

Lecturers are drawn, when desirable, from industry, the Armed Forces, the diplomatic corps and universities. Instructional visits are made to commercial and military establishments at home and abroad.

## PART II.—DEFENCE PRODUCTION\*

The Department of Defence Production was established on Apr. 1, 1951, under the provisions of the Defence Production Act (R.S.C. 1952, c. 62 as amended) with exclusive authority to procure the goods and services required by the Department of National Defence and to ensure that the necessary production capacity and materials would be available to support the defence production program. The Department also buys material for the civil defence program and serves as procurement agent for the Canadian Commercial Corporation, a Crown company primarily responsible for the purchase in Canada of defence goods required by other governments and of supplies needed to meet Canadian commitments under the Colombo Plan and other international agreements. Military construction is the main responsibility of Defence Construction (1951) Limited, a Crown company reporting to Parliament through the Minister of Defence Production.

During the period Apr. 1, 1951, to the end of 1957, the Department of Defence Production and Defence Construction (1951) Limited placed defence contracts on behalf of the Department of National Defence to a total net value of \$6,753,000,000. Against these contracts, and some \$400,000,000 worth of contracts taken over in 1951 from other agencies, expenditures amounting to \$6,690,000,000 were made from appropriations of the Department of National Defence. The significant role of procurement and construction in Canada's defence preparedness program is shown by the fact that 58 p.c. of total defence expenditures by the Department of National Defence since Apr. 1, 1951, was made against contracts placed by the Department of Defence Production and Defence Construction (1951) Limited. In addition, the Department assisted defence contractors in meeting these requirements by making available specialized capital assets worth \$183,500,000 and also approved accelerated depreciation on capital assets having an estimated value of \$737,000,000. The aircraft program (including miscellaneous government-furnished aircraft equipment) accounted for 37 p.c. of the total net value of contracts placed from Apr. 1, 1951 to Dec. 31, 1957, the construction program for 12.5 p.c., the electronics and communication equipment program for 10.3 p.c., and the ship program for 7.4 p.c.

The following procurement and construction review covers the years 1956 and 1957, continuing that for 1954 and 1955 given in the 1956 Year Book, pp. 1169-1175.

The net value of contracts placed in 1956 totalled \$746,500,000, which was an increase of 2.8 p.c. over the \$726,200,000 placed in 1955, but dropped 18.8 p.c. in 1957 to a level of \$606,100,000. Contracts and amendments placed under the aircraft program amounted to \$194,000,000 in 1957 as compared with \$236,200,000 in 1956, accounting for almost one-third of the total net value of contracts placed in both years. A substantial portion of the contracts and amendments issued in connection with the aircraft program during these two years was for the *CF-105* jet interceptor fighter, the *CP-107* maritime reconnaissance aircraft, the *CC-106* military transport aircraft and *Sparrow II* guided missiles for the Royal Canadian Air Force; and for the *Grumman CS2F* carrier-based aircraft for the Royal Canadian Navy. The value of contracts placed for the electronics and communication equipment program increased during 1956 and 1957 primarily as a result of equipment and management requirements for the Mid-Canada Early Warning radar line. The value of procurement for fuels and lubricants increased 17 p.c. in 1956 over 1955 but fell off slightly in 1957. Other programs such as ships, tank-automotive, weapons, and clothing and equipage recorded declines in both years. Construction contracts declined from \$138,400,000 in 1955 to \$125,000,000 in 1956, and, as a result of the completion of the Mid-Canada line and Camp Gagetown, fell to \$60,300,000 in 1957. The net value of contracts placed, as used here, includes the value of new contracts issued as well as the value of amendments which increase or decrease commitments under existing contracts.

\* Prepared by the Economics and Statistics Branch, Department of Defence Production, Ottawa.