

64 p.c. of total productive capacity was used for war purposes. At the end of 1944 this figure had dropped to about 56 p.c. This is an amazing record for a democracy which is approximately 3,000 miles removed from the scene of actual combat.

When hostilities commenced in 1939, Canada, although producing almost no munitions of war, was in a unique position to help the Allied cause: plans were formulated for the speedy transition of Canadian industry to a war basis. Starting almost from scratch, Canada, within four years (1940 to 1943), developed a munitions industry that has not only met most of the needs of its own Armed Forces, but has also sent immense supplies of war goods to all the United Nations. Canadian munitions are being shipped to the Chinese and the Russians; they are being used in the Near East and in the Far East, they are being employed by the United States, and, above all, they have gone and are going to Britain where their weight has manifested itself in the struggle against the Axis forces on sea, on land and in the air.

**Productive Facilities Expanded.**—After the Fall of France in 1940 the pressure on Britain was such that Canada was called upon to speed up her production to the limit. The British Commonwealth was facing the German onslaught alone. Canada rushed the construction of plants and factories, the gathering of war supplies, the re-direction of the nation's entire economic life.

It was at this time that Canada began the vast program of war-plant construction. Private interests in many instances financed their own plant expansions, with or without allowances for amortization, or built plants, writing off such expenditures with the aid of special depreciation allowances. Such deductible amounts are determined by a Government Board created for this purpose—the War Contracts Depreciation Board.

Where private industries were unable to finance their own expansion, the Government built plants and plant extensions and bought the necessary machinery. Where large production schedules and other needs could not be met by private industry, the Government also created companies wholly owned by the Crown to do the work. Several were organized not only to meet production problems, but also to surmount certain supply, purchasing and administrative problems. These Crown Companies have played and are still playing their part in the tremendous expansion of Canadian industry to the point where it is now a potent and major source of arms for the United Nations.

In the four years following the Fall of France, the Government created and still owns (April, 1945) plants and other productive facilities to a value approximating six times the capital employed in the pre-war primary iron and steel industries. Or, putting it another way, the munitions manufacturing facilities now owned by the Crown are about four times as great as the entire pre-war chemical and allied products industry. The productive facilities owned in this way by the people of Canada and operating under the Department of Munitions and Supply rose from a value of \$30,000,000 in 1940 to commitments of \$856,000,000 in 1943. Of this total \$600,000,000 has been allocated to provide plant or equipment owned by the Crown but operated by private interests. The remainder has gone into plants owned and operated by Crown Companies—such as arsenals, synthetic rubber and optical glass plants.