

year, to the cut, make and trim trades largely to meet possible mobilization requirements. As mobilization stores build up, orders are placed at a lower rate. Footwear of both leather and rubber, and other leather goods such as gloves and belts, were ordered for current use and for mobilization stores.

Other requirements of the Armed Forces have also been met, including food, fuel and lubricants, chemicals, medical supplies, photographic stores, laboratory scientific and other instruments, barrack-room stores, furniture and furnishings, and office equipment.

In some cases, defence production has involved the setting up of facilities which will have small residual value after the emergency is over. Under these circumstances, contractors cannot be expected to make capital outlays that may not be fully charged against contracts before the defence work stops. Thus, the Government has authority to provide the contractor with capital assistance in the form either of machinery and equipment or of new buildings or extensions. Everything so provided remains the property of the Crown; buildings are constructed on land owned by the Crown. Some Crown-owned machine tools used during World War II have been rehabilitated and issued to contractors in connection with the present defence drive.

Controls and Priorities.—In the initial stages of the increased defence production it was necessary to direct the use of certain essential materials produced in Canada and elsewhere. The Defence Production Act, Sect. 30, provides that "The Governor in Council may, from time to time, designate as an essential material any material or substance, the control of the supply and use of which is in his opinion essential to ensure the availability of adequate defence supplies or for the construction or operation of defence projects". Orders in Council have designated as essential a number of chemicals and chemical compounds, wood-pulp and newsprint, certain forms of non-ferrous metals and non-metallic minerals, and certain forms of iron and steel.* After a material has been declared essential, the Minister of Defence Production may regulate its production, supply, distribution and use. In the case of non-ferrous metals, control is by an order approval system whereby purchase orders placed by manufacturers are screened in the Department of Defence Production. An order approval system was established for primary and wrought aluminum, primary copper and certain copper products, primary nickel and certain nickel products, cadmium, lead and zinc. Sulphur is controlled under a similar system.* The order approval system for cadmium, lead and zinc was cancelled in May 1952.

In the case of steel, supplies were diverted as necessary to defence and defence-supporting purposes by the direction of individual requirements at the mill, warehousing or fabricating levels. In addition, the use of structural steel for a wide variety of less essential purposes such as, places of amusement, liquor stores, hotels, banks and service establishments was placed on a permit basis in February 1951. A Ministerial Order of January 1952 prevented the accumulation of excessive inventories of steel and ensured that steel would be used for the purpose for which it was acquired.

In addition to the above controls on specific materials, the Minister of Defence Production has general powers for establishing a priority system for any type of essential supplies, under Order in Council P.C. 2399 of May 16, 1951. It has not

* For a list of the Orders in Council and Minister's orders in force at Dec. 31, 1951, see the report of the Department of Defence Production, Apr. 1-Dec. 31, 1951, p. 52.