

Cancellation and Renegotiation of Contracts.—Provision was made during the war years for the speedy termination of incompleted war contracts when the War ended, and for interim or partial payments pending final settlement of claims on the completed parts of the contracts. War contracts cancelled in the closing phases of the War and immediately thereafter involved \$2,500,000,000. By the end of 1948, the Contracts Settlement Board of the Department of Reconstruction and Supply had received over 3,250 termination-of-contract claims for more than \$300,000,000 from prime contractors and had approved them for settlement with disallowances of \$10,000,000.

Whenever it was considered that a contractor had made profits on his war contracts, as a group, in excess of a fair and reasonable rate, the Government had the power, through the Financial Adviser of the Department of Reconstruction and Supply, to renegotiate the terms of the contracts. Renegotiation reduced the amount paid out on war contracts by over \$475,000,000.

Surplus Assets.—When the War ended, the Government had on hand much material procured for war purposes that immediately became surplus but had definite peacetime value. This included such things as food, clothing, barrack-room stores, trucks, aeroplanes, watercraft, military establishments and some \$700,000,000 worth of Crown-owned war plants, machinery and equipment. Part of the surplus material was in Canada and part in theatres of war.

Power to dispose of these surpluses was exercised by the Minister of Munitions and Supply and later by the Minister of Reconstruction and Supply. A Crown Assets Allocation Committee laid down disposal policy, the Director-General of War Surplus cleared war plants, and the War Assets Corporation directed details of disposal. By the end of 1948, the Federal Government had realized \$450,000,000 from disposal of surplus goods.

One of the most important features of the disposal program was the making available to industry of the industrial plants formerly occupied by Crown Companies. This involved the disposal of the 33,500,000 sq. ft. of floor space in 170 Crown plants and plant extensions. By Jan. 1, 1949, 45 p.c. had been wholly or partly sold; 4 p.c. leased; 4 p.c. subdivided for multiple-tenancy by small businesses; 34 p.c. was retained permanently by the Government; 1 p.c. was being used by War Assets Corporation for storage, some part of which would be retained permanently by the Government; 1 p.c. was up for sale or other disposal; and 11 p.c. had been dismantled.*

Dissolution of Crown Companies.—Related to some extent to the disposal of Crown plants was the winding up or reconstituting on a peacetime basis of a number of Crown Companies, some engaged in production and others in procurement. All but three of these Companies operated under the Department of Munitions and Supply.

Twenty-three of these Crown Companies have been wound up and their charters surrendered. (For a list of the Companies referred to, see the 1947 edition of the Year Book, pp. 1107-1108.) Certain continuing rights and obligations of Wartime Oils, Limited, have been handed over to the Department of Mines and Resources, and two other Companies—Aero Timber Products, Limited, and War Supplies, Limited—are inactive but have not yet surrendered their charters. Companies that were absorbed into other Crown Companies were: Fairmont

* See *Disposal and Peace-Time Use of Crown Plant Buildings*, Economic Research Branch, Department of Reconstruction and Supply.