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Canada's Second Front Line

*Canadian Industry as Organized and Mobilized
by the War Supply Board*

BROADCAST BY

HON. C. D. HOWE, M.P.

Minister of Transport

SUNDAY, JANUARY 7, 1940



OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1940

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In this war, Canada must fight on two fronts.

On the first front, Canadians in khaki soon will stand shoulder to shoulder with the troops of Great Britain and France, on the battlefield facing the Rhine. Men of the Canadian Navy are defending our coasts, and convoying our overseas trade. Men of our air force are patrolling our coasts and preparing for action overseas. A huge training plan for pilots and airmen will enlarge our fighting forces in the air.

The second front is at home—in Canada—and it is this second front that I will discuss this evening. In factories and mills, in foundries and forests, in cities and on farms, in a multitude of occupations, men and women must carry on the fight with equal enthusiasm, with equal determination, and vigour, if those sons of the Dominion on the first front are to receive the whole-hearted support necessary to carry them through to victory.

As Minister of Transport, I am responsible to the Government and to the people of Canada for the War Supply Board, which Board is charged with the task of organizing Canada's second front line. My duty to the Government is to see that the War Supply Board functions efficiently and honestly. My duty to the War Supply Board is to see that it is enabled to conduct its work in a favourable atmosphere, free from political pressure or interference, and with all the backing and authority that the Government is capable of extend-

ing to it. In short, I must choose a Board in which you will have confidence, and clear all channels so that the Board may function with efficiency and despatch.

The War Supply Board has succeeded the Defence Purchasing Board, which was formed prior to the outbreak of war, with responsibility for all purchases having to do with the defence of Canada. After the outbreak of war, the duties of the Defence Purchasing Board were enlarged to include the organization and mobilization of industry to meet war needs, and its name was changed to the War Supply Board. The British Government has asked that the War Supply Board deal with Britain's purchases in Canada. A similar request has been received from the French Government, so that the War Supply Board now is charged with the responsibility of being buyer in Canada for the Governments of Canada, Great Britain and France. I doubt if any Canadian Board has assumed as heavy responsibilities for the expenditure of public moneys.

Fortunately for Canada, many of our leading business executives have placed their services at the disposal of the Government in its war effort. From these men the personnel of the Board has been chosen. The necessary qualifications are, business experience, organizing ability, skill and experience in purchasing, and absolute integrity.

The Board to-day is composed of Wallace R. Campbell, President of the Ford Motor Company of Canada, as Chairman; R. C. Vaughan, Vice-President in charge of Purchasing, Canadian National Railways, as Vice-Chairman; C. E. Gravelle, a prominent manufacturer, and W. C. Woodward, President of one of Canada's largest department stores. These men serve without salary, and are devoting their full time to the work of the Board, at great sacrifice to their personal interests. Here is an example in patriotism for all of us.

The Board has associated with it a group of experts drawn from industry, and commerce, and the legal and technical professions, from coast to coast, many of whom are serving without salary. The Board's purchasing organization is a model of efficiency. Each purchasing problem is being dealt with by an expert, and each decision is being made on its merits.

The Board is entrusted with the spending of almost terrifying sums of money. It is vested with administrative authority more sweeping and more powerful than has ever been given to any agency of government in this country. It has the right to let contracts; it has the right to cancel contracts and to place them elsewhere, if in its opinion a contractor proves to be incapable of fulfilling his commitments. It has the power to take over the management of any industrial plant, if in its judgment incompetence or unwillingness is imperilling the war effort of the nation.

In short, the War Supply Board is the General Staff of the second front line, charged with marshalling and directing Canada's productive effort. Upon the soundness of its planning, and the efficiency of its operation, depends the success or failure of the campaign at home.

The War Supply Board has already become a finely adjusted piece of machinery. It is placing from four to five hundred orders per week, with an average weekly total expenditure of about \$4,000,000. This is a high-g geared purchasing pace, yet it must be exceeded as large orders now impending are placed. Since the declaration of war, the Board has been called on by the Department of National Defence to fill about 3,000 requisitions, and all but a few of these requisitions have been translated by the Board into specific supply orders. In all parts of Canada, men and women are engaged in transforming these orders into materials and many factories working night and day in the process. It is estimated that war orders placed to date represent the productive effort of 45,000 men working a full year. The sum of money represented in the orders now placed for war supplies amounts to about \$65,000,000 and in addition the Board has expended \$25,000,000 for the purchase of railway locomotives and cars, for rental to our railroads, as an insurance that Canada's merchandise, munitions, and men, can be kept rolling to our seaports, on their way toward the first front line.

An important problem of the War Supply Board has been the outfitting of the men who have volunteered for service abroad and at home in Canada's armed forces. All the men in Canada's First Division departed for overseas completely equipped with full complement of uniforms, great coats, underwear, caps, sox and boots, and

personal equipment of all kinds, from ground sheets to razor blades. The Second Division and auxiliary troops are completely equipped, except for uniforms, and these are being issued as delivered. The Navy has been supplied with complete dress. I am sorry to say that our Air Force is not fully equipped as yet, but this fault is rapidly being corrected. Our industries have responded splendidly to the call for equipment for our troops. Clothing and boots are pouring from our mills and workshops in huge quantities.

To illustrate what Canadian industry and Canadian workers, men and women, can do under pressure, I shall mention the rate of production of a few types of equipment. At present, jackets of the sweater type are being produced at the rate of 10,000 per week; blankets, 20,000 per week; boots, 13,000 pairs per week; gloves, 13,000 dozen pairs per week; uniforms, 7,000 per week; sox, 12,000 pairs per week; underwear, 19,000 suits per week; great coats, 3,500 per week. As examples of what this means, I may say that Canada's peacetime production of gloves, about 1,300 dozen pairs per week, has been expanded tenfold, and production of blankets more than threefold.

Now that this rate of productive capacity has been achieved, I think we can all feel that any shortage of personal equipment for our troops will be very temporary indeed. Also, we can be quite certain that our production of personal equipment will be adequate to meet whatever degree of mobilization may be decided upon for the future.

Food for daily rations of the troops is being bought in huge quantities. Every precaution is being taken to maintain a high quality of food for the men, and to distribute the food supplies in an efficient manner.

Apart from these purchasing problems, involved in meeting the personal requirements of our troops, there is the larger question of purchasing machines and munitions of war. These include such articles as motor vehicles, aeroplanes, machine guns, artillery of all types, tanks, shells and ammunition. Mechanized warfare of the present day requires mechanical supplies in quantities unknown in earlier wars.

Announcement has been made recently of the British Commonwealth Air Training programme for Canada, designed to supply a proportion of the pilots needed to give Great Britain predominant strength in the air. The magnitude of this programme predicates an involved supply problem and one that will challenge the best effort of the War Supply Board.

This training scheme will require the use of some eighty aerodromes, housing accommodation for school and personnel, and several thousand aeroplanes. Preparations have been going on for weeks to provide these facilities. As a result of municipal enterprise and the Trans-Canada Air Lines' development, we have some forty aerodromes developed to a standard that will permit them to be used immediately for large scale training. To provide the forty new aerodromes, survey parties have been at work in all the nine provinces of Canada, examining and mapping locations that offer favourable possibilities. Locations most favourable for training purposes have already been selected by aviation experts, and the necessary real estate is in process of being acquired. Contracts will be placed so that work can commence as soon as weather permits. Plans have been drawn for the required buildings, and sources of supply for the necessary materials have been protected. Tenders will be called shortly for the construction of the buildings.

Of the training aeroplanes required, 1,282 will be wholly manufactured in Canada except for the engines, which will be imported. Negotiations with Canadian manufacturers for the construction of these aircraft are now under way. Eight hundred and seventy complete aircraft are on order in England and will be assembled in Canada, and 593 aircraft are being manufactured in the United States. In addition, 1,622 aircraft, less wings, are on order in England. Wings for these aircraft will be manufactured in Canada, and the aircraft will be assembled here. Aircraft deliveries from abroad are expected to start in May of this year.

The War Supply Board is organizing the Canadian aircraft industry for maintenance and overhaul of the training aircraft, and is establishing the necessary depots for the overhaul of aircraft engines. When the training programme is at its peak, it is expected that

between three and four thousand aeroplane engines must be overhauled during a period of twelve months.

It is estimated that about ten thousand Canadian workmen will be employed in the construction, assembly and overhaul work. The teaching staff and ground personnel of the schools will total about 35,000 men.

This aviation programme offers a training ground for Canadian youth in the fields of mechanics and aviation on a scale never before contemplated in this country. We are an air-minded people now, and will be more so when the war ends.

A large shipbuilding programme is in process of organization, divided into three parts:— small wooden boats, larger speed boats, and naval vessels.

Tenders have been invited for some 72 boats, involving an estimated expenditure of about \$17,000,000. Our shipbuilding industry will have its hands full in meeting the required delivery dates. Both the Canadian and British Governments will share in this programme.

There has been some complaint about lack of orders from Britain for munitions and mechanical war equipment. While a number of British orders have been placed, these have been largely of the education type, to enable our industries to equip for the future full scale production. The large orders anticipated by our manufacturers have not appeared as yet, for the obvious reason that the tempo of war activity has not been as rapid as had been anticipated. I think that none of us should feel badly that this is so. Large munition orders for Canada may well reflect long casualty lists at the front. We can well afford to lose the orders, if we can be spared the casualties. Great Britain has had a large and distinguished group of purchasing experts in Canada since the outbreak of war, who have been studying our productive capacity and who are prepared to place orders when the time of need comes. Canada has already been organized as a second source of supply for British munitions. There is little doubt that our full productive capacity will be needed before the struggle ends.

Mobilization of our industrial capacity would be impossible were it not for an adequate system of transportation. We are most

fortunate in this regard. War throws a heavy burden on transportation, through added tonnage to be moved, and through dislocation of peacetime traffic routes. The very surplus of transportation that has contributed to our railway problem in peacetime, will be our salvation in time of war, coupled with the efficiency that intense competition has produced from our carriers.

In the last war, railway traffic rose fifty per cent above pre-war levels, and up to that time constituted an all-time peak for rail transportation, not only as regards actual volume of traffic, but also as regards the rapidity with which the problem developed.

Our railway systems have been greatly improved since the last war. The then disjointed members of the Canadian National Railway system have been combined into one transcontinental railway extending from Vancouver and Prince Rupert to our eastern maritime ports, with lines extending into industrial centres of the United States. Both the Canadian National and Canadian Pacific Railways have extended their network of branch lines, and both transcontinental railways are at the peak of operating efficiency.

In the year 1928, the railways of Canada handled thirty per cent more traffic than they handled in 1917—the peak of the last war period—and did it without any sign of congestion or difficulty. What was done in 1928 can be done again. Should the Canadian railways be called upon to handle double the freight traffic of 1917, I have every confidence that they will do so. Already in this war our railways have had a sudden increase in traffic, some twenty-five per cent, and have handled the situation in a manner that has been a credit to every railway man.

War buying is a difficult task. Every war in history has had its series of scandals connected with purchase of war supplies and food stuffs. In this war, Canada is making every effort to prevent dishonesty, inefficiency and profiteering. I feel that our war purchasing machinery will prove itself capable of doing a job that will win the approval of the Canadian people. I am equally sure that there will be criticism. Action by the War Supply Board is based upon human judgment, and even when such judgment is the best effort of acknowledged experts, there are usually other experts or critics who find themselves in disagreement.

As spokesman for the War Supply Board in Parliament, it will be my purpose to reply to criticism with the fullest possible disclosure of the facts. If criticisms are proved valid, quick corrective action will be taken.

In order that your criticism may be directed into useful channels, it may be worth while to take a few moments here to break down the purchasing problem into its component parts. In doing so, I will attempt to mention each part in the order of its relative importance.

1. Obtaining the article or material requisitioned by National Defence. This may be a simple matter of ordering from stock, or it may involve setting up a new manufacturing plant.

2. Ensuring the required quality. Any deviation from specified quality may have serious results, even to the loss of lives. Therefore, the supplier must be efficient, and there must be adequate and expert inspection.

3. Securing delivery within a definite time limit. This involves analysis of the production capacity of the supplier, and a careful check of his production schedules.

4. Buying at the lowest cost, consistent with the first three requirements. However, purchasing must not be confined to any one section of Canada, and some consideration must be given to the fact that production costs are necessarily higher in one part of the country than in another. Every part of Canada must participate in war production, and to each part must be allocated that production to which it is best adapted. Generally speaking, however, the work must go to the lowest tenderer.

5. Awarding the contract. This is usually settled by the first four considerations, but cases will arise when it is necessary to select a particular firm to organize an unusual kind of production. Criticism usually follows such a choice, the charge being that favouritism has been shown. I urge you to observe a proper sense of values when indulging in this type of criticism. Every effort is being made to eliminate favouritism, political influence and any consideration other than merit. The men who make up the War Supply Board, as individuals, have established for themselves a reputation for fair dealing. Let us believe that they will not sacrifice that reputation, by any act of theirs as members of the War Supply Board.

Legislation has already been enacted for the purpose of returning to the Government any abnormal profits arising out of war expenditure. Profiteering will be very difficult during the course of this war. I sincerely hope that it can be prevented altogether. Certainly the will of industrialists and workers at the moment is to perform their functions efficiently and without inflation of costs. There exists every patriotic motive likely to ensure that this spirit will continue.

I can offer you no message that will find a quicker response in your hearts, than the promise that I and all those associated with me in the activities of the War Supply Board, will spare neither personal effort nor any resource at our command, to see to it, without equivocation, without consideration personal or political, that the armed forces of the Dominion are the best fed, the best clothed and the best equipped in the world. To that sole purpose, we are dedicating all our thoughts and all our energies. In so far as it is possible for us to do so, within human limitations, we shall not allow the second front line to fail the first.