

important is the War Exchange Conservation Act, prohibiting or restricting the importation of specified non-essential goods, and providing means for the increasing of exports. The exchange shortage was also relieved in part by the agreements announced by the President of the United States and the Prime Minister of Canada at Hyde Park on Apr. 20, in accordance with which the United States will provide to the United Kingdom, under the Lease-Lend Act, American components of war supplies to be manufactured in Canada for Britain and, more significantly, the United States will buy from Canada certain essential materials and other war supplies that Canada can produce quickly and efficiently.

The Department of Munitions and Supply.—The Department of Munitions and Supply was created eight months after war had broken out to cope with the growing problems posed by the need for the more rapid procurement of vast war supplies and the creation of new industrial facilities. It replaced the War Supply Board which in November 1939, had supplanted the Defence Purchasing Board created in July, 1939, when a war emergency seemed likely to arise. Further details of the organization and background of the Department are given at pp. xxxii-xxxiv of the 1940 Year Book.

The Department was organized in order to centralize all purchasing functions on behalf of the armed services, except for certain construction and like facilities for which contracts continued to be let directly by other departments, such as Transport, National Defence and Public Works. The Minister is empowered to examine into and to organize, mobilize, and conserve the resources of Canada for the purpose of furnishing munitions of war and supplies.

The Department does all the essential purchasing for the Canadian armed forces, as well as for the British Commonwealth Air Training Plan, the United Kingdom Technical Mission, and the British Admiralty Technical Mission. Through a system of Controllers for oil, timber, steel, machine tools, power, metals, motor vehicles, ship repairs and chemicals, it maintains a strict supervision over certain industries. The Controllers are organized into a Wartime Industries Control Board which acts as a mutual consultative agency. The Department had, at June 1, 1941, 1,400 employees, and has, during its existence, drawn on the experience of many outstanding men in Canadian industry.

From the inception of the Defence Purchasing Board to June 15, 1941, the total value of contracts placed in Canada for Canadian account was in excess of \$1,070,000,000. For the same period the total purchases in Canada for United Kingdom account was approximately \$750,000,000.

The need to extend and create new industrial facilities in Canada for purposes of war production led to the development of an extensive program of capital assistance to industry by the Governments of Canada and the United Kingdom. Plants were built and machine tools purchased with Government funds, but in most cases, the operation of such new facilities was left to private interests under specified conditions and subject to the Department's supervision. Moreover, the policy of the Canadian Government to set up wholly-owned Crown companies for the manufacture of small arms and precision instruments, as well as to engage in special purchasing and supervisory functions, had become established.

Total capital assistance commitments (including financial assistance advanced by the United Kingdom) to these Crown companies and to private industry generally up to May 31, 1941, was in excess of \$510,000,000. Nearly 22·7 p.c. of that amount was advanced to manufacturers of chemicals and explosives; 22·3 p.c. to manufacturers of guns, mountings and carriages; 10·4 p.c. to manufacturers of shells;