

what can be done. Canada has ample resources of labour, capital, and material, some of which have been unemployed, and it should be possible for her to divert a great deal of production to war purposes without a too drastic temporary reduction in the standard of living.

Taken as a whole, the nation's equipment for production has never been worked to capacity. When account is taken of this and the reserve of labour available, it seems clear that under the stimulus of war-time demands production can be substantially increased even without longer working hours or the employment of those not normally seeking work. A vast emergency reserve exists beyond this in the increased production that would be made possible by sacrificing leisure and working more intensively. The margin of this production that can be spared for war depends upon the extent to which consumption can be reduced and capital outlays and replacements postponed. It should be realized that these emergency measures are not necessary until available and unemployed resources are brought into production and until production generally can be usefully and effectively diverted to war-time purposes.

Study had been made of Canada's possible war-time requirements before hostilities broke out, and consequently it was possible to set up quickly the emergency organizations needed. The Defence Purchasing Board had been established in July and had begun to function actively before war was declared. Under war-time conditions it was realized that a Board with wider powers, which would include not only purchasing but, when necessary, the organizing and directing of supply, would be needed. As a result, the Government set up the War Supply Board with these broader powers, which took over the work of the Defence Purchasing Board on Nov. 1, 1939. A War Purchasing Mission arrived in Canada in September from the United Kingdom and, after careful study of the supply field, it requested the War Supply Board to act as its purchasing agent in Canada. A prominent Canadian industrialist was appointed Director General of British (and French) Purchasing in the United States, and it was arranged that he should also direct purchases for the Canadian Government in that country.

On Apr. 9 the War Supply Board was superseded by the Department of Munitions and Supply, which retained and expanded the organization and personnel that the Board had built up. As the need for supplies became more acute, the purchasing work of the Department was extended and accelerated. On May 22 the Acting Minister of Munitions and Supply stated in the House of Commons* that the Department and its predecessor Boards had purchased \$225,000,000 worth of equipment, material, and munitions for the Canadian forces and \$75,000,000 worth of orders for Great Britain and France. The Department has also commenced to exercise some of the broader duties conferred upon it to examine into and organize sources of supply. In this connection it has set up four Controllers to deal with steel, oil, timber, and mines and metals, respectively. A War-time Industries Control Board, composed of these Controllers, was formed to co-ordinate their work. In addition, several Government-owned corporations have been established to carry out special functions in connection with the purchasing of equipment, supplies, or materials necessary for war purposes.

Within a few hours of the outbreak of war in Europe, the Government took steps to protect consumers in this country from shortages and profiteering by setting up the War-time Prices and Trade Board. This important body, composed of senior civil servants, was charged with responsibility for arranging supplies of necessities where shortages appear likely, for controlling prices in such a way as to prevent

* The speech appears at pages 142-149 of unrevised *Hansard* and contains much information on the supply situation as it existed at that time.