

(including those needed for our own forces overseas, for home defence and for training) without giving Canada any voice in their disposition beyond the promise of a full opportunity for Canadian representatives to present to the Board their needs and their views? It seems to us that if there is to be bona fide pooling the Governments which pool in any volume must, in order to discharge their own responsibilities towards their own forces and for their own defence, have a direct voice in the disposition of the pool. This principle applies with special force to a country which, on balance, is a substantial producer of munitions for the use of others among the United Nations (212).

This information was embodied in the letter and memorandum the Canadian Minister despatched to Mr Hopkins on 3 Jul (213).

137. On 9 Jul Mr Hopkins told several members of the Munitions Assignments Board that the Canadian request for full membership would lead only to similar requests by Australia, New Zealand and China. If such requests were granted, the Munitions Assignments Board would become too unwieldy. Thereupon General Macready* suggested a compromise: a Canadian representative should attend all meetings but have a voice only when Canadian production was being discussed. General Macready later told General Pope that Mr Hopkins seemed pleased with this solution (214). It was not until 4 Aug, however, that Major-General Burns called on General Pope and stated that Mr Hopkins had empowered him to offer Canada full membership on the Munitions Assignments Board when the assignment of Canadian production was being discussed. General Pope went over the draft letter, giving some suggestions and persuading General Burns that the offer to Canada also should include membership on the three Munitions Assignments Committees (215). The actual letter received by General Pope on 8 Aug read as follows:

I have been directed by Mr Hopkins, the Chairman of the Munitions Assignments Board to offer Canada membership on the Munitions Assignments Board and the corresponding Assignments Committees when Canadian production and Canadian North American requirements are under discussion, provided Canada agrees to the following proposals:

- (1) All Canadian production of finished military stores would be tabled in Washington along with United States production.

*Recently appointed head of the British Army Staff in Washington, where he was to remain until 1946.

- (2) Canadian bids from this total North American production, to be used for Canadian forces in the North American Area, would be made in Washington.
- (3) That part of Canada's requirements for her naval, military and air forces overseas, which is to be met from North American production, would be included in a bulk bid made on the Washington Board from the London Board. This bulk bid would cover the requirements of all of the members of the British Group of Nations. In other words, while all Canadian production would be pooled in Washington, Canada's requirements would be met partly through the Washington Board and partly through the London Board (216).

138. Opinion in Ottawa was divided. The Minister of National Defence and the Chief of the General Staff were opposed (217). The Chiefs of the Naval and Air Staffs favoured acceptance, considering that something was better than nothing. Furthermore, although it had been officially recognized that the provision of aircraft for home defence was a matter of direct concern to the Canadian and American Chiefs of Staff (218), there was the fact that future allocation to Canada of American-built aircraft was controlled by Washington. Mr Power had told the Cabinet War Committee on 15 Jul that, in practice, operational aircraft would not be available for the 49 further home defence squadrons authorized on 18 Mar 42 and the additional R.A.F. Transferred Schools that had been planned; furthermore, the continuance of the British Commonwealth Air Training Plan would be seriously hampered by a shortage of training aircraft. Unofficially it had been learned that the Combined Staff Planners in Washington had worked out a deployment table which provided for the assignment of Canadian-built aircraft to the United States in return for the release of American planes to Australia and New Zealand, and had ignored future Canadian needs (219). Mr Howe observed that Canada controlled the delivery of her own aircraft production and could give priority to the needs of the R.C.A.F., but Mr. Power countered that Canadian production actually was subject to Washington influences, since it was very difficult to resist pressure for allocations to other theatres (220). At the moment Canada suffered all the disadvantages and obtained none of the benefits of pooling because of not being represented on the Combined Munitions Assignments Board. Mr Howe continued his objections at the Cabinet War Committee meeting of 19 Aug. Briefly stated, these were as follows:

Munitions and Supply now producing all war equipment required defence services.

If Canadian production pooled no guarantee Canadian Defence Services will receive requirements, having to compete with China, Russia, etc. in bids Canadian and American produced equipment.

M. and S. now working on orders placed definitely known parties but would not know who they were working for if producing for Combined Munitions Assignment Board and having to open accounts for all Allied Nations to which Canadian production might be allotted would create chaos in M. and S. accounts (221).

The gist of his objections was, however, that, since the United States did not place all its production in the pool, he did not want all items of Canadian production pooled (222). The Department of Munitions and Supply also considered that all W.S.L. orders should be tabled separately by the United States since they were British-type equipments bought by the United States to be turned over to the United Kingdom under the provisions of the Lend-Lease Act (223) (see para 93).

139. Although it was true theoretically, as General Macready pointed out to General Pope in Washington, that all United States production was liable for assignment (224), in actual practice the basic needs of the American Armed Forces were attended to first and many items were never considered available for allocation (see para 108).

140. Both General Burns and General Macready assured General Pope, however, that, since every allocation made by the Munitions Assignments Board would bear some relation to Canadian production, they considered that the Canadian member should attend all meetings in their entirety. Therefore, General Pope's telegram of 24 Aug to the Chief of the General Staff in Ottawa included the following:

On general grounds it would seem that it is much to Canada's advantage to accept the current offer. We have now an opportunity to obtain representation, on a lower scale it is true than that of the United Kingdom and the United States, but nevertheless immeasurably higher than that attained or likely to be attained by any of the smaller nations. It would put us in a class by ourselves, and this we appear to have been seeking for a long time. Parity with the two big powers being beyond our reach surely it is expedient to take the next best thing particularly when that next best thing happens to be good. So far as question as to whether or not we should table all Canadian physical production or only that to Canadian order is concerned, I feel that if the latter course were adopted we should from every point of view be deliberately putting ourselves in a position of inferiority to the United States. And if the Deputy Minister of Finance came away from Washington some months ago assured that all Canadian production could be assigned here without thereby impairing Canada's dollar position we should not have any worry on that score. In any event that

would seem to be a matter for the Department of Finance. In this connection much water has flowed under the bridge since Pearl Harbor. Today there are items being assigned by the C.M.A.B. as United States production orders which were originally placed by the British Purchasing Commission and paid for by British funds (225).

141. A somewhat later letter (24 Sep 42) from the Air Member of the Canadian Joint Staff in Washington (Air Vice Marshal G.V. Walsh) to the Chief of the Air Staff followed the same vein:

If this [rejection of the Burns' offer] is the case, I assume we will have to rely entirely on the R.A.F. to make bids and plead our case before the Munitions Assignments Board and Committees. As you will realize, they will be bidding on our behalf, but in competition with themselves, and they would not be human if they were to argue our case so well that the material came to us rather than to them, and I must say that in this respect, they are very human indeed. Further, they have no interest in our problems, as we are not in their sphere of strategic influence, nor are we in that of the United States, so it looks to me that, as time goes on, we will be getting less and less of more and more from United States production until we have practically nothing of everything!

Actually, at the present time, Tackaberry is permitted to speak his piece before sub-committees, and the Aircraft Committee, but not being a member of these committees, cannot stay during the discussion as to whether or not the items he is pleading for can be supplied. This he only learns from the R.A.F. representative later who, as I repeat, would hardly be human to support his bid with the Americans if it ran counter to their interests (226).

142. On 26 Aug the Cabinet War Committee referred General Burns' offer to Messrs Howe and Ralston for further study. Meeting on 2 Sep the Committee decided to press for membership on the Combined Production and Resources Board but not to join the proposed Commonwealth Supply Council. On 4 Sep it decided not to accept the limited membership offered on the Munitions Assignments Board in Washington. At the following meeting of 16 Sep it was explained that existing informal arrangements were working reasonably well and might be further developed and formalized. In practice, these gave Canada access to the Combined Munitions Assignments Board and its committees; further arrangements might be worked out with General Burns.

143. However, the question of Canadian membership on the Munitions Assignments Board was raised again on

7 Oct, since the Minister of National Defence for Air and the Chiefs of the Naval and Air Staffs still considered that conditional membership was better than nothing. In the absence of Messrs Howe and Ralston, however, decision was deferred. In practice the earlier decision remained effective, although no reply was ever despatched to General Burns' offer (227).

144. Instead, Canada accepted belated membership on the Combined Production and Resources Board. Mr Howe joined Mr Donald Nelson and Mr Oliver Lyttelton as the third member, but was represented permanently in Washington by Mr E.P. Taylor. This Board never lived up to earlier expectations, however, since it was not able to exercise adequate co-ordinating authority. According to the publication Industrial Mobilization for War:

Despite early efforts, CPRB did not engage in comprehensive production planning or in the long-term strategic planning of economic resources. The American and British production programs for 1943 were not combined into a single integrated program, adjusted to the strategic requirements of the war. CPRB's isolation from the sources of decision regarding production objectives, its failure to develop an effective organization, its deference to other agencies and its tardiness in asserting its jurisdiction, the inadequacy of program planning by the agencies upon whom CPRB relied for forecasts of requirements, the delay of the Combined Chiefs of Staff in formulating strategic objectives for 1943 - all these contributed to a result that saw adjustments in the American and British production programs for 1943 made by the appropriate national authorities in each case, rather than through combined machinery (228).

Furthermore, according to Sherwood's Roosevelt and Hopkins:

The trouble was that the "appropriate national authorities" in the United States were not only Nelson and his associates in WPB, but also the procurement officers of the War and Navy Departments with whom the civilians were engaged throughout the war in one of the many running battles of Washington (229).

Mr. Lyttelton probably summed it up as well as anyone, in a report he made to the (British) War Cabinet in September 1942:

The Americans have never been accustomed, in consideration of military or quasi-military matters, to link harmoniously the civil and military interests. They have no War Cabinet and they have no Defence Committee at which requirements, both civil and military, can

be scrutinised, and programmes framed with due regard for the merits of the case. Nor have they any means by which the conflicting views of the several agencies can be harmonised and a common policy reached. The whole burden of grouping the extravagant demands of the War Department and of co-ordinating the action of the many agencies which have been created falls on one man - the President (230).

(iii) Subsequent Canadian Procedure in Washington

145. Exactly how well were the informal arrangements working in Washington and to what extent did it prove possible to develop further and formalize the Canadian approach to the Combined Munitions Assignments Board and its Committees during the remainder of the Second World War? Before endeavouring to answer that, however, something should be said about the procedure for procurement, as distinct from assignment. Prior to December 1941 the Department of Munitions and Supply was the sole Canadian agency in Washington. Circumstances changed with the entry of the United States into the war and, in addition to the fact that a "military case" had to be made out in respect of an ever increasing number of items before authority to procure would be granted by the U.S. War and Navy Departments, finished military stores were subject to assignment by the Combined Munitions Assignments Board (see paras 105-108, 112 and 121). With respect to munitions in short supply, the matter of procurement now became increasingly less significant than the procedure of assignment, which was controlled by service personnel and based on considerations of strategy (231).

146. This fact became recognized only as a result of the almost continual bickering that developed during the summer of 1942 between certain representatives of the Washington Office of the Department of Munitions and Supply and the Canadian Army Staff. While General Pope actually was trying to get at the root of the matter on 17 Nov 42, he received a telephone call from Mr Carswell asking him to come over for a talk with Mr Howe and himself on that same subject (232). Mr Carswell had found a British modus vivendi, drawn up in August 1942, agreeing that the role of the British Army Staff representative at meetings of the U.S. War Department's International Supply Committee was to support the official from the British Supply Mission. Mr Carswell now suggested that a paraphrased version might be adopted for Canadian use. On 30 Nov General Pope and Mr Carswell worked out a draft joint directive, with the assistance of the subordinates directly concerned, and despatched it to Ottawa for the approval of Mr Ralston and Mr Howe (233). Their approval having been obtained, General Pope and Mr Carswell signed a joint directive on 17 Dec setting forth the respective functions of their two staffs as follows:

(a) Procurement

The Department of Munitions and Supply, Washington Office, acts for the Minister of Munitions and Supply in procurement. When procurement cannot be made except in conjunction with the U.S. Army, a requisition will be filed through the International Supply Committee, S.O.S., by D.M. & S. To the extent that the I.S.C. requires that a military case should be made out, procurement and such priority questions as may arise will be handled in the International Supply Committee jointly by D.M. & S. and C.A.S.

(b) Manufacture

From the time the International Supply Committee agrees to accept the order, until the goods become available for assignment, the C.A.S. as such, has no direct concern with the production, except that they have a natural desire that all war material should be delivered with the least possible delay. It is the function of D.M. & S., alone insofar as the U.S. War Department and other production authorities are concerned, to assume responsibility for following up production from the time of acceptance of the procurement request by I.S.C. until the completion of the manufacture.

(c) Assignment

All assignment must be covered by procurement orders before assignment is requested and the responsibility for attaining assignments of any completed war material manufactured in the United States must be a matter for C.A.S. From the moment, therefore, that the goods are placed on the table for assignment until assignment has been obtained, the responsibility for dealing with them must rest with the C.A.S. This does not mean that D.M. & S. lose their interest at this stage - they are still responsible as the originating agent, and therefore, C.A.S. must keep the appropriate officials of D.M. & S. promptly informed by periodic reports as to the progress, if any, of such assignment requests (234).

For all practical purposes, the actual release and movement of the munitions to their destination was to be handled by the Department of Munitions and Supply, although naturally the Canadian Army Staff was interested in knowing when actual delivery would be effected.

147. Although General Pope and Mr Carswell were determined that their staffs should work together amicably, a considerable amount of bickering and discord continued because of clashes in personality. Finally, on 27 Apr 43 Mr Carswell told General Pope that he intended to replace his Director of Purchasing (the cause of much of the trouble). He suggested that Colonel W.C. Beamer* should be seconded to the Department of Munitions and Supply as a replacement and that the whole Requirements Section of the Canadian Army Staff should go with him (235). Although several sections of the British Army Staff and British Supply Mission had been merged during December 1942 because "procurement and assignment were in a sense getting more and more to mean the same thing", General Pope considered that there would be several disadvantages in following suit with the smaller and less complex Canadian organizations (236). General Pope's counter proposal, and the one that subsequently gained acceptance by all, was that the Purchasing Division and the Requirements Section should merge into a new directorate which should function under both Mr Carswell and himself (237). Authorization having been received from Ottawa, Colonel Beamer began his new role on 17 May 43, as Director of the Canadian Procurement Division, Department of National Defence-Department of Munitions and Supply (238). It must be understood, however, that although this Canadian Procurement Division performed the purely Munitions and Supply functions for naval and air requisitions, Royal Canadian Navy and Air Force officers continued their own "requirements" functions.

148. Meanwhile, certain advances had been achieved by the Canadian Army Staff in respect of assignment procedure. During May 1942 a Commonwealth Munitions Assignment Committee had been formed and fortnightly meetings instituted to clear any problems between the British Joint Staff Mission and the Washington staffs of the several Dominions (239). The following rather illuminating description is taken from General Pope's Diary for 12 Oct 42:

Meeting of Commonwealth Munitions Assignment Committee, at which Canadian representatives are usually spectators, as we have nothing in the way of munitions assignment problems to bring up. I like these meetings, however, because the discussion of Commonwealth problems generally give me an insight into the business of munitions assignment, which I could not get in any other way (240).

* Had taken over from Colonel Mavor and become head of the Arms and Requirements Branch of the Canadian Army Staff (see para 121). Colonel Mavor retained the appointment of D.O.S.(TS) at N.D.H.Q. until 1 Oct 42, when he was promoted to the rank of Brigadier and appointed Deputy Master-General of the Ordnance (B).

Although Canadian requirements continued to be submitted through the British Army Staff representative, as part of the latter's bid, to the Munitions Assignments Committee (Ground), Canadian Army Staff representatives were able to attend meetings of the sub-committees and be present at the Munitions Assignments Committee (Ground) meetings when Canadian requirements were being formally presented (241). During December 1942 an arrangement was made whereby stores would be diverted direct to Canada once a bulk assignment was made to the United Kingdom. Hitherto the British Army Staff had had to refer each case of assignment for Canada to London and there had been an average delay of five weeks before release could be authorized and actual shipment got under way (242).

149. A certain amount of confusion developed during January 1943 as a result of a hasty, though well-meant ruling by General Clay, Chairman of the Munitions Assignments Committee (Ground) (243). When the smoke had cleared, however, General Clay's efforts to rectify the Canadian position led to the following formula being issued by the Director of the International Division, Services of Supply, on 3 Mar 43:

- (a) Requirements for standard items of United States Army specifications obtainable from Army stocks or production without the necessity for replacement will be requested by the submission of a bid to the Munitions Assignments Committee (Ground) through United Kingdom representatives.
- (b) Requirements obtainable by direct cash contracts to be placed with manufacturers in the United States by the Dominion of Canada will be submitted directly to this division by Canadian representatives after clearance and scheduling of the desired production by the appropriate supply service.
- (c) Requirements obtainable only through contracts to be placed by the War Department will be submitted directly to this division by Canadian representatives after agreement as to such submission has been obtained from the supply service concerned (244).

150. However, when General Pope had taken up the question of the Canadian Army Staff bidding direct on its own account at the Munitions Assignments Committee (Ground), General Macready had pointed out (21 Jan 43) that Canadian representatives could not very well claim this right after Canada had refused to act on the proffered form of membership on the Munitions Assignments Board. General Pope personally agreed with General Macready that the time was hardly "opportune" to raise the issue with the Services of Supply (245). A Canadian representative continued to attend meetings of the Munitions Assignments Committee (Ground) and during April 1943 the War Office agreed that he might present and argue the Canadian case there, provided that the British Army Staff representative had been informed previously

so that there would be no possibility of a divergence of views regarding Commonwealth requirements (246). Moreover, the head of the Canadian Army Staff's Requirements Section suggested much later that:

...the very fact that there was no yard stick or precedent on which to base procedure afforded many opportunities for the Canadian Liaison Officers to hold unofficial conferences with American officers, in the discussion of policy as it affected our interests and to form invaluable connections with the War Department General Staff and Technical Services (247).

151. By means of the same informal type of approach, but directed towards officers of the United States Army Air Forces and United States Navy, Air Vice Marshal Walsh and Air Commodore Tackaberry achieved greater independence of action. For one thing, after it had been conceded that Canada was not in one of the spheres of influence established by the Arnold-Portal-Towers Agreement of 21 Jun 42 and that Canada's home defence requirements for operational aircraft were the direct concern of the Canadian and United States Chiefs of Staff, Air Vice Marshal Walsh managed to deal directly with General H.H. Arnold, Commanding General of the United States Army Air Forces, and Vice Admiral J.S. McCain, Deputy Chief of U.S. Naval Operations for Air, over the question of aircraft allocation. It might be noted in passing that, unlike the U.S.A.A.F., the U.S. Navy was interested in Canadian aircraft production of certain special types (248). Following his initial rebuff by the R.A.F. Delegation (see para 121), Air Commodore Tackaberry had a very satisfactory interview with Brigadier-General Henry J.F. Miller, Commanding General of the Air Service Command, U.S.A.A.F., and began to attend meetings of the Munitions Assignments Committee (Air) and its sub-committees on his own. Subsequently, however, the American chairman of one such sub-committee queried his right to be present, wanting to know why the R.A.F. representative should not continue to look after R.C.A.F. needs. Air Commodore Tackaberry explained that naturally the R.A.F. was more interested in acquiring stores for British use than diverting items to the R.C.A.F. Furthermore, he was able to convince this U.S.A.A.F. officer that the close relationship developed between the Armed Forces of Canada and the United States by the Permanent Joint Board on Defence, as enunciated in its 22nd Recommendation (approved at the New York meeting of 20 Dec 41) made it possible for the U.S.A.A.F. to provide aircraft and stores directly to the R.C.A.F. This recommendation read:

That the United States and Canadian Governments now authorize the Commanders named in paragraph 12 of ABC-22, or their duly authorized representatives, to effect by mutual agreement any arrangements they may deem necessary for the perfection of preparation for the common defence, including but not limited to, the installations of accessory equipment in the territory of either, the transit of armed forces, equipment or defence materials through the territory of either, and the utilization by either nation of the base and military facilities of the other.

Although confirmation was obtained from a more senior authority for Air Commodore Tackaberry to continue attending meetings, this ruling did not receive as wide a distribution as it might and there proved to be occasions when he had to use the same arguments with other American officers (249).

152. During the time that Major-General George E. Stratemeyer presided over the Munitions Assignments Committee (Air) the R.C.A.F. position was further strengthened and Air Commodore Tackaberry was permitted to remain at meetings during the discussion that followed the tabling of bids. Even though the actual bids had to be submitted through the R.A.F. Delegation, Air Commodore Tackaberry was able to support his request verbally before the appropriate sub-committee and, if successful here, before the Munitions Assignments Committee (Air). The accepted procedure was, however, to lobby before a meeting and discover whether the several members would support the particular bid in which he was interested (250).

153. Since the British no longer were interested in Canada's requirements for operational aircraft for home defence (see para 132), and the Americans had grown accustomed to the presence of Air Commodore Tackaberry, it was conceded early in 1943 that the R.C.A.F. might submit bids for aircraft direct to the Munitions Assignments Committee (Air); somewhat earlier, direct access had been granted in respect of all assignments except aircraft, aircraft engines and propellers (251). However, requisitions for the Lend-Lease aircraft and equipment that the United Kingdom was supplying as its share of the Combined Training Establishment (being operated in Canada by the R.C.A.F.) continued to be handled in Washington by the British Air Commission and the R.A.F. Delegation (252). Although Air Commodore Tackaberry never appeared before the Munitions Assignments Board, and never achieved actual membership on any committee, the practical results of his work may be gauged from one letter he wrote to Ottawa after attending a meeting of the Munitions Assignments Committee (Air):

It is believed that the Royal Canadian Air Force case was presented as strongly as the circumstances warranted, but when it became apparent after listening to the Director of Training, Brigadier-General Smith, who presented the case for the Training Command, it was obvious that the U.S. Army Air Force proposed to stand firm in their demand that the aircraft be diverted to them, and, therefore, it was decided that it would be much more to the advantage of the Royal Canadian Air Force to concede the aircraft than to be overruled. This opinion was vindicated when, after conceding the issue, the Chairman of the Munitions Assignment Committee, Air, Major-General Stratemeyer, stated his appreciation of the gesture and expressed the hope that they would in the near future have an opportunity of reciprocating. Brigadier General Luther Smith, Director of Training, left the meeting at the same time as your representative and

added his thanks to those of General Stratemeier. He said that he appreciated our generous gesture very much, that he was in a very tough spot for Twin Engine Trainers and he also expressed the hope that he would be able to return the compliment. It is on General Smith that we are placing dependence for support in the proposal for the exchange of Stearman Aircraft for Fairchild PT.26 (Cornell Trainers). This morning he stated he hoped this exchange could be arranged immediately (253).

154. Since the armament and technical stores required by the Royal Canadian Navy were not, generally speaking, common to those used by the United States Navy and because United Kingdom and Canadian production was adequate for most items, orders placed with American industry were mainly for stores of commercial pattern, torpedoes, ammunition and 20-mm. Oerlikon guns (see para 66). Moreover, until April 1943 the British Admiralty Technical Mission in Ottawa, which furnished expert advice on ship-building and the production of naval stores in Canada, remained responsible for the acquisition of all British-type naval stores obtained from American sources (254). Thus, the Director of Naval Ordnance, Torpedoes and Mines had felt justified in advising the Chief of the Naval Staff on 30 Apr 42 that there was little necessity for a Canadian representative on the Munitions Assignments Committee (Navy), since future requirements from American production were not likely to exceed existing ones (see para 133):

- (a) .5 inch Colt Ammunition.
- (b) A diversion from Admiralty Orders of 400,000 rounds of Q.F. 2 In. Ammunition
- (c) Some small diversions of .30 Ammunition of various practice types.
- (d) An order has just been placed for 300 Eyeshooting Sights for .5 inch Colt Guns.
- (e) We may need in the future some small orders of types of Ammunition not obtainable from other sources.
- (f) Allotments of Oerlikon Guns and Ammunition are being obtained from Admiralty share of United States Production on Lease-Lend as it is not possible to place orders the United States and United Kingdom having all future production (255).

155. In view of the ever tightening and multiplying controls being applied in Washington, however, the above hardly proved to be a sound opinion. For it became increasingly difficult for representatives of the Department of Munitions and Supply to place contracts without supporting briefs from the Royal Canadian Navy, and almost impossible to obtain direct assignment of controlled stores. Although representatives of the British Admiralty Delegation continued to undertake the provision of certain special items (such

as those mentioned above) required for the B.A.T.M. and R.C.N. ships being constructed in Canada, there were other joint requirements that the Department of Munitions and Supply went ahead and endeavoured to procure on its own. For example, it continued to acquire in the United States the engines required for all the Fairmile motor launches and motor torpedo boats being constructed in Canada. The solution proved to be a direct approach to the U.S. Navy Department, which could supply Canadian needs from its own stocks or from contracts that it had placed with American industry, or put through the requests to an available manufacturer. Although it was not strictly necessary to deal through the U.S. Navy for many items, such action was desirable as being the best method of obtaining a "priority" which would enable a manufacturer to secure an allocation of the necessary raw materials. It might be further noted that, in addition to ships' stores and equipment, the Royal Canadian Navy required considerable special equipment produced only in the United States, such as caterpillar tractors for the construction and maintenance of the naval bases established on the west and east coasts of Canada and in Newfoundland (256).

156. By 10 Mar 43, therefore, the Naval Member of the Canadian Joint Staff in Washington was writing the Secretary of the Naval Board in Ottawa that arrangements had been made to have a representative attend meetings of the Munitions Assignments Committee (Navy) at which material for assignment to Canada was under discussion. Arrangements also had been made with the Washington Office of the Department of Munitions and Supply to receive a copy of all "Canpay" requisitions filed with the U.S. Navy Department. On receipt of such requisitions it was planned to request Naval Service Headquarters in Ottawa to provide a brief on the strategic need and urgency of the requirement, so that there would be a case to present to the Munitions Assignments Committee (Navy) when the material came up for assignment (257).

(iv) Canadian Munitions Assignments Committee (Army)

157. Canadian war industry had proved slow to produce the goods, even after sufficient contracts had been obtained from the Canadian and British Governments to justify tooling up. And when actual production began to get under way late in 1940 the monthly total was considerably less than required to meet both British and Canadian contracts. Negotiations were conducted between the Ministry of Supply and the Department of Munitions and Supply, and between C.M.H.Q. and N.D.H.Q., over the question of actual assignment but in many cases the allocations made were not identical and the arrangements did not prove satisfactory to those in Ottawa. Therefore, late in 1941 Mr Howe and Mr Ralston agreed to establish an ad hoc committee to allocate current Canadian production between Canadian, British and War Supplies Limited orders. This Joint M.G.O., British Army Delegation and D.M. & S. Committee on Production and Allocation Problems held its first meeting on 13 Jan 42 (258).

158. Initially it was considered that this Committee would act only until Assignment Boards were functioning in Washington and London, since it was expected that Canada would become a member of one or the other (259). Monthly meetings were on an informal basis (260); but beginning with March 1942 an allocation statement was prepared and issued, detailing firm assignments for that month's production and tentative allocations for that of the succeeding month (261). Before each monthly meeting the concurrence of the General Staff branch was sought for the proposed allocations (262); however, the approved allocation was subject to amendment or compromise should it differ from the action taken at the A.C.I.G.S. Monthly Meeting in London (263). The members of the Ottawa committee were Mr Victor Sifton, Master-General of the Ordnance, Mr H.J. Carmichael, Chairman of the Production Committee and Director-General of the Gun Production Branch, Department of Munitions and Supply, and Colonel A.H. Fernyhough, British Army Staff, Ottawa. Unlike the Washington and London Boards, however, the Ottawa Committee contained no General Staff representative, particularly fitted to determine allocation on strategical grounds. Brigadier J.S. Lothbridge, D.D.S.D.(W) at the War Office, attended the meeting of the Ottawa Committee on 28 May 42, when June production was being assigned, and reported that it "views assignment on basis of contractual obligations and allows local political considerations to override operational necessities" (264). Furthermore:

In order to balance Canadian purchases of material from United States of America it is important that Canada make a high proportion deliveries on United States Lend-Lease orders placed through War Supplies Limited. On this basis it appears to Canadians not unreasonable for Canada to allot deliveries to W.S. Ltd. and leave it to us to settle assignment of these quantities in Washington (265).

159. In July 1942 Messrs Howe and Ralston recommended that a permanent committee be established to allocate Canadian munitions to the United Kingdom, to Canadian forces in the North American Area, and to War Supplies Limited (266). The controlled stores assignable were those **required** for military or common use and fell within the following classifications:

- Guns
- Gun ammunition
- Small arms
- Small arms ammunition
- Armoured fighting vehicles
- Instruments (267)

In practice, anyone could request that an item be placed on the assignment list as soon as there were two or more claimants. For example, in August 1942 the War Office requested that bridging equipment should be added to the list (268). Other nations desiring Canadian munitions had to bid in Washington or London, where the bulk allocations were broken down. No bids were submitted for direct shipment to the Canadian Army Overseas, which drew such munitions from the bulk assignment made to the London Munitions

Assignment Board, but various exchange agreements had been, and continued to be, made whereby the Canadian Army Overseas was issued with British items and an equal number of Canadian equipments scheduled for use in the North American Area were turned over to the British Army Staff, Washington (269).

160. The R.C.N. and R.C.A.F. first sent representatives to the July meeting to bid for their requirements in items common to the three services. Then, following the Cabinet War Committee's decision in September not to accept the limited membership offered on the Washington Munitions Assignments Board (see para 142), the name Canadian Allocation Committee was adopted (270). At the October 1942 meeting it was decided that the name should be changed again, to Canadian Munitions Assignments Committee (Army) since it dealt with controlled stores for the army and those common to the other services (see Appendix "A"). A representative of the International Division, Services of Supply, Washington attended this meeting unofficially. In November, however, the Director of the International Division (or his representative) replaced the War Supplies Limited representative as voting member: henceforth, W.S.L. contracts came under U.S. Army Ordnance, Detroit District and part of the Longue Pointe Ordnance Depot, Montreal was turned over for their reception (271). By July 1943 membership included (272):

| | |
|---------------------|-----------------------------------|
| Chairman | Mr H.J. Carmichael |
| Canada (Army) | Brigadier W. Mavor |
| Canada (Navy) | Capt. R.W. Wood (or alternate) |
| Canada (Air) | Mr T. Sheard (or alternate) |
| United Kingdom | Brig L.S.F. Dawes, BAS(W) |
| U.S. War Department | Lt.-Col. W.S. Gaud (or alternate) |

Representatives of War Supplies Limited, the Inspection Board of the United Kingdom and Canada, U.S. Army Ordnance, British Army Staff (Ottawa), and the British Admiralty Technical Mission attended individual meetings. Membership subsequently was extended to the Canadian Mutual Aid Board (see paras 166-169). Liaison was maintained with the London and Washington Boards on the secretarial level by Major T.F. Flahiff (Canadian Assignments and Requirements, (Ottawa)*) and Mr S.H. Sutherland (Department of Munitions and Supply).

161. In his capacity as joint secretary, Major Flahiff prepared an "Analysis of Proposed Assignments", using production and shipment figures prepared by the Economics and Statistics Branch, Department of Munitions and Supply. This came to be circulated to the British representatives, the Departments of National Defence in Ottawa, War Supplies Limited, the U.S. War Department, the Inspection Board of the United Kingdom and Canada and the Canadian Mutual Aid Board; all of whom submitted bidding briefs in consequence. A meeting of the sub-committee on

* Directly under Brigadier W. Mavor, D.M.G.O.(B)

the afternoon preceding the formal monthly meeting of the Canadian Munitions Assignments Committee (Army) ironed out differences and put American and British representatives from Washington in the picture (273). Although the Canadian General Staff was still not represented, comments were submitted on the "Analysis of Proposed Assignments" as a bidding brief and an officer of D.S.D.(W) took part in the discussion of certain items on the agenda, all of which tended to give allocations an operational rather than a contractual basis. Furthermore, an Inter-Service Priority Committee came into being to settle any disputes as to how items assigned to the three Canadian Services should be distributed (274).

(v) Canada's Mutual Aid Programme

162. On 8 Feb 43 the Minister of Finance gave the House of Commons its first inkling of the Government's plans to ensure the continued flow of Canadian munitions, foodstuffs and other materiel to her Allies. Foodstuffs and raw materials had been available from the outbreak of war but only during the past year had there been a considerable production from Canadian factories of the actual munitions of war. Canada's financial position vis a vis the United States was relatively satisfactory, thanks to the implementation of the Hyde Park Declaration (see paras 93-95), but her relationship to those United Nations within the "sterling bloc" was deteriorating steadily. In short, Canada still faced a major financial problem. According to Mr Ilsley's announcement:

The main way in which we have assured this flow of war supplies to our allies heretofore has been to provide Britain with the Canadian dollars necessary to pay for what the sterling area obtained from Canada in excess of what it sold to Canada. This served to make Canadian dollars available not only to Britain but also to Australia, New Zealand and other British empire countries which purchased their foreign exchange from Britain. The first means by which we provided dollars to Britain was that of paying our debts before they were due. The next was merely to allow pounds sterling to accumulate to our credit. Later these sterling balances not used in payment of debts were converted into a loan to Britain, interest free for the duration of the war. Finally we provided a free gift of a billion dollars, assuming this as part of our share of the cost of the war. This billion dollars has now been exhausted. Other means must be found to continue providing Britain with the large volume of essential war supplies she requires from Canada (275).

The Canadian Government's answer was a procedure similar to American Lend-Lease, whereby essential war supplies should be shared with the other United Nations on the basis of strategic need. After these nations had paid for what they could with their earnings of Canadian dollars the balance

would be transferred to them as a gift, on the sole understanding that such supplies would be used in the joint and effective prosecution of the war. A sum not exceeding \$1,000,000,000 would be voted for the purchase of such supplies during the coming fiscal year, the actual disposition of which would be handled by a War Supplies Allocation Board established as a standing committee of the Cabinet, under terms and conditions to be determined by Order in Council (276). The working out of a satisfactory procedure was, however, to involve considerable difficulty.

163. On 2 Mar 43 General Pope discussed informally with Generals Macready and Burns, in Washington, how the work of the proposed War Supplies Allocation Board could be effectively co-ordinated with the operations of the Combined Munitions Assignments Board (277). According to the telegram despatched to the Department of External Affairs:

Macready at once observed that if the products of Canadian industry were to be distributed in accordance with strategic needs, then such distribution should be carried out on the advice of Canadian military committees, which, in turn, should be in touch with the C.M.A.B. He pointed out that, according to the practice in Washington, the granting of authority to procure a certain bill of munitions only constituted the staking of a claim, and that when the said munitions had been manufactured, they were invariably subject to assignment in the light of the strategic situation then existing and this might well be, and often was, quite different to that which existed when the authority to procure was originally given. Consequently, he was of opinion that, no matter what financial arrangement might be made, the actual transfer of the goods, if strategic need were to be the criterion, would have to be made through the medium of a Munitions Assignment Board or Committee. He thought that if Canada did not manage to co-ordinate her procedure in this respect with that of the C.M.A.B., she might inadvertently, yet seriously, handicap the efficient prosecution of the war. Consequently, he did not feel that our proposal would work unless it was operated as a financial settlement bill; that is to say, to dispense credits rather than goods (278).

General Burns was friendly, but not particularly helpful. He said that Canadian munitions were being assigned in a manner satisfactory to the United States and felt confident that Canada's proposed Mutual Aid programme would be conducted in a like manner.

164. On the same day the Canadian Chiefs of Staff advised their Ministers that the Armed Services should be represented on such a Board, or one of its committees, in order to give advice on the strategic aspects of any allocation (279).

165. In the absence of Mr Howe the Cabinet War Committee did not take any action at its meeting of 3 Mar; it did agree, however, that the major executive functions of any War Supplies Allocation Board should be carried out in the Department of Munitions and Supply, under the direction of an administrative officer responsible to the chairman who was also Minister of that department. At the subsequent direction of the Cabinet War Committee, a meeting of departmental officials was held on 27 Mar to discuss questions of procedure and organization (280). Following the example given by the United States in the handling of Lend-Lease, it was agreed that existing machinery would be used wherever possible (see para 80). For example, where strategic advice regarding the production or assignment of munitions was required, the Board should secure this advice from the Canadian Chiefs of Staff Committee, which maintained close contact with the Combined Chiefs of Staff. As was further pointed out in a Cabinet War Committee memorandum of 6 Apr 43:

It will be impossible to separate completely the ordering and allocation of war supplies under Mutual Aid from those which are paid for in cash. For example, in the case of the United Kingdom, obviously it will not be feasible to draw hard and fast lines in advance between supplies to be paid for in cash and supplies to be furnished under Mutual Aid. Moreover, orders placed for delivery under Mutual Aid may, at the assignment stage, be diverted to another country which would pay cash and vice versa. Therefore the activities of the Board cannot be restricted to the production and delivery of supplies under the billion dollar appropriation, but must include consideration of the overall production and assignment programme (281).

166. Not until 6 May 43 was a War Appropriation (United Nations Mutual Aid) Bill introduced into the House of Commons. But on 14 May it was passed in the Commons; the Senate approved the bill on 20 May and Royal Assent was given that same day. A Mutual Aid Board (rather than a War Supplies Allocation Board) was created to distribute the largess. It met once a month under the chairmanship of the Minister of Munitions and Supply and included the Ministers of Finance, Agriculture, Justice and National Defence. Mr Karl C. Fraser, who had been serving in Washington with the British Supply Council, was brought back to become Director of Administration. Although requests for aid were directed to the Secretary of State for External Affairs, Mr Fraser discussed the question of availability with the department concerned. He was also responsible for checking with the necessary agencies in London and Washington to ensure that there should be no duplication of effort.

The Department of Trade and Commerce handled flour and food; the Department of Fisheries looked after fish; the Department of Agriculture dealt with meat and other foodstuffs; war materiel was the responsibility of the Department of Munitions and Supply. Whenever the Director of Administration was satisfied that a request might be met the matter was placed before the Mutual Aid Board. Approval once obtained, a requisition was placed with the appropriate department which, as a general rule, undertook actual procurement. (But the title remained with the Crown until actual delivery was made.) In the case of certain munitions, however, there was also a need for clearance from the Canadian Munitions Assignments Committee (Army) at such time as they actually were available for delivery (282). Following the example established by the United States regarding the re-transfer of Lend-Lease materiel, all countries with whom Mutual Aid agreements had been concluded were notified early in 1944 that the Canadian Government would have to be advised of any diversion, or contemplated diversion, of Mutual Aid supplies (283).

167. As early as 3 Jun 43 a Washington Advisory Committee was authorized to advise the Mutual Aid Board on allocation problems, the answers to which lay with the Combined Chiefs of Staff's views on forthcoming global strategy. Mr E.P. Taylor was chosen as chairman by the other members - Mr L.B. Pearson of the Canadian Embassy, Mr J.B. Carswell of the Department of Munitions and Supply and General Pope (284). Then, as a result of Prime Minister King's conversations with President Roosevelt at Quebec in August (during the course of the "QUADRANT" Conference) a Canadian-American Joint War Aid Committee was established "to study problems that arise out of the operations of the United States lend-lease and the Canadian mutual aid programmes and where necessary to make recommendations concerning them to the proper authorities" (285). Although this Joint War Aid Committee was largely inoperative, its Canadian members continued their work behind the scenes as the Washington Advisory Committee. Since Lend-Lease officials had instituted the practice of asking the advice of the British Joint Staff Mission before allocating supplies to nations in the British Group (e.g. the several Arab states), General Macready considered that Canada should do the same before dispensing its Mutual Aid (286). Although no formal machinery was ever devised to this end, General Pope arranged that the Washington Advisory Committee should clear all such allocations of vehicles and major items of equipment with General Macready personally (287). Omissions were inevitable, of course, and from time to time General Macready complained that Canada was not distributing its Mutual Aid in accordance with "strategic needs" as determined by the British and American staffs in Washington (288).

168. In the minds of the military, the glaring fault with the Mutual Aid Board was that it was a civilian organization that did not fully comprehend or recognize that assignment should be subject to the dictates of grand strategy and that military, rather than purely political or economic, factors should govern the course to be followed (289). On the other hand, Mr Karl Fraser argued that, as a committee of the Privy Council, the Mutual Aid Board was a "much higher authority" than the

Canadian Chiefs of Staff Committee and the Canadian Munitions Assignments Committee (Army) (290). By late April 1944, however, the following procedure had been accepted for dealing with requests received by the Mutual Aid Board for munitions or articles also required by Canada's own Armed Forces. Before an item costing \$1,000,000 or more could be ordered, it was necessary to obtain a certificate of "strategic need": for orders from British Empire countries this was signed by the appropriate (Canadian) Chief of Staff; for those from other nations the Mutual Aid Board had its Washington Advisory Committee obtain a recommendation from the Joint War Aid Committee (291). There was no guarantee that such munitions would be so assigned when produced, however, for the strategical situation and the needs of Canada's own Armed Forces might have drastically changed during the interval. In the case of assignment to nations other than those of the British Empire the Mutual Aid Board would first clear with the Joint War Aid Committee and advise the British Joint Staff Mission in Washington of any major items of equipment and vehicles; then those items that were surplus stocks held by Canada's Armed Forces would be turned over. The non-assignable items of the balance could be released by the Department of Munitions and Supply, whereas the respective Chief of Staff would have to decide whether bids for the assignable items might be placed with the Canadian Munitions Assignments Committee (Army). In the case of the latter, a "deferred release" decision might be given until such time as the position regarding the Canadian Army in the North American Area and the Canadian Army Overseas for items of continuing Canadian supply was considered to be satisfactory (see paras 185-208).

169. Although a Mutual Aid Agreement was signed with the United Kingdom only on 11 Feb 44, the Board had taken over all outstanding British contracts in Canada, as of 1 Sep 43. Subsequently, agreements were negotiated with the U.S.S.R., Australia, New Zealand, China, France and India. The following table shows Canadian munitions production and its relation to the Mutual Aid programme (292):

(in millions of dollars)

| <u>Programme</u> | <u>Total Canada</u> | <u>Mutual Aid Countries</u> | <u>Mutual Aid Countries as per cent of total</u> |
|--|-------------------------|---------------------------------|--|
| Shipbuilding | \$ 788 | \$ 303 | 38 |
| Aircraft | 578 | 342 | 59 |
| Transportation Equipment | 1124 | 843 | 75 |
| Ordnance | 272 | 217 | 80 |
| Ammunition, Chemicals, Explosives | 721 | 574 | 80 |
| Instruments and Signals | 364 | 173 | 47 |
| General Stores (Battle Dress, Boots, Personal Equipment) | 795 | 184 | 23 |
| Sub-total | <u>4642</u> | <u>2636</u> | <u>57</u> |
| Freight and inspection | 279 | 161 | 57 |
| Total | <u>\$4921</u> | <u>\$2797</u> | <u>57</u> |

(vi) Munitions Requirements Committee (Canada)

170. By late 1942 raw materials were in short supply and industrial capacity was at a premium, making it no longer possible to place new war orders haphazardly in Canada. In the United States all critical materials and munitions were subject to release only on the basis of carefully drafted long term plans. Therefore, on 3 Nov 42 the Deputy Minister of Munitions and Supply requested that a committee should be established to work out the requirements of Canada's Armed Forces on a similar long term basis (293). So far as possible, having regard to the changing strategy of the War and consequent changing demands for equipment, the requirements of the Armed Forces should be made known to the Department of Munitions and Supply sufficiently in advance:

- (a) to give to the U.S.A. authorities that degree or measure of advance notice required by them with respect to the equipment, components, etc., which we must procure in that country and without which we had been told frankly that we would not expect our demands to be met; and
- (b) to assist the appropriate Directors General, Controllers and Crown Company Presidents of this Department in planning the orderly production in Canada of all items which could be made here (294)

171. The first meeting on 2 Dec 42, under the chairmanship of Mr W.D. Low of the Department of Munitions and Supply, was attended by Brigadier W. Mavor (Deputy Master-General of the Ordnance (B)), Captain G.M. Hibbard (Chief of Naval Equipment and Supply), Mr Terence Sheard (Air Member for Supply), Air Commodore R.R. Collard and Mr H.C. Goldenberg (Department of Munitions and Supply); Mr S.H. Sutherland of the Department of Munitions and Supply acted as secretary. It was agreed that requirements should be submitted quarterly by each of the Armed Forces for the ensuing 18 months: those for the first six months were to be regarded as firm and subject to immediate provision action; although those of the ensuing 12 months were to be stated as realistically as possible, revision would always be possible in the next report. After the requirements of the three Armed Forces had been consolidated by the secretary and approved by the Munitions Requirements Committee (Canada) the complete report would be passed to the Department of Munitions and Supply, where it would be screened by the responsible sections to determine whether production should be undertaken in Canada or orders placed abroad (295). Actual requirements for finished military stores were, however, still to be submitted to the U.S. War or Navy Departments jointly by the Armed Forces and the Department of Munitions and Supply. Almost from the outset the following argument was employed by the secretariat:

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This statement [of the requirements] of the Services must be prepared for inclusion in the Army Supply Program of the U.S. War Department. Unless the overall Canadian Procurement Program... is filed with the U.S. War Department it will be difficult if not impossible to secure the materials or fabricated stores from U.S. sources of supply that are required for equipping our Canadian forces and the maintenance of our production schedules (296).

172. Each Service worked out its provisional requirements and it was shortly agreed that items should be listed under the following sections to conform with the several Production and Purchasing Branches of the Department of Munitions and Supply (297):

- A - Construction
- B - Ships and Small Craft
- C - Guns-Army Types
- D - Guns-Naval Types
- E - Machine Guns and Small Arms
- F - Small Arms Ammunition
- G - Gun Ammunition (Shells, Fuses, etc.)
- H - Bombs, Grenades, Depth Charges, etc.
- I - Pyrotechnics.
- J - Chemicals and Explosives, Demolition Stores
- K - Chemical Warfare Stores
- L - Fire Control and Miscellaneous Instruments
- M - Signals
- N - Mechanical Transport
- O - Armoured Fighting Vehicles
- P - General Stores -
 - (a) Clothing, Textiles and Anti-Gas Equipment
 - (b) Machinery, Tools, Hardware and Miscellaneous
 - (c) Electrical Equipment
 - (d) Medical and Dental Supplies
 - (e) Naval and Militia Stores
 - (f) Barrack Stores and Lumber
 - (g) Coal, Coke and Firewood
 - (h) Gasoline, Oil and Paints.

173. The usefulness of this Munitions Requirements Committee (Canada) increased. During May 1943 it was decided that all requests for information - from such agencies as the Combined Production and Resources Board, the U.S. War Production Board, the Mutual Aid Board and the National Textiles and Leather Requirements Committee - should be referred by the Services to this Munitions Requirements Committee (Canada) (298), which continued to function until the autumn of 1945 (299).

(vii) Relations with the London
Munitions Assignment Board

174. While agreeing to support Canada's request for full membership on the Munitions Assignments Board in Washington the United Kingdom had stipulated that Canadian requirements in the North American Area from British production would have to be tabled in London. It was further agreed that the bulk allocation made in Washington

from American production should include a specific allotment earmarked for the Canadian Army Overseas and alterable by the London Munitions Assignment Board only in the event of changing operational requirements and with the concurrence of C.M.H.Q. (see para 131).

175. It might be conveniently noted here that on 16 Jul 42 the Combined Chief of Staff gave their approval to a procedure whereby requisitions for Australian naval and ground forces (less vehicles) should be tabled in London but requisitions for the Royal Australian Air Force and for mechanical transport should be tabled in Washington. All requisitions had, however, to be approved by General Douglas MacArthur, Supreme Commander of the South-West Pacific Area, or his authorized representative, who would also approve the actual final allocation (300). Furthermore, Australia and India subsequently followed Canada's example and established Munitions Assignment Committees to distribute the surplus of controlled stores (chiefly military) produced locally. In practice, however, the Australian and Indian committees were branches of the London Munitions Assignment Board and took their lead from its directives (301).

176. Even though the production of aircraft in Canada to British order was subject to assignment the Air Ministry was obligated to provide its share of aircraft and equipment for the Combined Training Establishment in Canada and R.C.A.F. representatives found it unnecessary to attend meetings of the Air Assignment Sub-Committee of the London Munitions Assignment Board after 17 Jun 42 (302). Although the Canadian Government assumed financial responsibility for the overseas operations of the R.C.A.F. on 1 Apr 43, including the equipment and maintenance of the so-called Article 15 squadrons, actual supply of aircraft and technical stores continued to be an Air Ministry function (A.H.Q. Report No. 67). In practice, however, the R.C.A.F. Overseas Headquarters in London, England, still had to battle with the Air Ministry to try and ensure that Article 15 squadrons should not be issued with obsolescent types of aircraft and that the agreed "Canadianization" policy was followed as regards their personnel (303).

177. Only during March 1942 had the London office of the Department of Munitions and Supply taken over the task of obtaining "Admiralty pattern" stores and equipment and an R.C.N. officer joined the staff of the "Captain Commanding Canadian Ships and Establishments in the United Kingdom" to handle technical liaison matters. Actual procurement procedure remained as before, however: the Admiralty met the Canadian requirement from its existing stocks, added the Canadian requisition to one of its own contracts or passed the matter along to another British ministry. Since the British membership of the Naval Assignment Sub-Committee of the London Munitions Assignment Board was fully aware of the importance of ensuring that the requirements of the Canadian shipbuilding programme were met and that the Royal Canadian Navy should be provided with the more technical stores, equipment and ammunition necessary to permit its ships operating with those of the Royal Navy, there was no problem. All financial matters

concerning the Royal Canadian Navy, including the maintenance from Admiralty depots of Canadian ships and vessels operating out of the United Kingdom, still continued to be handled by Canada House (304).

178. Initially there was some confusion to be cleared up between the War Office and the Canadian Army Overseas. From the inception of the Anglo-American agreement to pool finished military stores the War Office had acted on the assumption that Canadian production would be pooled in London; therefore, allocations of Canadian production were made monthly to various theatres by its appropriate committees. Liaison had been so poor, however, that there was no knowing whether Ottawa had agreed to these allocations or whether the actual allocations made by the ad hoc committee there had been notified to the War Office. In fact, Canadian production often had been allocated by the Ottawa Committee in one manner while the War Office, for lack of other information, had been counting on it being sent elsewhere (see para 158). As a temporary measure, and in the expectation that Canadian production would be pooled in Washington from June 1942 on, during March it had been arranged that the allocations made in Ottawa for May should be notified to the War Office, which would then be given an opportunity to seek adjustments after discussion by its appropriate committees (305). With effect from the meeting of 31 Mar 42, the A.C.I.G.S. Allocation Meeting became a meeting of the Army Assignment Sub-Committee of the London Munitions Assignment Board (306).

179. At the suggestion of General Macready (307), who wanted him to understand the method by which assignments were now being made, General McNaughton attended a meeting of the Army Assignment Sub-Committee held on 1 May to assign British production of weapons and equipment (other than armoured fighting vehicles and anti-aircraft and coast defence equipment) for May and to allocate the assignments made in Washington of American current production to the British Group.* General McNaughton agreed that the existing manner in which Canadian production was assigned in Ottawa was unsatisfactory but explained what the Canadian Government was hoping to achieve (308). As a result, General Macready issued the following note on 8 May:

1. At future meetings of the Sub-Committee the requirements of Canadian forces outside Canada will be considered on their own merits. In showing Establishments and deficiencies of units in Great Britain Canadian units will be shown separately from all other units.
2. In bidding for assignments from North American production the requirements of Canadian troops in U.K. will be indicated separately.

* Separate meetings were held that afternoon and the following day to allocate anti-aircraft and coast defence equipments and armoured fighting vehicles.

3. If assignments from Canadian production are earmarked in Washington for Canadian forces outside Canada, these earmarkings will, in the case of Canadian troops in U.K. at any rate, be implemented from U.K. production, the equivalent Canadian production being allocated elsewhere to save shipping.
4. This of course does not apply to certain special equipment, such as RAM tanks and certain M.T. vehicles which are being produced in Canada specifically for the Canadian Forces overseas. (309).

180. During the course of a meeting at the War Office on 28 May, however, General McNaughton became very critical of the Quartermaster-General's proposal that, in order to conserve shipping across the Atlantic, the Canadian Army Overseas should accept equipment and clothing manufactured in the United Kingdom and permit the shipment of Canadian items direct to more distant theatres. General McNaughton read a relevant passage from a telegram he had despatched to the Chief of General Staff in Ottawa on 27 Apr:

As regards the acceptance of articles of U.K. production in lieu of articles from Canada we naturally prefer our own because of the uniformly high quality of Canadian war production and the interchangeability of parts but propose to instruct our representatives on the London Board to accept articles of British origin where substantial savings in ocean transport will result and provided British articles are of acceptable pattern and not inferior in quality to Canadian. As example cases in point are British battle dress which is unacceptable in quality and British boots which we consider less preferable both in quality and pattern. Also we must have assurance that when we develop new and better types of weapons and equipment our troops may reap the advantage (310).

He went on to explain that the shipping required to maintain the Canadian Army in the United Kingdom was comparatively small. The largest single item was mechanical transport and that had to come from North America anyway. The next was clothing, but the higher wool content of the Canadian battle dress kept the troops warmer in the English climate. It was agreed, however, that Major-General R.M. Weeks (Director of Army Requirements, War Office) and Brigadier J.H. MacQueen (Deputy Quartermaster-General, C.M.H.Q.) should work out a list of items that the Canadian Army Overseas could accept from British production, permitting the Canadian equivalent to be shipped directly to other theatres of war (311).

181. It was subsequently agreed that the following procedure for meeting Canadian Army requirements, as outlined by the Master-General of the Ordnance in a telegram despatched from Ottawa on 14 Jul, was satisfactory until such time as a decision should have been reached as to whether Canada should be admitted to membership on the Munitions Assignments Board in Washington:

- I. Canadian Army Overseas requirements from UK production. CMHQ will continue to bid on LMAB for total requirements and will notify NDHQ of assignments made therefrom. From US Production. CMHQ will continue to bid in conjunction with the UK with a single bid going to British Army Staff in Washington. NDHQ will be advised both of bids so made and of resulting assignments. Exception is US produced vehicles which will continue to be bid for by NDHQ on behalf of Army Overseas. See para II following. From Canadian production. CMHQ will advise NDHQ if allocations from LMAB do not meet urgent deficiencies and consideration will be given to the advisability of releasing equipment to the Canadian Army Overseas from that allocated to Canada by the Ottawa Assignment Committee. This will not apply to ammunition which will continue to be supplied only from LMAB.
- II. Canadian Army North American Area requirements from UK production. NDHQ will continue with present procedure of War Office Requisitions. From US Production. NDHQ will continue with present requests from US production. NDHQ will continue to make representations for its own bids to British Army Staff Washington through Canadian Army Requirements Washington. NDHQ will also continue to bid for vehicle requirements of Army Overseas as noted in para I in addition to our bids. From Canadian production. NDHQ will continue to bid at the Canadian Allocation Meeting at Ottawa.
- III. ...On 20th of each month NA production figures are being cabled to War Office from Washington. Your bid against UK production primarily and against US production except vehicles will continue. Request you cable about the 9th of each month your assignment from UK production and bids against US production (312).

182. As early as 25 May 42, a first meeting of a Canadian Army Requirements Committee had been held at C.M.H.Q. in order that firm bids for the ensuing month might be placed with the London Munitions Assignment Board, as well as the tentative requirements for each of the following three months. Membership included the B.G.S., C.M.H.Q. (Chairman), D.A. & Q.M.G., First Canadian Army

or his representative, the D.Q.M.G. and G.S.O.1(S.D.) at C.M.H.Q. and a secretary (313). Canadian requirements and bids, based on deficiencies and expected British production, were tabled with the Secretary of the London Munitions Assignment Board about the 20th of each month. The G.S.O.1(S.D.) attended all the bidding and allocation meetings held during the first week of the following month. Having already been advised of what was being put forward by the Canadian Army Requirements Committee and the bidding rate, immediately following these meetings N.D.H.Q. was informed of the amount of the actual allocations. The G.S.O.1(S.D.) also supported requirements from British production for the Canadian Army in the North American Area, put forward in the form of War Office Requisitions (314). In a memorandum prepared on 9 Oct 42, the G.S.O.1(S.D.) insisted that the closest liaison must be maintained between C.M.H.Q. and N.D.H.Q. Furthermore:

It is equally important that the M.L.O. at the L.M.A.B. meetings co-operates with all other allied nations bidding at the meeting [see para 153]. Whereas a bidding rate may be determined at the C.A.R.C. and Canada advised of this bidding rate, it may be in the interest of the allied cause that the M.L.O. withdraw or reduce the bid for any particular equipment when it becomes evident that another force has a higher operational priority. From attendance at meetings it is apparent that it is quite useless to press a bid without an operational backing, in that the item is not finally released and bad feeling created. An example of one of the difficulties in supporting Canada's bids is ammunition for 40 mm Bofors. Canada demanded 40 mm Bofor ammunition on a scale of 1500 rounds per gun, when the corresponding scales are 750 rounds per gun for A.D.G.B. and only 1200 rounds per gun in Malta, which is a very considerable distance from the source of supply. No amount of support on the part of the M.L.O. from C.M.H.Q. could possibly persuade the L.M.A.B. to agree that it is operationally necessary for Canada to maintain ammunition at twice the quantity required for A.D.G.B., and 250 [sic] rounds per gun in case of Malta's requirements (315).

183. This last information was imparted to Major-General J.V. Young, Master-General of the Ordnance, who was visiting the United Kingdom to investigate personally problems of provision and assignment. On 13 Oct he accompanied General McNaughton to the War Office for a discussion with Lieutenant-General R.M. Weeks (now Deputy Chief of the Imperial General Staff). General McNaughton stated that under the present assignment policy it was difficult to plan the completion of First Canadian Army on a long term basis, since it was impossible to predict with any degree of certainty the rate at which essential equipment would be available. For example, due to the inability of the War Office to supply tanks, it had been necessary to

postpone until 1943 the despatch of the 2nd Canadian Army Tank Brigade from Canada. Furthermore, although Canada was producing approximately 200 40-mm Bofors equipments per month the six Canadian Light Anti-Aircraft Regiments already in the United Kingdom were only about 50 percent complete in guns and thus not effectively contributing towards air defence (316). General Weeks thereupon agreed to release to the Canadian Army Overseas some 200 Bofors equipments, then awaiting shipment from Canada against British account, provided that they could be shipped immediately (317). General McNaughton then pointed out that C.M.H.Q. never had been kept fully in the higher strategical picture, as regards munitions assignment, and thus it was impossible to plan when troops should be despatched from Canada or how much of their training should be completed there. General Weeks explained that agreement had just been reached within the War Office for a meeting to be held monthly to advise Dominion representatives of the strategical considerations that would govern assignment of the following month's production (318).

184. The first of such meetings was held, under the chairmanship of the D.C.I.G.S., on 23 Oct and was attended by the B.G.S. and G.S.O.1(S.D.) from C.M.H.Q. The B.G.S. pointed out that the Canadian Government had a definite responsibility for the equipment of the Canadian Army: since Canada was producing most major items of equipment considerably in excess of her own requirements, he felt that the Canadian Army's share of controlled stores should not merely be based on immediate operational requirements but also, to some extent, in proportion to Canada's total production. General Weeks agreed that such a policy was most desirable and would be followed insofar as it did not adversely affect the equipping of other forces (319).

(viii) Items of Continuing
Canadian Supply

185. Although production of controlled stores in Canada had reached sizable proportions by the end of 1942 the problem of equipping the Canadian Army Overseas to establishment and then providing adequate reserves was now to develop a new twist. Contracts had been placed with Canadian industry for the total requirements of the munitions it could produce for the Canadian Army, both Overseas and in the North American Area. But the necessity of conserving shipping, even though the backlog of equipment in North America was constantly increasing, and the desire to have Canadian formations ready for battle as soon as possible had seemed good reasons for securing from the War Office all the controlled stores possible. This decision not to wait until Canadian production was available now seemed likely, however, to result in what became termed "double provision". Although theoretically the United Kingdom should have been eager to accept subsequent Canadian production for distribution, the quantities ordered by the British were so large and the global strategical conditions were subject to such variations that there was not always likely to be a ready requirement for the Canadian munitions when

finally available.* Furthermore, with shipping in short supply everywhere, there was the further factor that a co-ordinated production programme might have produced such items in parts of the world other than Canada (321). Finally, it must be conceded, as the equipment of the British Army to establishment neared completion by late 1942, there naturally was an overall declining demand. According to Studies of Overseas Supply by H. Duncan Hall and C.C. Wrigley:

Thus what Canada could most readily supply was what the United Kingdom now needed least. The more closely Canadian production was analysed the more clearly did this fact emerge. To a very large extent it consisted of those standard Army weapons and ammunition which had been very scarce in 1941 and early 1942, but were now or soon would be in ample supply. There were many exceptions, of course. There was no sign of any slackening in the demand for armoured fighting vehicles or of rifles or of Bren guns, and the demand for mechanical transport was immense and still growing. But Canadian production of field guns, of anti-tank guns and of medium artillery carriages, undertaken in the first instance as a measure of insurance, was already strictly superfluous to War Office requirements. For the time being anti-aircraft guns were still needed in large numbers, but the demand was likely to fall off, even to cease completely, before the end of 1943.... The general conclusion was that while the full output of existing capacity could be maintained throughout 1943 there was little prospect of fresh orders or of continuation orders beyond that date for many of the stores in current production (322).

186. Major T.F. Flahiff, Canadian Assignments and Requirements (Ottawa), who was sent overseas early in 1943 to clarify bidding procedures, soon realized that officers at C.M.H.Q. considered that the interests of the Canadian Army Overseas could best be served through the London Munitions Assignment Board, without any assistance from the Department of National Defence in Ottawa and its Canadian Army Staff in Washington (323). Instead of the existing procedure (see para 181), the G.S.O. 1(S.D.) at C.M.H.Q. was to recommend on 6 Feb 43 that the following principles advanced by Major-General J.S. Lethbridge, Director of American Liaison and Munitions at the War Office and Chairman of the Army Assignment Sub-Committee of the London Munitions Assignment Board, should be adopted:

*In a few instances during 1942, exchanges had been arranged whereby the Canadian Army Overseas was equipped from British sources and corresponding Canadian production available a few weeks, or months, later was shipped direct to other overseas theatres (320).