue all during the following year. Not until 1916 was it realized that the conflict would be a long affair.

Then business and industry began to speed up. And belated activity started to swell plant operations as well as profits. The relative action of stocks in the United States and Canada gives ample proof of this backwardness in Canadian activity. The rapid upward movement in New York stock prices in 1915 and 1916 had no real counterpart in Toronto and Montreal. But in the following three years, the upswing continued after hostilities had ceased, Canadian stocks moved into much higher ground.

1914 Not Comparable

But present conditions are greatly different from those. Preparations for war or the preservation of peace, depending on which side they occur, have gone on apace in recent years. Since 1933, the world has experienced almost continuous increases in armament expenditures on the part of all major countries. In current months this outlay has reached astronomical proportions. In short, many countries have enormous war supplies.

However, if indications of the size of armies that will be put into the field should war eventuate and the magnitude of the attacking and defence operations are at all reliable, then these tremendous munitions supplies are unlikely to last long. And the demand for additional equipment is likely to appear at the very outbreak of hostilities. The orders in this respect are unlikely to be small.

Canadian industry in 1939 is capable of assuming extensive responsibilities in the manufacture of war equipment. Large amounts of divers materials and goods could be supplied either to the Canadian forces or to outside buyers. And such responsibility is likely to be thrust upon it at an early date if war develops.

Orders for several types of equipment have been received of late by Canadian plants from British sources. Some of these

unlikely that much thought will be given officially to profits when equipment and munitions are seriously needed. And should the conflict become greatly extended or the going heavy, it is more likely that some form of industrial conscription would be instituted to ensure rapid quantity production of necessary materials than that further attempts would be made to curtail profits. These would be a very secondary factor. During the last war, the cables from England read, "To H— with profits, send us shells," and that is the way they may read again.

Mining Costs

But it is not all a question of manufacturing. This country has a well developed extractive industry. Base metals can be produced in large quantities. At prices above ten cents a pound a great amount of copper can be extracted on a profitable basis and any substantial improvement in the price would naturally give profits a definite upward stimulus. That would be the case under ordinary conditions. On the other hand, the outbreak of war involving the British Empire is more than likely to result in a fairly complete mobilization of the Canadian forces and, perhaps, the provision for volunteer forces being sent abroad. And that can only substantially reduce the present labor supply. The effect possibly would be two-fold. On the one hand, increased business activity should expand the demand for labor services, on the other, the decrease in labor reserves would further tighten the market and wages would rise considerably for purely natural demand and supply reasons. In that development would probably be lost a great part of the increased commercial advantage of an increase in prices. And that would have as great an effect on mining operations of all kinds as on processing and manufacturing industries.

Government Financing

The brunt of financing of any possible near-future war will likely have to be borne by industry. Large amounts of government securities may be issued to finance military operations and the purchasers of these instruments will be largely confined to those who have shared in government business. This, however, may be handled in a way which will be quite satisfactory to business as a whole. The experiment is already being tried in Great Britain and domestic financing may be patterned after those methods.

The orders for government supplies and equipment are

Immediate Problems

But the more important question that is being asked is not how many orders will be received but what will be the immediate and ultimate effects of war on Canadian industry. Will profits on defence orders be severely curtailed? Will taxes increase to an extent that they too will substantially limit net earnings? Will financing of the war require industry to accept large amounts of government securities for the investment of their profits and reserves over and above what would ordinarily be deemed wise? Will the diminution of the labor supply due to military operations provide cause for greatly increased difficulties and higher costs? Will the necessary expansion of certain industries to provide war supplies leave them with redundant plants which will be a serious burden after the hostilities cease?

Those are the questions to which answers are being sought as events point towards greater tension and conflagration possibilities. Legislation has been passed limiting profits on non-competitive defence business to five per cent. on the actual capital employed in completing the contract. On other orders it is accepted that competitive tendering will serve to successfully protect the Government from excessive costs. But business taken by domestic firms for overseas account will not be limited as to profits. At least not by this particular law. Yet, on the other hand, the British Government has imposed a scheme of limitation of war profits and this may be adjusted to affect orders placed in this country.

Such considerations, however, are valid only in peace time. Under the strain of war, it is

given out and industry is allowed at least a full year of operations before long-term financing is attempted. The funds to pay for goods on delivery are obtained through issues of treasury bills thus providing plenty of short date paper in the banking system. And when industrial and business profits are actually in hand the Government can then offer long-term bonds. The

effect is to create a year's savings by the stimulus of government spending before taking these up through an issue of securities. And from the Government's angle this method of financing tends to suggest that profits should be maintained at a reasonable level in order that support for its borrowing activities will be readily forthcoming.

Taxes and Relief

But this does not mean that taxes will not have to be increased substantially. Wars have to be paid for and they will be very expensive in the future. That is obvious. Yet in Canada there is one off-setting factor to this immediate rise in taxes. Relief in all its forms has been a great financial burden. At least a billion dollars have been spent on this item in recent years. But with a war in progress the increase in military operations and the additional demand for labor should greatly reduce, if not completely eradicate, the costs of relief. The savings in this connection would amount to more than \$150 millions per year. And at least that amount of taxation would not have to be raised.

While that amount of government spending may be small compared with active war costs, it would still be a contra item that would not appear. Separate industrial groups or companies have not been mentioned in this article. Their individual problems and positions in a war economy appear more clearly when each is treated on its own terms. What has been attempted here has been only to indicate in broad terms those immediate problems that all domestic industries must face should a general conflict involving Canada eventuate.

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1832

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The diplomatic and political events in Europe move with astonishing rapidity. What is true to-day is totally incorrect to-morrow. What seemed a possibility yesterday, has become negated and replaced with entirely new conditions and problems to-day. And the outcome ever remains hidden in unknown probabilities, hopes, aspirations, dreads, fears and suppositions.

Conflict may be avoided through the discovery of new bases for negotiation. The mad rush towards the abyss may yet be turned into another channel. But that decision rests with a few people in Europe and how they will finally make up their minds can not be accurately

ly predicted. To prepare for the worst may, however, be the way of prudence, although that unhappy condition may not develop. The end is never quite in sight. Yet the significant factors that may be most influential in a new set of conditions created by a general conflict demand the careful consideration of those who may be most directly affected. A great amount of increased business activity will follow on the heels of the outbreak of war. But the added stimulus may carry with it a vast amount of industrial and commercial difficulties. Against these shocks the domestic economy should be protecting itself to the greatest possible extent.

New Brunswick Modernizes Fish Industry

NEW BRUNSWICK'S fishing industry like those of Nova Scotia and Newfoundland, has been suffering from the loss of the market for salt and smoked fish in Mediterranean countries since 1935, looks forward to better times with the announcement that American interests are to establish a fish processing plant at Caraquet costing about \$200,000 and employing over 70 persons.

The new plant will be equipped for quick-freezing and storing fish, and will have a daily output of over 50,000 pounds of frozen cod filets. There will be storage capacity for nearly 2,000,000 pounds in addition to equipment for the conversion of waste and unmerchantable fish into suitable by-products.

The company will be known as Gordon Pew (New Brunswick) Ltd., and will be a subsidiary of the Gordon Pew fish interests of Gloucester, Massachusetts. Through an agreement between the company and the New Brunswick Government, the latter will guarantee three-quarters of the cost up to \$150,000. The equity in the plant will be acquired by the company over a period of years upon the fulfilment of an annual undertaking to process a minimum of 9,000,000 pounds of cod annually. Besides the quick-freezing of fish, the company also intends to freeze and can small fruits and vegetables for foreign markets.

Most of the frozen filets produced will be sold in the Eastern and Middlewest States according to the present plan. Easier entrance into this market has been

provided under the 1938 Canada-United States Trade Treaty, by which the United States duty on fresh or frozen dressed cod and haddock was reduced from 2½ to 1⅞ cents per pound for an annual quota of 15,000,000 pounds.

The importance of the new industry to New Brunswick is of the first order. The minimum amount of cod to be handled by the plant in a year is equal to one-tenth of the average annual catch of cod in Canada. This will be of outstanding benefit to the employment situation in the fishing industry along the New Brunswick North Shore, while the farming community will also benefit if fruits and vegetables are processed. Similar plants may be erected along the North Shore if this first venture comes up to expectations. By providing new markets and new types of product the new development may change the whole economy of this district.

The quick-freezing industry has been growing rapidly in the United States in recent years, and it is generally acknowledged that it will become one of the most important of the food-processing industries. If this is to be the case, New Brunswick is not making a mistake in going after a share in this expanding market. The New Brunswick Government is to be commended for its efforts in securing a new industry for the province. The establishment of the Caraquet quick-freezing plant is a positive step toward the restoration of a measure of prosperity to the fishing industry.

John
1872

LAND FOR COLONISTS

For expansion of colonization in Temiscouata county, the Government had obtained 76,000 acres of arable land from the Thomas seignery, and for improvement of agriculture in a half-dozen counties the Agriculture Department had been authorized to spend for irrigation nearly \$100,000 on a 50-50 basis with the Dominion Government.

The Premier pointed to the success of irrigation projects in Europe and drew attention to a provincial law passed at the last Legislature session providing for expenditure on condition the Federal Government contributed.

The Premier said a public course will be built in Mountford National Park in the East Townships by private interests will pay rental to the Governm

...d-
...ion leader in
"intimidation" of
...orker.

He did not name the labor man, but explained that the action had been decided upon following an inquiry by the Attorney-General's Department and would go forward under labor legislation prohibiting "intimidation either on the part of employers or workers."

RESEARCH IN GASPE

The Premier announced that authorization had been given for prospecting and research in Gaspe Peninsula to determine the possibilities of mining exploitation and oil and gasoline production.

Research already conducted in Gaspe "definitely established" the presence of oil and copper, and the Government wanted to "find out if quality and quantity justify exploitation," he said.

"If the results are as good as anticipated, Gaspe will be a considerable source of mineral and industrial value to the province."

The research will be carried out by a company required to spend \$50,000 a year for two years on prospecting. In return for the concession, the Government will receive from 10 to 12½ per cent of the value of eventual production.

As a measure of forest protection the Minister of Lands and Forests had been authorized by the Cabinet to decree that permits would be necessary for travel in Quebec timberlands from now until September, the Premier said.

war materials; and \$27,000,000 for expanding the garrison at the Panama Canal. The bill is expected to be taken up by the House next week.

The committee recommended the full Budget Bureau request for \$120,000,000 for new planes, but suggested that only 1,007 be ordered for immediate use. It appended to the bill a provision making the purchase of the 1,283 additional planes subject to a presidential determination that they are needed. Mr. Roosevelt twice has requested funds for the entire 2,290 planes.

The 2,290 army planes and 117 National Guard planes, when added to the 784 planes provided for in the regular War Department appropriation bill and the serviceable planes now on hand, will give the army 5,500 planes by July 1, 1941. This is the goal outlined by President Roosevelt in his message last spring.

Included in the \$251,445,547 Air Corps expansion item was \$61,600,000 for housing and Air Corps technical construction at new air bases and depots and improvements to existing bases.

fair and...
Lower Lake Re...
and south winds; fair a...
day, fresh southwest winds,
and warm with scattered thundershowers.
Georgian Bay: Fresh south and south-
west winds; fair and warm today; scattered
thundershowers tonight and on
Thursday.

Northern Ontario: Fresh south and
southwest winds; mostly cloudy with scattered
thundershowers tonight and on
Thursday.

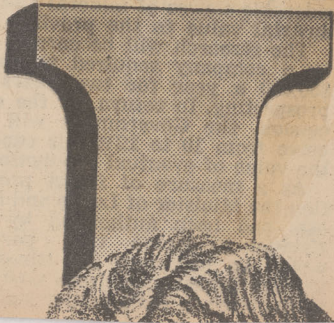
Manitoba: Southwest winds with scattered
showers in south, and northeast
winds with occasional rain in north. Thurs-
day, westerly winds; partly cloudy and
moderately warm.

Saskatchewan: Mostly cloudy with light
scattered showers. Thursday, fair and
moderately warm.

Alberta: Partly cloudy; probably light

\$160 STOLEN FROM HOME

While a servant in the home of
A. Ganz, 7613 St. Lawrence boule-
vard, was sitting on the front gal-
lery between 8 and 10.45 p.m. yes-
terday, a thief entered through an
unlocked back door and stole \$160
from a box in Ganz' bedroom.
Police of No. 29 station reported
today.



IONS OF THE R.C.A.F. they are paid
\$5.75 a day for a pilot officer; \$6.44
for flying officer, \$7.81 for flight
lieutenant, and \$9.04 for squadron
leader. Various allowances are made
for rations, quarters, uniforms and
marriage.

Five per cent. of this salary is
deducted to be paid the pilot when
he leaves the service after the four-
year term and besides this, a \$500
a year gratuity for the three years
in the squadron also is guaranteed
when he withdraws to private life.

With this nest egg, the Defence
Department feels the man who
spends four years in the R.C.A.F.
on a short-service commission has
ample means to rehabilitate himself
in civilian life.

IN RESERVE FOR SIX YEARS.

If he leaves the force at the end
of the period he retains his connec-
tion with the R.C.A.F. for a six-
year period through transfer to the
reserve force. He has certain lia-
bilities on the reserve; he might
be pressed into service for train-
ing or action in time of national
emergency or in defence of Canada
against actual or apprehended at-
tack.

M. C. Winiflow Spragg



Canada Empire Arsenal If Britain Goes to War

See Dominion Chief Source of Industrial Credit and Food Supply — Rigid Government Control Is Believed Inevitable

Whether or not Canada will be confronted with actual war at this critical juncture The Financial Post does not attempt to forecast. But Canadian business and industry must face such a possibility. To help appraise the drastic realignment necessary The Financial Post has prepared the special surveys in this issue. The chief articles are indexed in the adjoining column.

If diplomacy fails and war breaks out, what will happen to Canadian business?

Already the Dominion Government is making preparations to stand behind Great Britain, preparations that will have sweeping repercussions on Canadian credit, Canadian finance and Canadian industry.

Equipment, Not Men

In the last war Canada contributed half a million men to fight in the allied cause, but competent observers see little likelihood of such aid being repeated on the same scale. The next war, they point out, is going to be far different from its 1914 predecessor. Armies no longer march; they ride.

Armed forces have been mechanized. Fewer fighters in the line will be required, many more artisans behind. It will take many times the factory capacity of the Great War to keep the guns firing and the planes flying in the next outbreak. Canada's principal contribution in the next war, it is believed, will be in materials, technicians, trained aircraft pilots and credits or other financial rather than infantry manpower.

To provide the sinews of war there is expected to follow immediately any declaration of hostilities a mobilization call on Canadian industry. In the Great War, Canadian manufacturing, Canadian raw materials, and Canadian foodstuffs contributed a major part to the allied victory. In the next war, if there is to be one, this contribution is expected to assume vital proportions.

Control of Industry

It is freely predicted that instead of waiting this time for voluntary organization of industry steps will be taken immediately to organize vital manufacturing groups for full-time and continuous production. Key industries, such as those supplying meats, canned goods, textiles, leather, munitions and airplanes may find themselves under government control for the duration of the war. Others, which in peace time supply luxury or semi-luxury goods, may be compelled to switch to army and naval equipment lines. Strict control of profit margins is certain.

When the Great War broke out in 1914, Canada's exports of munitions were nil. Before the guns ceased fire in France Canadian factories were pouring out a vast volume of all kinds of war equipment. A gigantic industry was built up and its operations co-ordinated by the Imperial Munitions Board.

W

On this foundation of experience, plus British trial orders in the last two years, our contribution in the next war will be erected. There will be much less delay in training manufacturers and labor, and within a few months or even weeks, it is anticipated, a growing volume of exports could be started.

Undoubtedly the experience of the last war, when a government board assumed direct control of railroads, will be repeated. Many observers predict compulsory co-operation and pooling of all equipment would certainly follow. This might result in permanent unification.

While the government would assume more substantial control of key industries it will also furnish special protection for those industries against sabotage and probably also against labor disturbances. Guarding of bridges, canals, water supply and other utility plants was instituted as soon as the crisis developed this fall.

Production of Raw Materials

Canada will become a chief source of overseas supply for the British armies, and probably for the French armies as well.

Production of vital raw materials from Canadian farms, mines and forests would undoubtedly be stimulated. Again official control is anticipated, first to speed up production throughout the continuance of any war and finally to spiral that production down again to reduced post-war demand.

No matter what difficulties may be encountered in marketing Canada's wheat surplus in times of peace, all such difficulties would immediately vanish if war broke out, Canadian wheat fields would be the most accessible to Great Britain in time of a European war.

Some control of marketing but not necessarily the closing of grain exchanges, is anticipated. Indications are that farmers would expect, from either open or closed markets, prices substantially higher than the present fixed minimums.

Financing and Credit

Financing of this huge supply of materials will be a gigantic task. An enormous increase in Canadian exports of war materials and food-stuffs will ensure the strength of the Canadian dollar in relation to sterling. Canada may well emerge from the conflict a creditor nation so far as Europe is concerned, although to maintain increased exports across the Atlantic and to keep Canadian manufacturing plants in full production there may be further borrowing from United States. Keeping foreign exchange functioning smoothly, throughout the period of war as well as certain adjustment period that must follow, may tax the resources of the Bank of Canada, the chartered banks and other financial institutions.

Britain is expected to mobilize her Canadian securities and use them—plus credits extended by the Canadian Government—to pay for her purchases in Canada.

Trading in Securities

Some control of stock and bond markets is considered certain. Whether the experience of 1914 will be repeated, with exchanges closed for months and pegging of prices, seems to be doubtful. Most authorities believe that prompt steps will be taken to avert panic and to maintain some support for Government bonds.

Preparations are already well under way for such steps but are not expected to be announced until after a declaration of war. Indications are that stock exchanges and bond markets will be controlled in co-operation with competent authorities in these fields, rather than closed or subjected to arbitrary regulation.

Taxes Will Rise

Two developments are seen as inevitable, heavy increases in taxes, sharp gains in many commodity prices. A third, considered likely, but not so certain is inflation.

To finance any new outbreak an immediate resort to higher levies is expected on incomes, company profits, luxury and semi-luxury products, and all business transactions. There would be some compensation in the almost certain elimination of such present drains on the national treasury as relief, railways and wheat subsidy bills.

Further seeds of such a growth are also seen in the certain climb of commodity prices. A composite chart of the latter throughout the last three centuries is a chart of world emotions.

Peak in prices invariably synchronizes with wars. Prices of wheat, rubber, cotton, copper, wool, lead, nickel, pork move up with the armies, collapse just as quickly as final enemy resistance.

With the rise, living costs also rise and with them wages, salaries and interest rates.

Sir Charles Gordon was a genuine patriot, and during the Great War he worked like a Trojan, doing yeoman service as deputy chairman of the Imperial Munitions Board. So gratifying were the results of his work that the British Government "borrowed" him in 1917 to go to Washington as Director-General of War Supplies for Great Britain. All things with which Sir Charles had to do were well managed, and the high effectiveness of his services during the war won for him in 1917 the knighthood which everyone agreed was well merited. In the following year he was created Knight Grand Cross of the British Empire.

Sir Charles Gordon was a man of broad outlook, kindly disposition, fair and generous in all his dealings; and democratic in the best sense of the word. In him the hospitals had a generous friend, outstanding services under this head being rendered as a governor of the Royal Victoria Hospital. He attempted many things in the course of his long life; most of them he accomplished successfully; all of them he did worthily. As a man of high principles and character his memory will be revered.

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File Unemployment Committee



The Obligation and Opportunity Of Business Leadership

EDITOR'S NOTE: *Closing the gap that has tended to develop between business and government is a problem of such moment in the west that THE FINANCIAL NEWS publishes the following outstanding article as a contribution toward a desirable solution.*

By R. W. JOHNSON
(Chairman, Johnson & Johnson,
in Dun's Review.)

AMERICA'S industrial problem is involved with many social complexities.

Let us take as one premise that American business men are among the most efficient in their field, but many of them are not good business men. Intimate contact, however, with a large number of politicians leads me to believe that as a group they know more about business than business men as a group know about politics.

The problem that confronts us, then, is how to bring about a better understanding on both sides.

We business men know our story. About each of our respective enterprises we know certain facts that, we're sure, the politicians—and the public—ought to know. For example, the business with which I work has been in existence for more than half a century; and in all that time, so far as I know, it never has cost government, directly, one cent. Yet in the last ten years the corporation and the individuals who work with it have paid in taxes—federal, state and local—approximately \$8,000,000. In the decade the corporation has paid in wages approximately \$50,000,000. In the decade it has improved, constantly, the quality of its products, and it has reduced the cost of those products to the public.

One would think that such records as this—and there must be many others as impressive—would insure the popularity of business leadership. They have not. On the contrary, many people—and their opinions, we must remember, find expression in the opinions and in the actions of the politicians—think of business as Public Enemy No. 1.

From time to time, business men reveal such figures as I have cited; and I suppose they often wonder why the public is not impressed.

It seems to me that there must be some fairly sound reasons why the people, while willing to acknowledge modern industry's efficiency, are nevertheless unfriendly to business. For this unfriendliness, I believe, industrial management is at least partially responsible.

Industry's Responsibility

Generally, industrial leaders have thought too little about the public's attitude, an attitude that has been forming throughout the past quarter century. Further, many of the statements issued by business executives to defend industry fail to consider at all certain basic weaknesses in modern industrial operations.

For example, there is the type of industry that pays good wage rates, but fails to provide employment throughout the year and thus detracts from the workers' sense of security. Many managements take the view that continuous employment is impossible. They may be manufacturing seasonal products. They may sell to markets afflicted with severe ups and downs that result from changes in styles or changes in buying habits. No matter what the reasons however, the public believes, and rightly so, that it is a part of the job of management to insure full-time employment, decent wages, and short working hours.

Further, a part of industry's unpopularity with the man on the street arises from the mechanical and repetitive operations that modern manufacturing methods impose. Quite properly, the workman, an employee in a corporation in which he is so small a cog, feels that, even though his wages are good, life doesn't offer much interest. He has lost his sense of craftsmanship; and work is no longer fun.

If industry hopes to win a fuller measure of public good-will, ways must be found to break the monotony, or to relieve it. Within reasonable limits, it is possible to shift workers from one kind of work to another; and interesting possibilities lie in the direction of educating the

operators into an understanding of industry's problems of production, this to the end that the production line may become a living thing to whose life their work directly contributes.

Further, through intelligent contact with the people who work in industry, it is possible to demonstrate that management is interested in their welfare, their happiness and their security.

Reducing Business Stamina

Workers can be brought to understand how and why economic changes compel changes in business policy. In the depression of 1932, a great many enterprises did what they could to maintain continuous employment. In our own business no persons lost their jobs because of adverse economic conditions—conditions that extended from 1931 to 1936.

Today, the situation is quite different. Private business lacks the surplus to endure another protracted depression. Moreover, it has been the policy of government to inhibit the development of corporate reserves. Yet, despite certain social habits that have been developing for several years, personal thrift and business thrift still are virtues. To save for a rainy day is still good business sense. The workers and the public must be enabled to understand that if private enterprise is to be expected to weather depressions and, in good times and bad, provide employment, private enterprise must be permitted to maintain reserves and, in good times, strengthen them.

Similarly, the public must be enabled to understand, as we business men, ourselves, all ought to understand, that unemployment makes for relief, that relief makes for an unbalanced budget, and that an unbalanced governmental budget makes for higher taxation, then inflation, and then confiscation. Until we do our own utmost to break that cycle, there's little point in our damning the administration.

I have said that most business men know too little about politics. We all ought to know more. Some I recommend public office as a valuable experience for business executives—an experience for which there is no short-cut substitute. Public office may seem a heavy responsibility for a busy executive to assume; but if we are to learn about politics as we hope the politicians will learn about business, we cannot evade political participation.

I know the reasons why we have allowed this part of our social responsibility to go by default; but let me remind my fellow business men that, if they are paying to government fifty or seventy of ninety cents out of each profit dollar, it would seem worthwhile for them to spend some of their time actually making government better.

Approach to Socialism

We have gone a long way down the road toward socialism. Our tax structure as it exists today has inhibited and limited individual enterprise. Let us all understand that this untoward development is but a political expression of the gradual hardening of a public opinion adverse to business.

There is much about business that we cannot endorse. There are some characteristics of human nature in general that we find less than wholly

satisfactory. But let us be sure that we know where we are going. I fear the prospect of one great employer in the United States—the government. I would rather have some competition for my services.

Even though I am an employer, I can imagine no development of such importance as a condition in which every man might find bidders for his labor. More jobs than people to fill them, in other words a shortage of labor, would bring about the re-creation of an independent America. It would create markets for business men and farmers. It would accomplish more than could anything else toward curbing the influence of the demagogue and the radical.

Such a condition can be created by shortening hours of labor, increasing pay rates—and materially reducing taxes on profits, personal incomes and inheritances.

I have recommended that to learn politics, business men participate in public life. Not by reading the newspapers, not even by casual personal contact, can we learn how an office-holding mind works; and not until we learn how such a mind works can we hope to enlighten it.

In the political textbook, Lesson No. 1 is this: Follow the crowd. In his years of practice, the politician learns how to gauge public sentiment and how to anticipate in what direction the crowd's mind will move next.

Talk to the Voters

In that fact, I believe, lies the key to our solution. If we are to improve business relationships, particularly the relationship between business and government, if we are to create an economic and legislative atmosphere in which private enterprise may fulfill its economic task, we must state our case, not to the politicians, but to the voters, to our own neighbors.

Recovery begins at home. I have met few men who know the whole United States intimately; but most of us know and can understand our own communities.

Business men throughout the nation would do well to take their communities into their confidence. I have tried it, and I know that to lay your thoughts before an assemblage of citizens is good for your soul.

The future of private enterprise rests solely upon public support. It remains for the people to say whether they want to place unlimited power in the politicians' hands.

Let business men talk to their neighbors in groups. By this means business can bring its problems before the people; and if the presentation is honest and reasonable, I have little doubt that the people will find private enterprise worthy of support. I am sure that enlightened self-interest is a greater motivating force than regulated collectivism.

Let each business man put his house in order. Let him see to it that his neighbors understand what his objectives are and how he is going about their attainment.

Let management be scrupulously careful in its public relations. Let business men throughout America spend enough time in direct political life to gain a realistic, up-to-date understanding of what political life really is. If, on all counts, business leaders will assume their full social responsibility, I have no fear for the country's economic progress.

The Mtl. Gazette
13/6/39

Mr. C. Winslow Spragge

\$60,000,000 on Arms for U.K. Will Be Spent in Canada Shortly

First Order of \$13,000,000 Already Placed; Total Amount for Development of Munitions Manufacture to Be \$250,000,000

(Special to The Gazette.)

Ottawa, June 12. — The British War Office has developed a definite program for the spending of \$60,000,000 in Canada in the near future, and one expenditure of about \$13,000,000 has already been contracted for, it was learned here today.

The \$60,000,000 is the first instalment of a long time plan for the outlay in this country of \$250,000,000 in the development of a secondary source of supply of arms and munitions for the British defence forces.

The magnitude of the defence program in this country, both for the Canadian forces and for the British War Office, have led to suggestions that, unless the European situation gets much better, it may become desirable to establish a munitions department in the Federal Government. This would be separate from the National Defence Department and would engage in enlisting Canadian industry behind the manufacture of war materials.

The National Defence Department has already conducted a survey of Canadian industry to bring into fruition plans for broad development of defence production. However, the belief is here that it may be desirable to set up a special department.

Chief supplies for which Britain is looking to Canada are planes, in which aluminum will play an important part, tanks or tank steel, machine guns and light arms and guns of about the 25-pound class.

At the past session of Parliament legislation was passed to establish a defence purchasing board but the act has not yet been proclaimed and is therefore ineffective so far. When the act is proclaimed it will limit

profits on non-competitive contracts to five per cent. on capital employed in the performance of orders.

The number of defence items for which tenders cannot be called, however, is small and the act is not expected to place any great impediment in the way of contracts being given by the Canadian Defence Department. In any event, the act will have no effect on British orders.

U.S. Arms Bill Drafted

(Special to The New York Times and The Gazette.)

Washington, June 12. — Congress was asked today by the House Appropriations Committee to provide \$292,695,547 in funds and contract authorizations under the army and army Air Corps phases of the defence program, after Colonel Charles A. Lindbergh had testified that the United States would require, from three to five years to regain its applied and basic aeronautical research leadership.

The committee followed the recommendation of Major General H. H. Arnold, chief of the army Air Corps, who said the current expansion program would provide adequate air defenses for the nation.

The bill recommended in funds and contract authorizations \$251,445,547 for 2,290 army airplanes and 177 National Guard planes, and expansion of the Air Corps personnel; \$14,250,000 for educational orders for

or more manufacturers who have designs that are excellent, and with some needed basic research work these could be carried forward quickly.

Germany has greater research facilities than any country in Europe and is carrying research work forward "at a rapid rate and with amazing success," Colonel Lindbergh said.

Of the \$300,000,000 Air Corps expansion program, intended to provide 5,500 military airplanes in active service and rotating reserve, Colonel Lindbergh said:

"I do not believe it is either practicable or advisable for this country to attempt to compete with Europe in the quantity production of military aircraft under present conditions. On the other hand, we should certainly increase the strength of our Air Corps and I believe the present plans are very conservative in this respect. It would, in my opinion, be an error to reduce the number of planes called for the expansion program of the army Air Corps unless it is necessary to make a slight reduction in quantity in order to obtain an improvement in quality."

PANAMA FORCES BOLSTERED.

The Panama Canal garrison under funds recommended would be increased from 3,516 enlisted men to 9,916 men at a cost of approximately \$3,600,000. Construction of store-houses and housing facilities would cost about \$23,400,000.

The budget request for \$32,500,000 for educational orders was trimmed by the committee to \$14,500,000.

The testimony made public by the committee, in releasing the bill, disclosed that Colonel Lindbergh said the United States had lost to Germany its leadership in the field of applied and basic aeronautical research. European nations, he told the committee, have made "tremendous" strides in both production and research and have taken the United States from the lead it held prior to five years ago.

It will require from three to five years, Colonel Lindbergh said, for the United States to regain its leadership in the field of applied and basic research "if we concentrate on the problems involved and push ahead as fast as we can, because we are definitely behind."

Colonel Lindbergh said the United States is not behind in quality as applied to workmanship and equipment, but was behind as applied to the performance of military aircraft.

"In quantity, however, we are not in the position of being able to produce in this country of a peacetime basis as much as is now being produced in Europe," he said. "The production of military aircraft in Europe today is far ahead of our production."

"I feel that we have a great natural advantage in the United States and that consists of being able to place a large portion of our military reserve in the quality of our aircraft. Our geographical position does not necessitate the maintenance of a huge air fleet ready to enter war on a moment's notice. We can gain strength by devoting more attention to the quality of our Air Corps than to the number of aircraft it contains. The problems of European countries are entirely different. In Europe it is necessary to maintain facilities for the production of large reserves of military planes. Over here we are not subject to serious attack from the air in the present stage of aviation; and in any event will still have the advantage of distance from any great air power."

QUALITY HELD PRIMARY.

"Most important of all to us is the matter of quality, and there we should be ahead of any other country, because of the advantage of our natural position. We are the most fortunate country in the world in this respect. That is why I feel it is so important to develop our applied and fundamental research and to regain the leading position we once held."

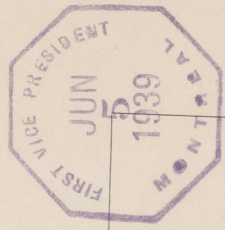
Asked why the United States lost its leadership, Colonel Lindbergh said:

"Probably because we continued our development at the same rate we had maintained for many years; while in Europe there was a sudden mutation in the development of military aviation. During the past five years the development of military aviation in Europe has been unprecedented."

Colonel Lindbergh told the committee that not only are American aeronautical research facilities inadequate, but "there are some facilities that are not being used to the maximum advantage today." There are, he said, "probably half a dozen



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*The Canada
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The Montreal Daily Star

"Canada's Greatest Newspaper"

Founded in 1869

TUESDAY, MAY 30, 1939

WANTED: OPTIMISTS

ONE of the most encouraging features of present conditions in this Dominion is the fact that despite continued disturbing despatches from abroad, business continues to improve. Those who are going around with long faces talking about depression are either ignorant of the facts or unable to interpret them correctly.

Statistics show that during the past year over one hundred millions in cash and securities have been sent from Europe to Canada. Moreover, the Bank of Canada is accommodating very large amounts of refugee gold in addition to this hundred millions. While some of this so-called "hot money" would naturally be withdrawn from the Dominion, were international conditions to show a marked improvement, there is good reason to believe that the bulk of it will find permanent investment in Canadian securities of all kinds.

The opportunity for investment both for outsiders and Canadians has seldom been so attractive, yet people still hesitate to buy. There is on the part of the public a hesitancy which has been bred by prolonged depression and which it seems very difficult to eradicate. Yet the grounds for eradication are manifest. This country has undoubtedly progressed substantially on the way to financial independence. A prominent banker recently pointed out that during the past few years we have not only succeeded in paying the interest on our borrowed capital, originally imported from Great Britain and the United States, to develop the country, but in paying back substantial amounts of the principal itself.

What we need today more than anything else is increased public confidence, which would naturally result in increased buying. The people of Canada have the money to spend. The savings accounts in our ten chartered banks from January last amounted to \$1,660,000,000, as against \$1,583,000,000 in January, 1938. And this amount does not take into account the very heavy savings on deposit with trust companies, provincial banks, and other organizations. If the public could be persuaded to do more buying, that would automatically create a demand for large production in the industrial field, which in turn would tend to reduce unemployment.

A short time ago Lord Tweedsmuir, in an address to the Boy Scout Leaders of Montreal, referred to pessimism as the one "ism" which kills the soul. There is an urgent need in this country of a counteracting optimism to kill the pessimism. We have every conceivable endorsement on the part of Nature to justify such optimism. Its cultivation has now become a national duty on the part of all Canadians who have the welfare and the prosperity of their native land at heart.

The Gazette

Mar. 13/39

Profits in
munitions
Mr. Binslow Spragge



RESTRICTING ARMS PROFITS. ?

The Government's announced intention to establish a Defence Purchasing Board fulfils one of the forecasts contained in the Speech from the Throne at the opening of the present session. It was stated also at that time that this Board would have authority to fix fair and reasonable profits in awarding its contracts with private firms and corporations. The bill giving effect to this policy is now before Parliament and one of its main proposals is that on all contracts under the Board's control, that is to say upon all contracts involving more than \$5,000, a maximum profit of five per cent. is to be allowed. This is an apparent departure from the principle of fair and reasonable profits varying according to the character of the work performed, the volume of production and the conditions—as to secrecy, etc.—under which the contract must be discharged. An unvarying margin, applicable to all contracts, may not be fair and may not be reasonable, but it is simple, and to that extent, if to that extent only, the plan has some merit. At the same time it is a little difficult to follow the course which the Government appears to have pursued in determining how this five per cent. is to be calculated.

The munitions industry is not like any other in that it lacks the stability that a permanent and assured market affords. The element of permanence is lacking and the employment of capital in munitions production must be encouraged by compensating considerations. A very heavy investment may be necessary and rapid amortization becomes a consideration of first-rate importance. The Government's plan is said to provide for the financing of certain expenditures over a ten-year period but until further details are available it will be impossible to judge as to the adequacy of such provision, having regard to the investment conditions already mentioned. No one in this country can contemplate war profiteering with any other sentiment than that of repugnance. No one respects a war profiteer.

The fact remains, however, that the safety of invested capital must be assured in the development of a munitions industry if capital is to be made available, and it must be made available if the country's requirements are to be met. Furthermore, world conditions are still such that as large an output as possible in as short a time as possible is imperative. The profit which the Government is to allow does not appear to have any relation to rapidity or volume of production. It is to be calculated on an average of the capital employed in each instance, and while considerable latitude is permitted in the definition of capital there are some rather striking peculiarities, particularly in the treatment of depreciation. The fact seems to be that what is contemplated by the Government is not a profit, at least in the usual sense, but merely a fixed return on capital actually employed. If the contractor's operations result in a greater return than five per cent. the balance is appropriated by the Federal Treasury.

The Minister of National Defence expresses the opinion that this arrangement will work satisfactorily, and it is very much to be hoped that he is right. It will be necessary, however, to have more detailed information from Mr. Mackenzie, or from some other source, before the plan can be considered free of some of the difficulties that now present themselves. A very great deal will depend upon the personnel of the purchasing board which is to be established. This fact was emphasized by speakers in the House of Commons on Friday and is of paramount importance. Canadian industry does not require all the tutelage suggested in the statement of the Minister of National Defence. It is not without experience in the production of munitions nor incapable of adjusting itself to the manufacture of specialized products, however intricate the requirements may be or whatever may be the technical considerations involved. Its response to the demands of the nation during the World War proved in the most impressive terms its capacity to discharge whatever obligations it was required to assume, and it is even better able now, with experience behind it, to meet whatever demands the present conditions may impose. The new Defence Purchasing Board, therefore, will render its best service to the Dominion in proportion as it is prepared to cooperate with industry with a minimum of official restriction.

*The Gazette
Mar. 11/39*

Mr. Winslow Spragg



House Acrimony on Arms Plans Dispelled by Mackenzie's Candor

By F. C. MEARS.

(Gazette Resident Correspondent.)

Ottawa, March 10.—The acrimony and suspicion which have charged the House atmosphere during most of this session's debates on defence questions were dispelled this afternoon by the speech of Hon. Iar. Mackenzie, Defence Minister, and the project he outlined to set up a defence purchasing board, rigorously restrict profits of munitions makers and provide financing of arms purchases over a ten-year period.

It was the frank admission of Hon. Robert Manion, Opposition Leader, that made this apparent, for Dr. Manion declared that had the speech of the Defence Minister this afternoon been made much earlier in the session it would have avoided "the whole discussion that has caused so much dissension and agitation in the country and a good deal of bitterness in the House."

This changed attitude of the Conservative chief brought warm commendation from Premier King, who in the course of the debate on the resolution preceding the Mackenzie bill, lauded the "chivalrous" stand taken by Dr. Manion. The Prime Minister stoutly defended his colleagues and assured the House that if at times Mr. Mackenzie spoke hotly in the House it was because he had worked under a "tremendous strain" in recent months.

Dr. Manion contended that the new policy of the Defence Department, as disclosed in the purchasing board plan, was the direct result of this session's criticisms of the Bren gun contract, but the Prime Minister declared the purchasing board project had been conceived long before the House

met, that it resulted from the report of the Skelton interdepartmental committee named by the Government many months ago.

Hon. Grote Stirling, former Defence Minister, insisted that the personal of the proposed purchasing board was most important, and warned the Government that detection of the slightest hint of partisanship in the choice of the board's members would bring about a quick revulsion of public feeling. He warmly defended the system of contract-letting by the Bennett Government. There were selected lists but they had no relation to party affiliation.

No hint has yet been given as to the choice of a chairman of the purchasing board, but already the Minister has declared the appointee will be a person of outstanding equipment, and that his choice will be completely removed from party considerations. A highly qualified man with notable business association, such as that of Arthur Purvis, is the kind the Government is seeking.

This plan outlined to the House today by Mr. Mackenzie is certain to have a considerable effect upon the second Bren gun probe now being undertaken by the public accounts committee. It is known that the chief source of attack upon the gun contract and the Montreal shell contract is the strong objection of certain members to the idea that there is any party patronage in the awarding of arms contracts. The safeguards however, provided in the purchasing board scheme will likely be accepted as proof of the Government's intention to keep the arms programme clear of partisan favors.

Our Special File

(Continuation of Can. Museum)

THE MILITARY ENGINEER AND CANADIAN DEFENCE

An Address delivered before the Military Engineers' Association, Ottawa, April 8th, 1929

MAJOR-GENERAL A. G. L. McNAUGHTON, C.B., C.M.G., D.S.O., M.Sc., LL.D., M.E.I.C.

NOTE—This article appeared in *The Engineering Journal* of August, 1929. It is being reprinted because it is just as appropriate to-day as when it was written. The interval of ten years has served to prove the wisdom of the plans and proposals which were recommended, but which it was hoped and perhaps believed would never be put to the test.

In the present state of world political development, an organization for defence is a necessary part of the equipment of a nation, because it is a matter of common knowledge that powerful forces are in existence in the world which are not susceptible to safe control by any organization either national or international in which we can properly have confidence and, indeed, in many instances the direction of these forces is in the hands of persons and groups who are not only hostile to the British Empire but antagonistic to every basis on which our civilization rests.

It is generally held in Canada that our defence land force should take the form of a Non-Permanent Militia, and this follows naturally from the favourable position in which we find ourselves—on the East and West wide oceans across which no expeditionary force of dangerous strength could be transported to our shores without preliminary arrangements of such magnitude that they could not be kept secret; on the South a great friendly nation with which we have been at peace for a hundred years; our membership in the British Commonwealth of Nations, the League of Nations and the generally increasing respect for International law and arbitration; all these factors combine to assure us at least of a warning of major dangers and of some time in which to mobilize our forces for local defence, and as far as offence is concerned, it must be obvious to any observer of the course of Canadian national life that we are highly unlikely to be precipitated into any wars of that nature—we have no reason to look outside our boundaries for our food supply; our natural resources are so vast and diversified that we will, for many generations, have ample to do to develop them without coveting any other nation's possessions, and for the few things that we lack we have large surpluses of exchangeable goods.

The other type of war in which it is conceivable we might be engaged in certain eventualities is in support of our associated nations in the British Commonwealth, or of the League of Nations if that were decided upon. The problems which arise in this connection are relatively simple of solution provided our organization for self defence is on a satisfactory basis, and in consequence we are not faced with the task of maintaining in peace any Expeditionary Force.

The principle underlying a militia defence organization is that of a nucleus force around which the defence resources of the nation can be crystallized in emergency. Theoretically its size, relative to the manpower of the nation and the completeness of its organization, equipment and training, depend inversely on the time which may be considered to be safely available for mobilization. If the force kept up in peace is too large or the time taken up in training is too great, the economic development of the country will be unnecessarily restricted, an important consideration in these days when high economic development is a most important element in military strength. If the force is too small we are under-insured in the face of the risks considered.

The whole question of the right forces to maintain, like many engineering problems, is a question of proper balance between conflicting factors—quantity and quality of materials available; the time in which to use them; the risks to be run—the factors of safety to be used. It is our business as soldiers to know all there is to know about the quantity

and quality of our materials of construction—animate as well as inanimate—about the facilities existing and required for training or manufacture; we must appreciate what we can do in a given time starting from a given level of organization; we must be prepared to estimate and advise on the risks to be run, but the big decision, as in all engineering work, is the factor of safety, and that decision must rest with the Chief Engineer of National Defence—the Government. Given this decision (which is not always easy to obtain) the soldier's task becomes if not easy, at least straightforward. Each Department and Corps of the fighting forces and the great services that must exist behind them, have their own factors to be evaluated; plans for each have to be made, assembled and correlated; compromises have to be made. Time does not permit of travelling far along this complicated road, but something should be said about these matters as they concern the Corps of Engineers, more especially as regards the question of personnel.

The engineers have been an important branch of military organization ever since war developed out of the phase of single handed conflict, but it remained for the late European War to demonstrate how intimately dependent on the engineer any large military operation had become, and a consideration of the subsequent trend of development shows that the engineers are becoming increasingly important and that their tasks in the next war, whenever that unfortunate eventuality arises, will be extremely complicated and dependent for their execution on the ability to apply an intimate knowledge of a wide range of technical subjects. It is understood that we now recognize with separate college degrees, about thirty varieties of engineers. In a war organization it is quite impracticable to have all these represented. Equally is it impossible for any individual to be a specialist in many branches.

Wherever the execution of the particular work in question requires a large and approximately fixed proportion of engineers in relation to the other troops, our custom, based on the historic precedent set by Marlborough in 1716 when he separated the Artillery from the Engineers, is to create a new corps. As an example for this in the late war, we had the creation of the Corps of Signals, the Railway Troops and the Forestry Corps. Aviation, begun in the Engineers, not only became a separate corps but a separate service. All these separate corps have their own special problems which they must develop to meet, sometimes taking over in the process other specialist subjects from the Engineers, as has now happened in the case of artillery survey and sound ranging.

The creation of these new corps leaves the engineers with basic duties such as bridge building, surveys, road construction, field works, etc., which all engineer officers must be qualified to carry out, and also with the certain liability that if anything new is wanted it will be up to them to meet the need, at least to begin with.

The accepted way to handle the special tasks which develop is to leave them under the engineers, to collect into temporary units or formations any engineer officers who happen to have a special knowledge of the subject in question, and to supplement them from such specialists as are available from civil life or from other arms of the service. Usually the Command and Staffs of these temporary units are found by the engineers and on them devolves the duty of making the best possible use of the somewhat uncertain facilities which they can improvise.

From this it is seen that the army engineer must not only be capable of performing the principal basic tasks

which have been mentioned but must also have such a broad knowledge of engineering and science in general as to be able to grasp the possibilities and requirements of any special development which may come about, and be able to carry it out with or without assistance.

It is quite in the normal order of things for these new tasks to be, for the time being, the absolute limiting factor on military operations—for example, gas warfare in 1915—and hence the high qualifications required by engineer officers are not open to question.

In considering this question after the war the Haldane Committee came to the interesting conclusion that it was essential that all engineer officers in the Regular British Army must, for the future, be University graduates. This decision has been put in force and their young engineer officers now go to Cambridge for two years as part of their initial training.

We are following this lead, and through the improved scheme of education and training it is hoped not only to provide our young officers with a fairly broad basis of engineering knowledge, but to put them into touch with their contemporaries in civil practice. It is then up to them to keep up this touch throughout their careers and in this connection these officers should support The Engineering Institute of Canada and the similar organizations of engineers in Great Britain. To help in this and to ensure that our permanent officers, whose principal duty is to be instructors to the Non-permanent Active Militia, obtain a certain amount of practical experience in the larger phases of engineering work, proposals have been made for the seconding of suitably qualified Royal Canadian Engineers officers to other Government Departments.

The provision of engineers for a Canadian Force on mobilization is more a question of organization than of training, as, fortunately for us, practically every line of Military Engineering finds its counterpart in the civil life of a new country such as ours which is in process of rapid material development, and from careful surveys it is apparent that, subject to one condition, there are enough professionally qualified personnel to meet the needs of any force which it is conceivable Canada might require to raise. The condition is that we do not assign qualified engineer personnel, as we did in the last war, to work which can perhaps be equally well done by others, but that we reserve them for the work which they alone are qualified to do. This side of our organization is receiving attention, and for the future the professional qualifications of all officers of the Non-permanent Active Militia are being carefully listed and indexed, to the end that if and when a War Organization is required they may be put into their proper places without hysteria or confusion.

Even if we had a complete Engineer War Organization in peace we could not afford to provide the elaborate and extensive equipment required, nor to train it. Fortunately, as already noted, the professional side of the training is already being done as practical work which is better than any exercise we could arrange. It is now necessary to provide for the adaptation of civil knowledge, and experience to military needs, and this is not difficult because we have a highly intelligent and educated body of men with which

to deal and also because Army and Civil engineering requirements do not differ greatly. In fact with each new Army development they tend to differ less and we would be guilty of serious inefficiency in Staff work if we resisted this natural process. Thus, since we base our whole defence on adaptation, obviously we must keep our ideas on tactics and employment as near as possible to those which already exist in the civil life of the community.

To any one who was not familiar with our special circumstances and who compared our peace time engineer organization with the formidable list of engineer units which we had in the late war and which we may require again, it might appear that our situation was far from satisfactory, but the person who reached this conclusion would have left out of account the real elements of our strength—the wide diversity and high standard of the Engineering Profession in Canada; the number of able engineers who are learning the adaptation of civil to military practice, both in the engineer units and in those of the other Arms; and the strength of the Canadian Officer's Training Corps at the great Engineering Colleges which are giving useful fundamental military knowledge to several hundreds of young engineers each year at the same time as they are obtaining their general education.

Not the least important of these factors is the high standard of qualification which is being demanded from officers joining the Corps of Engineers, as it is on these gentlemen that the first impact of expansion would come, and it is they who will then increase in rank and responsibility very rapidly. We must be sure that they will be able to command the confidence, respect and support of the many eminent engineers who will come under their orders on Mobilization. The support of this Association is asked in developing and maintaining this high standard among those who elect to serve in peace.

In the time available it has not been possible to touch on more than a small fraction of this great subject. Nothing has been said about the provision of non-commissioned officers and artificers—about how we are going to organize our skilled and unskilled labour, and so on. And indeed it must be admitted that many of these matters are as yet in the controversial stage. What we are striving to work out is a plan.

In an address given by Lord Haldane a few months before he died, in which he was outlining his ideas on the organization of the defence of the Commonwealth of Nations which constitutes the British Empire, he stressed the importance of this same point, and he showed by repeated instances taken from his own wide experience as a War Minister, that the one thing which could not be extemporized was a plan that was any good, but if you had a good plan quietly prepared and your officers had thought about it and understood it, it was usually possible to extemporize the material resources to carry it out.

The most important thing for us in Canada is to base our defence organization on the resources naturally available in the country, either in men or material, so that our problem will be adaptation rather than creation. In this work it must be said, and with emphasis, that quality is far more important than quantity.