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Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948

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A thesis submitted in partial fulfillment of the requirements for the Doctor of Philosophy degree in History

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Abstract

This dissertation is the first full-length study to explore how the Canadian government and military disposed of surplus munitions and supplies after the Second World War. By investigating how the state planned and implemented its disposal program from 1943 to 1948, this thesis places objects at the centre of attention and demonstrates their profound political, social, and economic significance. By examining the extended social lives of munitions and supplies in relationship to their postwar impact on civilian life, this study offers a new and innovative perspective that links material culture with postwar reconstruction, rehabilitation, and demobilization. What follows is a history of how Canadians turned swords into plowshares that contributes to the fields of military history, Canadian history, material culture, and disarmament studies.

Disposal was an important element of Canada's exit strategy for the Second World War because the objects accumulated to fight survived long after hostilities ended and required diligent procedures to demobilize or destroy. In November 1943, the Canadian government established the Crown Assets Allocation Committee (CAAC) and the War Assets Corporation (WAC) to plan, control, and implement its disposal program. This study elaborates on four critical themes: 1) the continuous and evolving nature of public pressure for government action on disposal; 2) the role of the CAAC and WAC in controlling disposal operations; 3) the way the objects of war require stewardship from one use to the next; and 4) the process through which munitions and supplies were reduced, reused, recycled, and upcycled into new forms, functions, and intentions. This thesis argues that through the CAAC and WAC surplus assets were disposed of to support, and not hinder, postwar reconstruction and rehabilitation. Although disposal was not perfect and left behind some dangerous environmental legacies, the conversion of surplus assets into peacetime purposes ensured that objects gained new uses and meanings thereby mitigating their threatening nature to economic stability, political authority, and public safety.

Keywords: Canadian history; military history; munitions disposal; material culture; demobilization; disarmament; reconstruction; rehabilitation; peace.

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Table of Contents

Abstract	ii
Acknowledgments	iii
Table of Contents	vii
List of Tables	ix
List of Figures	x
List of Photographs	xi
List of Abbreviations	xiii
List of Appendices	xv
Introduction The Disposal Problem	1
Mobilizing the Industrial Front	11
The Exit Strategy	23
A Note on Sources	34
Chapter 1 Preparing for Peace: Creating the Crown Assets Allocation Committee and War Assets Corporation	38
Introduction	38
Growing Concerns	41
Disposal of Obsolete Stores before PC9108	49
PC9108: Creating the Committee and Corporation	56
The Surplus Crown Assets Act	69
Conclusion	79
Chapter 2 From Flow to Flood: Managing Disposal Operations	81
Introduction	81
Laying the Groundwork: Early Plans and Preparations	85
The Best Laid Plans	104
The Reorganization and Expansion of the WAC	120
Conclusion	132
Chapter 3 Bursting at the Seams: Clearance and Warehousing Operations	134
Introduction	134
The Cleanup Crew: Clearance and Materiel Legacies	136
Cutting Losses: Abandoned Materiel Legacies	147
“A Solid Big Gob”: The Challenge of Managing Large Inventories	161
Conclusion	180

Chapter 4 “The Wonderland of War Assets”: Selling, Scrapping, and Salvaging Value	182
Introduction	182
Corporate Dividend: Established Businesses and Selling Restrictions	186
Dividend Denied	200
Munitions and Public Safety	208
Reduction to Destruction: Salvaging Value from Weapon Systems	219
Conclusion	236
Chapter 5 Tactical to Practical: Supporting Postwar Reconstruction and Rehabilitation with Surplus Assets	238
Introduction	238
The WAC and Economic Stability	242
Starting Points for Peace: Reusing Surplus Assets	263
Assets to Ashes? Recycling and Upcycling Surplus Assets	282
Conclusion	293
Chapter 6 The Diplomacy of Disposal: Settling War Claims and Selling Surpluses Overseas	294
Introduction	294
The Disposal of Surpluses Located Overseas	297
Settling Debts and Selling Arms	316
Conclusion	340
Chapter 7 Drowned at Sea: Ammunition Destruction and Ocean Dumping	341
Introduction	341
Storage Wars: The Evolution of Destruction Policies and Practices	343
Davey’s Storage Locker: Canada’s Ammunition Dumping Program	358
Conclusion	378
Conclusion Prologue to Peace, Epilogue to War	380
Appendix 1	387
Appendix 2	388
Bibliography	389
Curriculum Vitae	403

List of Tables

Table 1: Declarations of Surplus Received by Month, 1944-48.....	111
Table 2: Number of Employees in the WAC in March, 1945-1950.....	125
Table 3: Employment Trends in the WAC, 1945-1949.....	126
Table 4: Distribution of Motor Vehicles Sales (All Types) by Province and Vehicle Registration, 1944-1945.....	132
Table 5: Warehousing Operations of the War Assets Corporation, 1946-1947	166
Table 6: Warehousing Operations of the War Assets Corporation, 1947-1948.....	167
Table 7: Materials Salvaged from the Demolition of Surplus Buildings, 1946-1947....	258
Table 8: Materials Salvaged from the Demolition of Surplus Buildings, 1947-1948....	260
Table 9: Sales of Material for Educational Purposes, 12 July 1944 to 31 March 1946...280	
Table 10: Disposal of Ammunition, Report for Week Ending 29 September 1945.....	372
Table 11: Disposal of Ammunition, Report for Week Ending 6 October 1945.....	373

List of Figures

Figure 1: Machine Tools and Equipment Sales (Over \$5,000), 1944-1949.....	145
Figure 2: Metal Sales by the War Assets Corporation, 1944-1949.....	246
Figure 3: Select Metal Sales by Weight, 1944-1949.....	247

List of Photographs

Photo 1: Board of Directors, WAC, January 1944.....	64
Photo 2: The WAC's Head Offices (circa. late-1945).....	122
Photo 3: Abandoned Trucks on the Canol Heritage Trail, near Mile 222.....	155
Photo 4: Group of Inuit with housing made from American military supplies	158
Photo 5: A set of moose antlers tangled in telephone wires found at Mile 170 on the Canol Trail.....	159
Photo 6: A rare picture of decommissioned ships at the graveyard near Sorel.....	164
Photo 7: John Brocklehurst checking a pile of khaki uniforms at No. 1 Reclamation Depot, Valleyfield, Quebec.....	172
Photo 8: Painting by Tony Law.....	185
Photo 9: Photo of mutilated Bren Gun, circa 1949.....	214
Photo 10: Some of the parts and equipment stripped from planes at St. Johns, Quebec.....	224
Photo 11: Workers at St. Johns, Quebec scrap old damaged aircraft that cannot be sold any other way.....	226
Photo 12: An advertisement in the <i>Winnipeg Free Press</i> for the sale of an Anson training aircraft.....	228
Photo 13: An advertisement in the <i>Globe and Mail</i> for the sale of surplus naval vessels for scrapping purposes.....	250
Photo 14: Advertisement seeking tenants for the Liberty Buildings, Toronto, Ontario.....	262
Photo 15: View of rows of parts used to make army vehicles at the Ford Motor Company plant, 1941.....	268
Photo 16: Brochure for the Union Steamship's S. S. <i>Chilcotin</i>	291
Photo 17: Picture showing some of the devastation from the Bedford Magazine Explosion.....	352
Photo 18: Picture showing one of the two major craters caused by the Bedford Magazine Explosion.....	353

Photo 19: Picture showing some of the devastation from the Bedford Magazine Explosion.....	357
Photo 20: Photo of ammunition dumping near Cairnryan, UK.....	374
Photo 21: Drums of mustard gas awaiting disposal, 30 January 1946.....	377

List of Abbreviations

AWSC.....	Allied War Supplies Corporation
AOSAC.....	Army Ordnance Surplus Assets Committee
ASDB.....	Army Salvage and Disposal Board
BATM.....	British Admiralty Technical Mission
BCATP.....	British Commonwealth Air Training Program
CAAC.....	Crown Assets Allocation Committee
CADC.....	Crown Assets Disposal Corporation
CNEA.....	Canada Newfoundland Education Association
CAL.....	Canadian Arsenals Limited
CIL.....	Canadian Industries Limited
CMHQ.....	Canadian Military Headquarters (London)
CUARF.....	Canadian United Allied Relief Fund
CVT.....	Canadian Vocational Training
CMHC.....	Central Mortgage and Housing Corporation
CNAS.....	Chief of Naval Administration and Supply
CPRB.....	Combined Production and Resources Board
DIL.....	Defence Industries Limited
DEA.....	Department of External Affairs
DMS.....	Department of Munitions and Supply
DND.....	Department of National Defence
DRS.....	Department of Reconstruction and Supply
DVA.....	Department of Veterans Affairs
EAC.....	Economic Advisory Committee
HE.....	High Explosive

IRB.....	Industrial Reconstruction Branch
IDUM.....	International Dialogue on Underwater Munitions
MGO.....	Master General of Ordnance
NDHQ.....	National Defence Headquarters
NOIC.....	Naval-Officer-in-Charge
NATO.....	North Atlantic Treaty Organization
PJBD.....	Permanent Joint Board of Defence
PDC.....	Plant Decontamination Committee
RCAF.....	Royal Canadian Air Force
RCN.....	Royal Canadian Navy
SCWEE.....	Special Committee on War Expenditures and Economies
UNRRA.....	United Nations Relief and Rehabilitation Administration
USAAF.....	United States Army Air Force
UXO.....	Unexploded Ordnance
WAA.....	War Assets Administration
WAC.....	War Assets Corporation
WCDB.....	War Contracts Depreciation Board
WICB.....	Wartime Industries Control Board
WPTB.....	Wartime Prices and Trade Board

List of Appendices

Appendix 1: Disposal of Crown Plants by Wartime Use of Plants as of June 1, 1948...	387
Appendix 2: CAAC Standard Procedures 1-10.....	388

Introduction

The Disposal Problem

Inventories of war material must always be on tremendous scale, with the consequence that at the termination of hostilities surpluses of munitions and supplies are enormous even if every machine producing war goods ceased functioning as the guns ceased firing.¹

John Berry, President of the War Assets Corporation

On 11 February 1946, Corporal William Denniston and several other members of his squad were hard at work moving stacks of bedframes at the 14th Central Ordnance Depot in Petawawa, Ontario. With the end of the Second World War a few months earlier, such anti-climactic work had become commonplace, though Denniston probably welcomed the banality after six years' service with the infantry. A Scottish-born immigrant and an older soldier by comparison to his peers, Denniston had enlisted with the Cameron Highlanders of Ottawa in 1939 and survived the campaigns in Normandy and Northwest Europe unscathed. On 10 April 1945, he was repatriated back to Canada to deal with a pending divorce and because he volunteered for service in the Pacific theatre.² However, the war's end in September forced him to reconsider his future plans. Like many soldiers, he wanted to remain in the postwar Army but had to make himself useful to a military facing significant postwar budget cuts. When he arrived in Petawawa in December 1945, he must have seen the writing on the wall. Given that Petawawa was a major supply base, he found his postwar plans piling up all around him. When hostilities ended, the procurement and consumption of munitions and supplies dropped off substantially from wartime peaks, yet the objects acquired by the government and military did not just disappear. Denniston must have realized that the Army needed custodians for all the leftover stuff, so he completed several courses on equipment storage and took up a new posting in logistics.³

¹ John Berry, "Functions of War Assets Corporation," *Quarterly Review of Commerce*, Vol. 12 (1946), 32

² Library and Archives Canada (hereafter LAC), RG24, Vol. 25728, File: SC20954 Denniston, William Ferguson, "Canadian Active Service Force Attestation Paper," 6 September 1939; Ibid, "Record of Service," various dates; Ibid, "Personnel Selection Record," 9 July 1945.

³ Ibid, "Canadian Active Service Force Attestation Paper," 6 September 1939; Ibid, "Record of Service," various dates; Ibid, "Personnel Selection Record," 9 July 1945.

The job of stacking bedframes is an innocuous example of a much wider problem that confronted the Canadian military and government after the Second World War. It was also a problem that Denniston and his squad were working at solving when disaster struck sometime after lunch. Unfortunately for Denniston everything came to an abrupt and painful end that day in February. While preparing to load a stack of bedframes into a Chevrolet truck driven by Gunner C. Serat, a 24-year-old soldier with two years of driving experience, Denniston suddenly “walked between the pile of bed springs and tail gate of [the] truck” and “was crushed.”⁴ He was first rushed to the Petawawa Military Camp hospital and later transferred to the Pembroke General Hospital, but his condition never improved. After several hours of agony, Denniston succumbed to a traumatic laceration of the liver and peritoneal hemorrhage on the morning of 12 February 1946.⁵ Although commemorated by the Commonwealth War Graves Commission as a fatal casualty of the Second World War, in reality Denniston was a casualty of the cleanup.

Certainly moving bedframes from Drill Hall No. 2 and stacking them in Drill Hall No. 3 was not a job usually associated with the death of a war hero, but this was the mundane reality of ending war: when the pace of fighting slackened, the pace of disposal picked up. Once Canadian soldiers returned home as veterans, the government and military were left with all the weaponry and equipment they had used to wage war. In effect, victory precipitated a major logistical crisis in transport, storage, and disposal. Assets of all types were piling up everywhere as the residues of factory production kept arriving, while shipments overseas ended and disbanded military units returned kit to storage depots. Against the backdrop of VE-Day celebrations, there remained a lot of cleanup and inventory work on the horizon. The vast stocks of munitions and supplies had to be collected, appraised, stored, and disposed of so that the war’s material legacies would support, and not hinder, postwar reconstruction and rehabilitation. An excruciating amount of effort and attention was required to administrate, control, and untangle this logistical quagmire. After all, bedframes do not stack themselves.

⁴ Ibid, “Report of Injuries Other than Wounds Received in Action,” 11 February 1946.

⁵ Ibid, “Ontario Provincial Police Report of Accident,” 12 February 1946; Ibid, “Report of Injuries Other than Wounds Received in Action,” 11 February 1946. See also: LAC, RG24, Vol. 16,166, War Diary – 14th Central Ordnance Depot, Log Entries 11 and 12 February 1946.

The banality of collecting and storing leftover munitions and supplies served an important postwar purpose. Such actions allowed the military to manage the war's materiality, tabulate inventories, and determine postwar requirements. Whatever kit was surplus – unneeded for future plans or operations – had to be discarded after hostilities ended. From bedframes to bullets, all the objects of war transitioned into peacetime through similar mundane routines. In doing so, however, they forged profound legacies that continued in many different forms and functions long after the fighting stopped. Even the bedframes that Denniston diligently stacked possessed a postwar legacy. Although this legacy might not have made it to the front page of newspapers, surplus bedframes ended up fulfilling a number of important functions in peacetime. Taken from empty barracks, they were reused in hospitals caring for injured veterans or university dormitories overwhelmed with new students. Some bedframes even ended up in the bedrooms of new home owners in suburban communities throughout Canada and others were scrapped by junk dealers or metal manufacturers who recycled the materials back into the economy.

Whatever the case, objects impacted their surrounding social, spatial, and human relationships in both profound and subtle ways. As Bruno Latour explained in *Reassembling the Social*, objects connect the physical world with human actions and experience because they ground the “incommensurability” of social relationships in a physical setting.⁶ Objects provide stability to the human experience and have agency in shaping its character and outcomes. In other words, a material world forms the structures where human experiences transpire. Objects fill spaces, build homes, produce other things, provision activities, improve living standards, and connect humans to each other. Although their omnipresence can be taken for granted or render them invisible, their collective presence remains constant over time.⁷ Eventually, though, like the bedframes in Petawawa, an object's utility and meaning gets used up or becomes surplus. The object then enters a new phase of its existence when it transitions between old and new uses and owners. In effect, this constitutes a disposal process. Broadly speaking, the term disposal

⁶ Bruno Latour, *Reassembling the Social: An Introduction to Actor-Network-Theory*, (Oxford: Oxford University Press, 2005), 63-86, especially 70-78.

⁷ *Ibid.*, 78-86.

defines a two-way process in which one party (in this case the government or military) relinquishes something considered unneeded or used up, while another party acquires it in order to fulfill a need.⁸ Tracing the patterns of utility and meaning embedded into the disposal process is a worthwhile line of inquiry that this dissertation will follow in relationship to the political, economic, and social significance of surplus munitions and supplies.

As the full scope and extent of the disposal problem emerged across every category of item and weapon, the fate of objects procured for war purposes coalesced in the minds of politicians, bureaucrats, military officers, business leaders, community groups, and average citizens. From about May 1943 onwards, they all began to realize the important and challenging nature of disposal. A great deal of time, resources, and tax dollars had been invested in procuring munitions and supplies, so what would happen to all these assets now that the war was over? To varying extents, it was understood that the liquidation of government assets had to be carefully planned and rationally implemented to avoid a postwar economic and political disaster. The vast inventories acquired by the government and military could not be wasted or thrown away haphazardly, particularly if certain objects maintained residual value in peacetime. Moreover, the unfavourable optics of having spent billions in public funds on suddenly worthless things would not appease any future electorate. The threat of profligacy and waste motivated policymakers to find as many productive outcomes for surplus assets as possible. Yet, at the same time, the vast inventories of surpluses posed an economic threat as an unregulated fire sale of second-hand goods would precipitate a deflationary economic cycle. If surplus assets flooded markets they would lower prices for new goods, shrink corporate profits, and decrease employment. Therefore, disposal had to walk a fine line between public pressure, political will, and economic stability.

The question of what happens when wars end and when armies are disbanded is incredibly complex. As many scholars have demonstrated, making provision for the rehabilitation of veterans and establishing schemes for the postwar reconstruction of

⁸ LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 5-6; "Disposal," (Accessed 20 November 2015), <http://www.merriam-webster.com/dictionary/disposal>.

social services, the political economy, and family life were essential for supporting this transition between war and peace.⁹ However, there were many other plans and programs that occupied policymakers and military officers at the close of hostilities, some of which have received scant attention from academics. This is particularly the case in regards to cleanup operations and the disposal of Canada's munitions and supplies. In fact, no study – academic or otherwise – was found on the subject. Therefore, this dissertation constitutes the first full-length history of the disposal of Canada's munitions and supplies.

To be sure, this dissertation is not the first study to identify disposal as a relevant or important topic. In fact, the burgeoning field of peace and conflict studies has long identified DDR or Disarmament, Demobilization, and Reintegration as fundamental principles and strategies involved with ending wars and making peace. In general, however, these studies tend to focus on current events and contemporary conflicts (or at least those occurring after the formation of the United Nations).¹⁰ While informative and interesting, they are often underpinned with little archival research and tend to focus overwhelmingly on the Third World and Global South, even though rich and developed countries faced broadly similar challenges when exiting wars.¹¹ Often far away from the carnage and destruction, developed and industrialized societies must also reintegrate ex-combatants, demobilize war industries, disband military power, and dispose of surplus materiel. This dissertation will explore some of these important subjects by examining

⁹ For examples, see: Peter Neary, *On to Civvy Street: Canada's Rehabilitation Program for Veterans of the Second World War* (Montreal-Kingston: McGill-Queen's University Press, 2011); Magda Fahrni, *Household Politics: Montreal Families and Postwar Reconstruction*, (Toronto: University of Toronto Press, 2005); David Slater, *War Finance and Reconstruction: The Role of Canada's Department of Finance, 1939-1946*, (Ottawa: No Publisher, 1995); Alexander Brady and F. R. Scott, *Canada After the War: Studies in Political, Social, and Economic Policies for Post-War Canada*, (Toronto: MacMillan Company of Canada, 1944).

¹⁰ For examples see: Joao Gomes Porto, Chris Alden, and Imogen Parsons, *From Soldiers to Citizens: Demilitarization of Conflict and Society*, (Aldershot, UK: Ashgate, 2007); Anna Stavrianakis, *Taking Aim at the Arms Trade: NGOs, Global Civil Society, and the World Military Order*, (New York: Zed Books, 2010).

¹¹ Obviously there are many studies on disarmament and the developed world, though these tend to focus on the interwar period or non-proliferation. For examples, see: Albert Legault and Michel Fortmann, *A Diplomacy of Hope: Canada and Disarmament, 1945-1988*, (Montreal & Kingston: McGill-Queen's University Press, 1992); Carolyn J. Kitching, *Britain and the Problem of International Disarmament*, (New York: Routledge, 1999); Keith Hamilton and Edward Johnson, eds., *Arms and Disarmament in Diplomacy*, (London: Vallentine Mitchell, 2008); Peter, N. Stearns, ed., *Demilitarization in the Contemporary World*, (Chicago: University of Illinois Press, 2013).

how the Canadian government and military disposed of surplus munitions and supplies from 1943 to 1948.

A number of other studies focus on disposal or related subjects. In general, this body of literature can be divided into three categories. First, there exists some scholarship explicitly focused on disposal after the Second World War. However, the bulk of these studies were produced in the 1940s and might now be better interpreted as primary evidence indicative of the growing contemporary concerns for demobilization. Additionally, most of these early studies focused on the United States and explored the legislative and organizational responses to this gigantic and future problem. A. D. H. Kaplan's *The Liquidation of War Production* is perhaps the best example, as his book and articles pointed out the potential dangers of inadequate disposal policies and outlined various solutions.¹² However, Kaplan's book was published in 1944, well before disposal operations got underway. Later publications from the 1940s, such as James Cook's book *The Marketing of Surplus War Property* or articles by P. C. Greenland and John Berry, helped fill in some important gaps.¹³ Although disposal operations were still unfolding at the time, these publications informed readers about their progress and development. In particular, Greenland and Berry were well positioned to write their accounts as both men were in charge of Australia's and Canada's postwar disposal programs, respectively. This gave them a wide range of first-hand experience and access to documents and policies that, at least in Canada's case, have not survived.

A second group of studies consist of books and articles written mainly by collectors and material culture specialists. These are some of the most informative and engaging

¹² Kaplan was an economics professor at the University of Denver. A. D. H. Kaplan, *The Liquidation of War Production: Cancellation of War Contracts and Disposal of Government-owned Plants and Surpluses*, (New York: McGraw-Hill Book Company, 1944), 20-25; CWM, *Democracy at War: Canadian Newspapers and the Second World War* (hereafter *Democracy at War*), A. D. H. Kaplan, "Taking War Surplus in Stride," *Nation's Business*, September 1944, 27 and 60.

¹³ James Allen Cook, *The Marketing of Surplus War Property*, (Washington: Public Affairs Press, 1948); P. C. Greenland, "Liquidation of War Surpluses in Australia," *The Australian Quarterly*, Vol. 18, No. 2 (June, 1946): 23-34; Berry, "Functions of War Assets Corporation," 34-42. See also: Ernest V. Hollis, "Surplus Property and Veterans' Education" *Peabody Journal of Education*, Vol. 24, No. 4 (Jan. 1947): 234-239; John B. Olverson, "Legal Aspects of Surplus War Property Disposal," *Virginia Law Review*, Vol. 31, No. 3, (June, 1945): 550-612; Clifton E. Mack, "Disposition of Federally Owned Surpluses," *Law and Contemporary Problems*, Vol. 10, No. 4, War Contract Termination, Part 2, (Spring, 1944): 633-645; William Hoyt Moore, "Termination of Contracts and Disposal of Surpluses After the First World War," *The American Economic Review*, Vol. 33, No. 1 Part 2, (March, 1943): 138-149.

studies, as they cover the full gambit of an object's existence – from its creation, usage, and destruction – and discuss how objects impacted their surroundings and owners. However, these studies tend to get object-fixated and do not reveal much information about the full scope of disposal across multiple categories of different goods. The book *Military Aircraft Boneyards* exemplifies this trend as it only covers how the Americans disposed of their massive fleet of surplus tactical and transport aircraft and offers little comment on any other weapon system.¹⁴ Other studies, such as Nicolas Saunders's work on trench art, tend to focus heavily on the life histories and the significance of particular armaments, war trophies, and memorials. Although incredibly fascinating, these studies seek to understand the object's cultural significance, meaning, and memory. Therefore, they tend to focus on the items that were kept or preserved and not consumed or otherwise discarded.¹⁵

The emerging field of modern conflict archaeology offers valuable insight into the concept of "materiel culture" by situating objects within various wartime social and cultural contexts. Gabriel Moshenska's *The Archaeology of the Second World War* and the edited volume *Materiel Culture* by John Schofield, William Gray Johnson, and Colleen Beck are important works that help decipher the "cultural biographies" of objects by examining their meaning, utility, memory, and heritage across time.¹⁶ However, as Nicky Gregson, Mike Crang, and Helen Watkins pointed out in an article on salvaging

¹⁴ Nicholas A. Veronico, A. Kevin Grantham and Scott Thompson, *Military Aircraft Boneyards*, (Osceola, WI: MBI Publishing, 2000).

¹⁵ David Pearson and Graham Connah, "Retrieving the Cultural Biography of a Gun," *Journal of Conflict Archaeology*, Vol. 8, No. 1, (January, 2013): 41-73; Tim Cook, "'Tokens of Fritz': Canadian Soldiers and the Art of Souvenearing in the Great War," *War & Society*, Vol. 31, No. 3, (October, 2012): 211-226; Gerald Figal, "Bones of Contention: The Geopolitics of 'Sacred Ground' in Postwar Okinawa," *Diplomatic History*, Vol. 31, No. 1 (2007): 81-109; Laura Wittman, *The Tomb of the Unknown Soldier, Modern Mourning, and the Reinvention of the Mystical Body*, (Toronto: University of Toronto Press, 2011); Nicholas J. Saunders, ed. *Matters of Conflict: Material Culture, Memory, and the First World War*, (London: Routledge, 2004); Nicholas J. Saunders and Paul Cornish, eds., *Contested Objects: Material Memories of the Great War*, (London: Routledge, 2009); Nicolas J. Saunders, "Bodies of Metal, Shells of Memory: 'Trench Art' and the Great War Re-cycled," *Journal of Material Culture*, Vol. 5, No. 1, (March, 2000): 43-67; Nicholas J. Saunders, ed. *Beyond the Dead Horizon: Studies in Modern Conflict Archaeology*, (Oakville, CT: Oxbow Books, 2012).

¹⁶ Pearson and Connah, "Retrieving the Cultural Biography of a Gun," 41-73; Gabriel Moshenska, *The Archaeology of the Second World War: Uncovering Britain's Wartime Heritage*, (Barnsley: Pen & Sword, 2012); John Schofield, William Gray Johnson, and Colleen M. Beck, eds., *Materiel Culture: The Archaeology of Twentieth Century Conflict*, (London: Routledge, 2002).

souvenirs from derelict naval vessels, the need to understand how materiel culture exists outside the military context and inside civilian life helps further understanding of the “extended social lives of military things” and “their passage through value regimes to the point of their destruction.”¹⁷ This dissertation will add a fresh historical perspective to this growing field of inquiry by examining the postwar lives of Canada’s munitions and supplies in relationship to their disposal and impact on civilian life.

The third group of studies mainly consist of book chapters and a small array of articles that touch on related themes. However, these studies are not explicitly focused on disposal and only cover the topic while in pursuit of other objectives and questions. For instance, in books such as *Harnessing Labour Confrontation* by Peter McInnis or *The Other Cold War* by Christopher Kilford, the disposal of surplus munitions, supplies, and real estate received some attention. Yet, these studies were exploring labour relations in the postwar period and Canada’s military assistance to developing countries during the Cold War. Therefore they tied disposal into these subjects and did not cover it on its own terms.¹⁸ The same observation can be made about the biographies of C. D. Howe, the official histories of the Department of Munitions and Supply, and several other books and articles focused on various elements of Canada’s reconstruction and rehabilitation programs.¹⁹ In the US, some scholars have covered the disposal of military surpluses after the Second World War. Jack Stokes Ballard discussed surplus disposal in a chapter of his book on economic demobilization, *The Shock of Peace*; while Sam Lebovic recently examined the fascinating origins of the Fulbright Scholarship program in an

¹⁷ Nicky Gregson, Mike Crang, and Helen Watkins, “Souvenir Salvage and the Death of Great Naval Ships,” *Journal of Material Culture*, Vol. 16, No. 3 (2011): 301-324.

¹⁸ Peter S. McInnis, *Harnessing Labour Confrontation: Shaping the Postwar Settlement in Canada, 1943-1950*, (Toronto: University of Toronto Press, 2002); Christopher R. Kilford, *The Other Cold War: Canada’s Military Assistance to the Developing World, 1945-1975*, (Kingston: Canadian Defence Academy Press, 2010).

¹⁹ Robert Bothwell and William Kilbourn, *C. D. Howe: A Biography*, (Toronto: McClelland and Stewart, 1979), 128-244; J. de N. Kennedy, *History of the Department of Munitions and Supply: Canada in the Second World War, Vol. II: Controls, Services and Finance Branches, and Units Associated with the Department* (Ottawa: HSMO, 1950), 474-487; Neary, *On to Civvy Street*, 159-274; Fahrni, *Household Politics*, 108-144.

article on the sale of war junk and American cultural globalism.²⁰ In effect, the history of the disposal of munitions and supplies has only received passing interest from academics. No study exists that places the disposal of munitions and supplies at the centre of the narrative in order to explore the immense political, economic, and social legacies of the Second World War.

Remarkably, Canadian military historians rarely address the subject of disposal. Studies on the industrial front, the war economy, and defence procurement – a field where one might reasonably expect such attention – are virtually silent on the subject. Currently, there is no comprehensive study on the history of Canada’s wartime economy, while the official histories of the Department of Munitions and Supply were written without a strong evidentiary foundation.²¹ In fact, most studies on the industrial front and defence procurement are exclusively focused on mobilization and production. While not entirely unexpected or without valuable insights, these studies recount how munitions were procured, thereby treating their manufacture and creation as an endpoint for inquiry.²² Product lifecycles and disposal are hardly relevant, unless they demonstrate how obsolescent weaponry requires replacement or justifies additional procurement expenditures on research and development.²³ Indeed, economic demobilization and the

²⁰ Jack Stokes Ballard, *The Shock of Peace: Military and Economic Demobilization after World War II*, (Washington: University Press of America, 1983); Sam Lebovic, “From War Junk to Educational Exchange: The World War II Origins of the Fulbright Program and the Foundations of American Cultural Globalism, 1945-1950,” *Diplomatic History*, Vol. 37, No. 2 (2013): 280-312.

²¹ Upon reviewing the two volume official history, C. P. Stacey said that it could not be “relied on with confidence.” Tim Cook, *Clio’s Warriors: Canadian Historians and the Writing of the World Wars*, (Vancouver: University of British Columbia Press, 2006), 174. See also: Kathryn Rose, “Putting the Puzzle Together: J. de N. Kennedy’s Official History of Munitions and Supply,” *Canadian Military History*, Vol. 23, No. 2, (Spring, 2014): 13-28.

²² For examples, see: Michael Hennessy, “The Industrial Front: The Scale and Scope of Canadian Industrial Mobilization during the Second World War,” in Bernd Horn, ed., *Forging a Nation: Perspectives on the Canadian Military Experience*, (St. Catharines, ON: Vanwell Publishing, 2002), 135-154; Robert Bothwell, “‘Who’s Paying for Anything These Days?’ War Production in Canada, 1939-1945” in N. F. Dreisziger ed., *Mobilization for Total War: The Canadian, American, and British Experience*, (Waterloo: Wilfrid Laurier University Press, 1981), 59-69; J. A. Schultz, “Shell Game: The Politics of Defense Production, 1939-1942,” *American Review of Canadian Studies*, Vol. 16, Issue 1 (1986): 41-51.

²³ See: Aaron Plamondon, *The Politics of Procurement: Military Acquisition in Canada and the Sea King Helicopter*, (Vancouver: University of British Columbia, Press, 2010).

disposal of munitions and supplies are never treated on their own terms and remain, arguably, the most understudied topics in Canadian military history.²⁴

Most historians studying Canada's Second World War focus overwhelmingly on combat operations by recounting the war's progress through military operations, tactical deployments, and global strategy.²⁵ In recent years, a growing social and cultural trend within the military history community has prompted more research into the human experience in conflict and post-conflict contexts. There is little doubt that this "new" type of military history has its benefits. Studying how individuals and communities survive, adapt, interpret, and recover from the traumatic experiences of war can yield many rewarding insights. However, surprisingly few studies ask questions about the material world underpinning the experience of war and peace. Instead, inquiry tends to favour the objects, weaponry, equipment, and physical environments in relationship to their impact and effect on combat operations, soldiers' culture, and artifact collection.²⁶ Yet the battlefield conditions only constitute a portion of the object's total existence. Barring complete destruction or severe battle damage, the object's "cultural biography" spanned a much wider time frame than combat operations and, depending on the object in question, contained many uses beyond killing.²⁷ Studying the disposal of munitions and supplies explores some of these biographies as well as the changes in utility and ownership incumbent to an object's transition from war to peace.

²⁴ This is not the norm in other countries, especially the US. See: Marvin Berkowitz, *The Conversion of Military-Oriented Research and Development to Civilian Uses*, (New York: Praeger Publishers, 1970); Suzanne Gordon and Dave McFadden, eds., *Economic Conversion: Revitalizing America's Economy*, (Cambridge: Ballinger Publishing Company, 1984); Ann Markusen and Joel Yudken, *Dismantling the Cold War Economy*, (New York: Basic Books, 1992); Ann Markusen et al. *The Rise of the Gunbelt: The Military Remapping of Industrial America*, (New York: Oxford University Press, 1991); Gordon Gauchat, Michael Wallace, Casey Borch, and Travis Scott Lowe, "The Military Metropolis: Defense Dependence in U.S. Metropolitan Areas," *City & Community*, Vol. 10, No. 1 (March 2011): 25-48.

²⁵ For examples, see: C. P. Stacey, *The Victory Campaign: The Operations in North-West Europe, 1944-1945*, (Ottawa: HMSO, 1960) or Terry Copp, *Fields of Fire: Canadians in Normandy*, (Toronto: University of Toronto Press, 2003).

²⁶ Tim Cook's recent work embodies this trend: Tim Cook, *At the Sharp End: Canadians Fighting the Great War, 1914-1916*, (Toronto: Viking Canada, 2007); Tim Cook, *Shock Troops: Canadians Fighting the Great War, 1917-1918*, (Toronto: Viking Canada, 2008); Tim Cook, *The Necessary War: Canadians Fighting the Second World War, 1939-1943, Vol. I*, (Toronto: Penguin, 2014); Tim Cook, *Fight to the Finish: Canadians in the Second World War, 1944-1945, Vol. II*, (Toronto: Penguin, 2015).

²⁷ Pearson and Connah, "Retrieving the Cultural Biography of a Gun," 41-73; Gregson et al., "Souvenir Salvage and the Death of Great Naval Ships," 301-324.

In recent years, the surge of scholarship on the home front has filled important gaps in the historiography of Canada's Second World War. Jeffrey Keshen's *Saints, Sinners, and Soldiers*, Serge Durlflinger's *Fighting From Home*, Graham Broad's *A Small Price to Pay*, and Joy Parr's *Domestic Goods* – to name just a few – have all furthered our understanding of how the war impacted Canadians politically, socially, culturally, and economically.²⁸ Although pursuing other objectives and an array of different arguments, these studies have demonstrated – both directly and indirectly – a great deal about how the war effort and transition period were shaped by the presence or absence of objects. Whether it was through rationing and regulation, shortages and substitutions, or production and consumption, these themes tend to dominate the scholarship focused on the home front. This dissertation expands on these themes by pushing inquiry beyond the war's traditional periodization. The state of war may have ended in 1945, but the tools of war outlasted it by many years. In doing so, they survived in different forms and functions and acquired new owners and meanings. In effect, this thesis is a history of how and why the objects of war were discarded, reconstructed, or rehabilitated in peacetime.

Mobilizing the Industrial Front

The disposal of Canada's wartime arsenals was an essential job given the material abundance inherent in the nation's war effort. Consequently, some discussion about procurement and economic mobilization is essential to contextualize the issues involved in the history of disposal. Perhaps the greatest beneficiary of Canada's Second World War was the manufacturing sector. The war unlocked an avalanche of public and private investment that rejuvenated the national economy after a decade-long depression. Between 1939 and 1943, the manufacturing sector's output nearly doubled, as its net value of production increased by 167 percent.²⁹ Largely on the back of new manufacturing capacities sponsored by the government, Canada's GNP increased from

²⁸ Jeffrey Keshen, *Saints, Sinners, and Soldiers: Canada's Second World War*, (Vancouver: University of British Columbia Press, 2004); Serge Durlflinger, *Fighting From Home: The Second World War in Verdun, Quebec*, (Vancouver: University of British Columbia Press, 2006); Graham Broad, *A Small Price to Pay: Consumer Culture on the Canadian Home Front, 1939-1945*, (Vancouver: University of British Columbia Press, 2013); Joy Parr, *Domestic Goods: the Material, the Moral, and the Economic in the Postwar Years*, (Toronto: University of Toronto Press, 1999).

²⁹ O. J. Firestone, *Locations and Effects of Wartime Industrial Expansion in Canada 1939-1944*, (Ottawa: Department of Reconstruction, 1945), 1.

\$5.6 billion in 1939 to almost \$12 billion in 1945, and the value of the country's total expenditures on all types of war goods (including munitions, supplies, defence construction, and military pay) totalled roughly \$28 billion or almost six times the GNP in 1939.³⁰

By 1945, Canadian factories had built some 9,000 ships (including over 800 naval and cargo vessels), 50,000 armoured vehicles and tanks, 16,000 aircraft frames, 850,000 military-patterned vehicles, 1.5 million firearms, 72 million artillery and mortar shells of various calibers, and 4.4 billion rounds of small arms ammunition – enough to shoot two bullets at every human on the planet!³¹ Canada's industrial effort also went well beyond the production of weapons and ammunition. From airports and new office buildings, to bedframes, uniforms, cafeteria equipment, radio sets, machine tools, ball bearings, typewriters, and much more, the war effort required a seemingly infinite assortment of goods, services, and resources – most of which the government acquired with public funds spent through the Departments of Munitions and Supply (DMS) and National Defence (DND).

Although dwarfed by the industrial might of Canada's three largest Allies – the United States (US), United Kingdom (UK), and Soviet Union (USSR) – these numbers were astonishing for several reasons. First, Canada's smaller population (11.2 million according to the 1941 census) and tax base meant that on a per capita basis the Canadian economy performed extremely well. Aside from the automobile industry, the country was an industrial backwater in 1939, rich in natural resources but poor in technical skill and investment capital. Indeed, at the war's outset the British government reluctantly placed munitions orders with inexperienced Canadian manufacturers. That Canada eventually supplied Britain with over half of all motor transportation after the fall of France in June

³⁰ Hennessy, "The Industrial Front," 143; O. J. Firestone, *Encouragement to Industrial Expansion in Canada: Operation of Special Depreciation Provisions, November 10, 1944-March 31, 1947*, (Ottawa: Department of Reconstruction and Supply, 1948), 13.

³¹ Keshen, *Saints, Sinners, and Soldiers*, 42-43 figures 2.1 and 2.2; Hennessy, "The Industrial Front," 141-144; J. de N. Kennedy, *History of the Department of Munitions and Supply: Canada in the Second World War, Vol. I: Production Branches and Crown Companies*, (Ottawa: HMSO, 1950), 3-9; Canadian War Museum (hereafter CWM), *Looking Ahead: The Job We've Done, Canadian Post-War Affairs, Discussion Manual No. 2*, (Ottawa: HMSO, 1945) 24-25; James Pritchard, *A Bridge of Ships; Canadian Shipbuilding during the Second World War*, (Montreal-Kingston: McGill-Queen's University Press, 2011), 292-324.

1940 was no small miracle and a testament to the efficiency of the Dominion's "prolific automobile industry."³² It was also a harbinger for the future of Canada's disposal program. In addition to everything else, there would be a lot of surplus vehicles leftover in 1945.

A second reason why Canada's industrial effort was so surprising had to do with the initial war policies of Prime Minister William Lyon Mackenzie King and his Liberal Government. At first there was a general reluctance to mobilize and equip a large expeditionary force for service overseas as memories of the horror and slaughter in France and Flanders a generation earlier served as an example worth avoiding. In the fall of 1939, and starkly contrasting the chaos of Sir Sam Hughes's recruitment schemes in 1914, the prevailing policy pursued by the Liberals was a cautious and calculated one later dubbed "limited liability" to describe its three main components: the British Commonwealth Air Training Program (BCATP), limited overseas military commitments, and comprehensive preparations for demobilization and veterans' rehabilitation.³³ The irony of Canada's mobilization for the Second World War was not hard to miss. As the late C. P. Stacey, arguably Canada's most important military historian, noted in his landmark study of Canada's war policies and administration, *Arms, Men, and Government*: "a cynic might remark that in this war the government began planning for demobilization even before it had made provision for a really effective war effort."³⁴

It was only after the fall of France, a full ten months into the war, that the federal government finally started taking steps to expand and organize an efficient war economy. In June 1940, the War Supply Board was replaced by the DMS, a new cabinet-level portfolio backed by a hefty administrative apparatus and sweeping authority to "mobilize,

³² H. Duncan Hall and C. C. Wrigley, *Studies of Overseas Supply*, (London: HMSO, 1956), 46-65, quote from 51; H. Duncan Hall, *North American Supply*, (London: HMSO, 1955), 1-115; Graham Broad, "'Not competent to produce tanks': The Ram and Tank Production in Canada, 1939-1945," *Canadian Military History*, Vol. 11, No. 1 (Winter, 2002), 24-36, especially 26-28.

³³ On limited liability, see: J. L. Granatstein, *Canada's War: The Politics of the Mackenzie King Government, 1939-1945*, (Toronto: University of Toronto Press, 1975). On veterans' rehabilitation see: Neary, *On to Civvy Street: Canada's Rehabilitation Program for Veterans of the Second World War*. On Sam Hughes, see: Tim Cook, *The Madman and the Butcher: The Sensational Wars of Sam Hughes and General Arthur Currie*, (Toronto: Allen Lane Canada, 2010).

³⁴ C. P. Stacey, *Arms, Men, and Government: The War Policies of Canada, 1939-1945*, (Ottawa: Queen's Printer, 1970), 63.

control, restrict, or regulate” anything needed for war production.³⁵ To head the new department, Mackenzie King appointed as Minister, Clarence Decatur Howe, who then proceeded to staff the DMS with highly capable bureaucrats, administrators, academics, businessmen, and technicians. Many of those hired by Howe were loaned from the private sector. At the time, newspaper accounts nicknamed them the “dollar-a-year-men” because the government supposedly paid them a dollar for their services, while their parent companies covered the rest of their incomes. However, research into civil service records showed that the government paid some of these “dollar-a-year-men” far more than a dollar per year for their services.³⁶ Regardless of their salaries, the strategy was nonetheless effective since the DMS assimilated a wealth of managerial, business, and technical talent. This was especially critical given Howe’s proclivity for delegating authority and relying on his subordinates to get the job done.³⁷

To better acclimatize his new army of career business executives with little experience in governmental procedures, Howe created an executive committee composed of an inner circle of advisers whom he trusted implicitly.³⁸ This executive committee became its own type of “Ottawa Men” as personal relationships between career bureaucrats and businessmen, plus the growing reliance on so-called “experts” with the necessary training in the social and natural sciences, business administration, and labour management were urgently required to expedite war production.³⁹ Although Howe later earned the nickname “Minister of Everything,” it was impossible for him to keep track of

³⁵ Bothwell, “Who’s Paying for Anything These Days?,” 62.

³⁶ I would like to thank Peter Neary for pointing out the valuable information located in the personnel records of civil servants. Anyone interested in researching more about the “dollar-a-year-men” should first consult with RG32 at LAC.

³⁷ Jeremy Stuart, “Captains of Industry Crewing the Ship of State: Dollar-a-Year Men and Industrial Mobilization in WWII Canada, 1939-1942,” (Master’s Thesis, University of Calgary, 2013), 22-30; Bothwell and Kilbourn, *C. D. Howe*, 128-140; Bothwell, “Who’s Paying for Anything These Days?,” 60-64; Robert Bothwell, “A Curious Lack of Proportion: Canadian Business and the War,” in Sidney Aster, ed., *The Second World War as a National Experience*, (Ottawa: The Canadian Committee for the History of the Second World War, 1981), 31-32; Hennessy, “The Industrial Front,” 140-153. See the character sketches of DMS personnel compiled in: Carolyn Cox, *Canadian Strength*, (Toronto: Ryerson Press, 1946).

³⁸ Stuart, “Captains of Industry Crewing the Ship of State,” 22-30.

³⁹ The DMS is largely absent from their work, but Jack Granatstein and Doug Owsram have discussed this pattern in other departments. J. L. Granatstein, *The Ottawa Men: The Civil Service Mandarins 1935-1957*, (Toronto: Oxford University Press, 1982); Doug Owsram, *The Government Generation: Canadian Intellectuals and the State, 1900-1945*, (Toronto: University of Toronto Press, 1986).

every aspect of the department's business. As Robert Bothwell explained, some contemporaries misleadingly described him as the "ringmaster" to a "thirty-ring circus" but such analogies implied a micro-managing that did not exist.⁴⁰ In reality, Howe was master of the inner-most ring, with all the other rings linked to him through his executive committee. In other words, Howe macro-managed his department, as Bothwell continued: he built a "highly centralized structure of authority" that was based on a "highly decentralized system of management and direction."⁴¹ In making policies, Howe was the arbitrator between competing plans and concerned himself only with the big picture and let his advisers sweat the details. This pattern certainly held true in reference to disposal operations after the war.⁴²

A fifty-five-year-old American-born engineer with a penchant for pragmatism and a booming budget of taxpayer dollars and foreign investment, Howe set about developing Canada's industrial potential through a myriad of investment strategies, initiatives, and agencies. Under the terms of the *War Measures Act* (1939) and the *Department of Munitions and Supply Act* (1940), the DMS gained a monopoly over all aspects of munitions production, from the input of raw materials and labour to the output of finished products. In practice, this monopoly was put in place through the creation of several dozen production branches, resource controls, and Crown corporations. Production branches (such as the Ammunition Production Branch, Automotive and Tank Production Branch, or the Priorities Branch) were tasked with negotiating war contracts with private businesses and overseeing the construction of war materials.⁴³ When private enterprise could not or would not fill the needs of the war effort the DMS established more than

⁴⁰ Bothwell, "Who's Paying for Anything These Days?," 62.

⁴¹ Ibid, 62. See also: Bothwell and Kilbourn, *C. D. Howe*, 128-140; Matthew J. Bellamy, *Profiting the Crown: Canada's Polymer Corporation, 1942-1990*, (Montreal-Kingston: McGill-Queen's University Press, 2005), 275-277.

⁴² Howe's only appearance before the SCWEE in 1945 was brief. In answering the first question from a Committee member he stated: "I would rather my officers would answer that question. I am not as familiar with the work of the Crown Assets Allocation Committee perhaps as I should be." House of Commons, *Special Committee on War Expenditures and Economies, Minutes of Proceedings and Evidence* (hereafter, *SCWEE*), 13 November 1945, (No. 1, Book 2) (Ottawa: HMSO, 1945), 3.

⁴³ Kennedy, *History of the Department of Munitions and Supply, Vol. I*, 12 and 286; Kennedy, *History of the Department of Munitions and Supply, Vol. II*, 2; Sandford F. Borins, "World War II Crown Corporations: Their Functions and Their Fate," in J. Robert Prichard, ed., *Crown Corporations in Canada: The Calculus of Instrument Choice*, (Toronto: Butterworth & Co, 1983), 448-450.

twenty-five Crown companies to produce, purchase, or regulate essential materials and equipment, such as synthetic rubber, explosives, and machine tools.⁴⁴

Resource controls (such as the Aircraft Control, Metals Control, or Rubber Control) were responsible for ensuring that priority access to resources and scarce materials was first provided to those companies on war contracts. Controllers would ration, allocate, stockpile, and set prices for the supplies and a Wartime Industries Control Board (WICB) was established by PC2715 in June 1940 to provide controllers with a forum for reporting on their activities and coordinating their efforts.⁴⁵ The WICB was the sister organization of the Wartime Prices and Trade Board (WPTB) which was established to control inflation, prices, and all retail sales of commodities not related to war production. Eventually, to attenuate conflicts of jurisdiction, a controller on the WICB was also named the WPTB's commodity administrator for the same resource or item.⁴⁶ Together these two organizations formed the nerve centre of Canada's industrial war effort and both organizations played an important role in the disposal of surplus assets after the war.

The creation of the DMS signalled an expanding federal involvement with industrialization and a growing interest in subsidizing production. However, this involvement departed from the prewar norm. In the 1930s, most munitions contracts in Canada were funded by British taxpayers, and in the early stages of the war, the British despatched several Admiralty Technical Missions to North America and established a Supply Board in Ottawa. Through these organizations the British coordinated procurement, ensured that production was calibrated exactly to design specifications, and invested in Canadian industries converting over to war production. But with the creation of the DMS and Cabinet's decision to funnel all munitions orders (both foreign and domestic) through Howe's portfolio, the Dominion government increased its control over production. By March 1943, it took over all financial aspects of the industrial effort through a Lend-Lease style program called Mutual Aid. However, it is important to note

⁴⁴ Kennedy, *History of the Department of Munitions and Supply, Vol. I*, 290-317, 323-327, 394-403; Borins, "World War II Crown Corporations," 447-475; Harold Crabtree, "Crown Companies in the Canadian War Production Programme" *Quarterly Review of Commerce*, Vol. 9, No. 3 (Summer, 1942), 206-212; Bellamy, *Profiting the Crown*, 23-56.

⁴⁵ Kennedy, *History of the Department of Munitions and Supply, Vol. II*, 3-22.

⁴⁶ *Ibid*, 4, 9-10.

that these changes would not have been possible without the nucleus provided by the British expertise.⁴⁷

Duncan Hall and C. C. Wrigley noted these developments in their official history *Studies in Overseas Supply*, when they remarked that, “after the dissolution of the British Supply Board at Ottawa, the [DMS] wielded a wholly sovereign control over war production in Canada. It acted largely as agent for United Kingdom supply departments, but it was an entirely free agent, accepting or rejecting British supply orders, placing contracts, and manipulating priorities at its own discretion.”⁴⁸ This increasing sovereignty over the finance and direction of industrial production was an important policy shift, but it also came with an increasing amount of political and economic baggage. The expansion of controls and regulations over the economy meant that the DMS was manipulating supply and demand to meet the needs of the war effort and also embedding public money at the heart of economic activity. Extricating such widespread government influence from the economy in order to allow the return of private enterprise – a key government priority in 1945 – would not be easy, especially in light of all the assets the government and military accumulated in order to prosecute the war effort. After all, the tools of war would outlast the state of war by many years.

The war emergency following the miracle evacuation at Dunkirk in May 1940 provoked increasing federal regulation and expenditures. As Howe told the WICB in mid-1940, the Dominion would have to produce more of everything and do so within its borders.⁴⁹ However, the initiatives commenced in 1940 did not yield instantaneous results nor did they cause any immediate dislocation to civilian production. As Graham Broad pointed out in his study on wartime consumerism, despite the *carte blanche* for munitions

⁴⁷ Stacey, *Arms, Men, and Government*, 100-107, 485-506, especially 488-495; Hall, *North American Supply*, 9; Bothwell and Kilbourn, *C. D. Howe*, 159; Ernest Forbes, “Consolidating Disparity: The Maritimes and the Industrialization of Canada during the Second World War,” *Acadiensis*, Vol. 15, No. 2 (Spring, 1986): 8; Pierrick Labbé, “Les origines de la politique canadienne de fabrication de cartouches pour l’arme de service (1867-1914),” *Canadian Military History*, Vol. 23, No. 2, (Spring, 2014): 29-56; Pierrick Labbé, “L’Arsenal canadien: le politiques canadiennes et la fabrication de munitions au Canada Durant la Deuxième Guerre mondiale,” (PhD Thesis: University of Ottawa, 2012); Stuart, “Captains of Industry Crewing the Ship of State,” 49-50.

⁴⁸ Hall and Wrigley, *Studies of Overseas Supply*, 47-48; Stacey, *Arms, Men, and Government*, 492.

⁴⁹ Bothwell and Kilbourn, *C. D. Howe*, 159.

production, up until the end of 1941 Canadian businesses were meeting most war contracts and production quotas by repurposing idle floor space in their Depression-ravaged factories. Contrary to popular myths of scrimping, saving, and rationing on the home front, the production of a whole host of non-war related items (including passenger cars, washing machines, and toasters) continued well into the war's second year with little interruption and a steady flow of parts from the neutral United States.⁵⁰

However, the Japanese attack on Pearl Harbor on 7 December 1941 significantly changed the landscape of Canada's industrial mobilization. With their entry into the war, the Americans initiated a massive rearmament program that took parts and resources away from Canadian production lines. Coupled with the Hyde Park Declaration of April 1941, which alleviated the balance of payments crisis and further integrated the North American economies, civilian production in almost all sectors was cut off. For example, retail sales of passenger cars, trucks, and busses peaked at 130,552 in 1940 – the second largest year of motor vehicle sales in Canadian history – but by 1943 retail sales across the country had dropped to a paltry 4,798. The sharp decline was a product of a bevy of wartime regulations from the DMS at the beginning of 1942 that, among many other things, ended civilian car production and kicked war production into high gear.⁵¹

The war emergencies following Dunkirk and Pearl Harbor coincided with, if they did not create, a period of unprecedented industrialization north of the 49th parallel. Between September 1939 and August 1945, private and public funding for the construction of buildings, the purchase of resources, and the import of machinery equalled about \$4.5 billion dollars, a whopping \$3.5 billion of which went directly or indirectly to the war effort (and a large portion of that total was spent between 1940 and 1943).⁵² Through organizations like the War Contracts Depreciation Board (WCDB)

⁵⁰ Broad, *A Small Price to Pay*, 125-138.

⁵¹ Ibid, 128-132 and 134-138. The biggest year was 1929. See also: Arthur Herman, *Freedom's Forge: How American Business Produced Victory in World War II*, (New York: Random House, 2012).

⁵² Firestone, *Encouragement to Industrial Expansion in Canada*, 13; Pritchard, *A Bridge of Ships*, 65-67. For example, in 1941, the DMS accounted for 40.7 percent of all construction contracts issued in the whole country and that number ballooned to 91.6 percent in 1942 and 72 percent in 1943. See: "Values of Construction Contracts Awarded in Canada," *The Canada Yearbook*, 1945 (Ottawa: HMSO, 1945), 450; "Construction Contracts (Commitments) Awarded for War Purposes Through the Department of Munitions

which began operations in August 1940, the DMS made the business of war profitable for private firms. The WCDB was responsible for approving special depreciation for private companies with war contracts that either had to purchase new war-related machinery with “no reasonable post-war value” or expand production lines to meet contractual obligations.⁵³ Private industry also received other special tax benefits and allowances, in addition to favourable financial terms in war contracts, so that operating expenses could be written off more easily. This acted as a further catalyst for quickly turning over to war production and it is estimated that these measures provoked about \$514 million worth of private investment on facilities and “about a similar amount for tooling costs.”⁵⁴ In total, the government corralled about \$1 billion for war production from the private sector.

However, such investment was not enough to sustain the war effort since private companies were unwilling to invest in manufacturing items wholly dependent on conflict. Simply put, there was no profitable or sustainable future in the production of explosives or the manufacture and filling of ammunition. As a result, the DMS created the War Industrial Expansion Program to subsidize industrial production in many key areas (see Appendix 1). The program invested about \$700 million dollars (or roughly one-fifth of all federal spending on the war economy) into two crucial areas: the purchase of machine tools and other precision instruments needed for munitions production (\$500 million) and the construction of additional floor space (\$200 million).⁵⁵ From 1939 to 1945, the War Industrial Expansion Program sponsored the construction of 33.5 million square feet of new floor space at roughly 170 different locations across the country.⁵⁶ It also paid for the importation of the most specialized machine tools needed for munitions production. Although these expenditures were a wartime necessity, when hostilities ended they left a considerable amount of floor space and some of the most advanced production machinery

and Supply,” *The Canada Yearbook*, 1946, (Ottawa: HMSO, 1946), 459; “Values of Construction Contracts Awarded,” *The Canada Yearbook*, 1948-1949, (Ottawa: HMSO, 1949), 609.

⁵³ LAC, RG28, Vol. 21, File: 70, “War Contracts Depreciation Board Confidential Narrative of its War Activities,” n. d., 1-32.

⁵⁴ Firestone, *Encouragement to Industrial Expansion in Canada*, 13 (note 2), quote from 21; LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, (Ottawa: HMSO, 1948), 11.

⁵⁵ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, forward, 9-14.

⁵⁶ *Ibid*, forward, 9-14. One of the most important was the Polymer Corporation established in Sarnia to manufacture synthetic rubber. Bellamy, *Profiting the Crown*, 23-56.

in the government's hands. Therefore, the disposal of this surplus floor space and machinery became a central issue after 1945, as their inherent peace dividend provoked widespread competition between public and private interest groups.

In the wake of such large-scale industrial expansion, war production peaked at astonishing levels. The Great Depression and the "Dirty '30s" seemed like distant memories on bustling factory floors. Operating twenty-four hours a day, employing an average of over 1.1 million war workers (peaking from April 1943 to June 1944), and despite periodic shortages of key materials and machinery, Canada's war economy turned out mountains of munitions and supplies.⁵⁷ By October 1943, the economy started hitting record marks and the publicity of production ceremonies soon followed. In June 1943, Howe was photographed with Minister of Defence James Ralston in Oshawa, Ontario, where the 500,000th military vehicle (a battery charger lorry) rolled off the assembly line.⁵⁸ In September 1944, Howe was also photographed with Edna Poirier, a munitions worker at the Defence Industries Limited (DIL) Cherrier plant in Quebec, who presented him with the plant's 100,000,000th projectile. As part of the nation-wide ceremonies commemorating the 139th anniversary of the Battle of Trafalgar on 21 October 1944, Howe's wife, Alice Worchester, christened the 1,000th ship built at Canadian shipyards.⁵⁹

There is little doubt that Canada's staggering production totals were unleashed by direct and indirect government expenditures and favourable economic policies. However, Canada's war production was also constrained by the Dominion's position within the Grand Alliance. In order to better coordinate logistics, the Allies created several international organizations, known collectively as the Combined Boards, which were dominated by the British and Americans. The most pertinent for the purposes of this study was the Combined Resources and Production Board (CRPB) established in June 1942. The goal of the CRPB was to "combine the production programs of the United States, the United Kingdom, and Canada, into a single integrated program, adjusted to the

⁵⁷ Firestone, *Locations and Effects of Wartime Industrial Expansion in Canada 1939-1944*, 28.

⁵⁸ Hennessy, "The Industrial Front," 145.

⁵⁹ Pritchard, *A Bridge of Ships*, preface.

strategic requirements of the war, as indicated to the Board by the Combined Chiefs of Staff, and to all relevant production factors.”⁶⁰ In other words, the CRPB ensured that each country produced the goods best suited to its capacities and coordinated the flow of resources, parts, and technologies in order to maximize productivity. In practice, this multiplied the growth of American branch plants and subsidiary companies in Canada and reinforced, if not intensifying, Canada’s dependency on export markets. Moreover, it also ensured the standardization of British-patterned weapons and kit which, despite several attempts, greatly stunted the development of any trademarked Canadian-made products and designs. The ripple effects of the CRPB limited the development of more sophisticated industries, such as airplane engines. Canada’s entire aeronautical industry did not produce a single engine during the war. Instead, Canada’s aircraft manufacturers only produced airframes, parts, and electronics, and assembled aircraft once the engines were shipped north from the US.⁶¹

Since neither the British nor Americans were willing to standardize their arms, equipment, and ammunition, Canada became Britain’s preferred source of supply in North America. Apart from some common tank and aircraft models (such as the Sherman tank and the Cornell aircraft), American factories were not ideally suited for manufacturing British-patterned kit. Only the Lee Enfield .303-inch rifle was produced in American factories, while in Canada British-patterned munitions were fixtures on production lines: the .303-inch rifle, the 25-pounder field gun, the 3.7-inch anti-aircraft gun, the 2-pounder anti-tank gun, the Bren light machine gun, the Boys anti-tank rifle, the Universal Carrier, and the standard 3-ton and 15-cwt trucks.⁶² As a result, when hostilities ended the munitions and supplies requiring disposal were generally all British-patterned. Given that the entire British Commonwealth was also facing disposal problems, traditional export markets were not always available or willing to purchase Canada’s surpluses. Thus, after 1945 Canada had tons of unneeded British-patterned kit to liquidate, but faced the challenging prospects of a domestic market too small to absorb

⁶⁰ As quoted in: S. McKee Rosen, *The Combined Boards of the Second World War: An Experiment in International Administration*, (New York: Columbia University Press, 1951), 137.

⁶¹ Randall Wakelam, *Cold War Fighters: Canadian Aircraft Procurement, 1945-1954*, (Vancouver: University of British Columbia Press, 2011), 1-4; Broad, ““Not competent to produce tanks,”” 24-36.

⁶² Stacey, *Arms, Men, and Government*, 489; Hall and Wrigley, *Studies of Overseas Supply*, 46-52.

everything, while international markets were hotly contested and easily flooded with similar goods.

However, since Mutual Aid accounted for roughly 70 percent of all war production in Canada, the vast majority of industrial output went to the UK and not Canadian troops. As Hall and Wrigley pointed out, the British were “the largest customer” of Canadian-produced items. They estimated that the UK received about 60 percent of all tanks, 67 percent of all artillery, 70 percent of all rifles, and 53 percent of all combat aircraft produced in Canadian factories.⁶³ Canada’s production programs therefore benefitted the country’s allies ahead of its own armed forces, as the Canadian Army drew heavily from British stores and supply channels to offset any shortages.⁶⁴ This arrangement worked satisfactorily during the war, but when hostilities ended the Canadian armed forces were left in possession of large quantities of borrowed kit. Although this greatly truncated the size and scope of Canada’s postwar disposal program, returning borrowed kit to the British was not a simple process. Therefore, the disposal of surplus munitions and supplies became entwined within broader political and economic questions related to the settlement of war debts and the establishment of Canada’s postwar military requirements.

The expansion of industrial production coincided with the growth of other federal departments, most especially the Department of National Defence. Throughout the war, 1.1 million Canadian men and women enlisted in the Royal Canadian Air Force (RCAF), Royal Canadian Navy (RCN), and Royal Canadian Army – about one out of every eleven Canadians. Consequently, the DND had to acquire or construct the facilities and equipment so its personnel could live, work, and train for combat operations. Thus, despite the substantial amount of assets procured for the UK, the DND accumulated sizable inventories of every conceivable item. Moreover, the needs of the war effort dictated patterns in how the DND distributed its assets. This meant that financial investments, infrastructure expansion, and the deployment of military forces occurred

⁶³ Canada supplied the British Army with 13 percent of all their rifles, 22 percent of all their 2-inch mortars, 21 percent of all their 2-pounders, 8 percent of all their 6-pounder anti-tank guns, and 13 percent of all anti-aircraft guns. Hall and Wrigley, *Studies of Overseas Supply*, 46, 47-52. See also: *Canada 1945: The Official Handbook of Present Conditions and Recent Progress*, (Ottawa: Dominion Bureau of Statistics, January 1945), 24.

⁶⁴ Stacey, *Arms, Men, and Government*, 287, 488.

according to strategic and tactical objectives. Across Canada, new military bases, airfields, coastal fortifications, and munitions factories were established. Sometimes these wartime developments were extensive and all out of proportion to the local prewar population and economy. In other cases, the war emergency forced the government to rely on pre-existing industrial capacities and transportation networks, which were already clustered in the urban centres and usually located in Central Canada.⁶⁵ Whether in remote areas or densely populated cities, the government spent money on acquiring the facilities and assets it needed to prosecute the war effort. However, the future divestment of these acquisitions posed a serious postwar challenge, particularly given their wide geographic dispersion across Canada and the fact that a large portion was deployed overseas in Europe.

Regardless of the amount of kit returned to the UK or how little Canadian factories produced for Canadian troops, at the end of hostilities the military and government possessed large inventories of munitions and supplies. Although postwar requirements constantly changed, there were few illusions about the necessity of disposal. The postwar military needed only a fraction of what its wartime predecessor had acquired. In 1945, the Canadian military was poised for seismic reductions, as its total numerical strength was rapidly reduced from wartime peaks to barely 40,000 by 1947.⁶⁶ Such profound changes and cut-backs generated many surpluses – even large quantities of new and high-tech equipment would not be required. In the immediate postwar period, demobilization and disposal were the dominant trends in military policies and procedures, not procurement. Between 1945 and 1950, Canada disposed of more military assets than it acquired. More tanks, planes, ships, trucks, buildings, ammunition, and uniforms (to name but a few examples) were disposed of by the government than procured by it.

The Exit Strategy

Canada's war effort fundamentally transformed the country in myriad ways and as the defeat of Germany and Japan appeared more certain, the challenges of transitioning

⁶⁵ Forbes, "Consolidating Disparity," 3-27; Firestone, *Locations and Effects of Wartime Industrial Expansion in Canada 1939-1944*, 24-40.

⁶⁶ J. L. Granatstein, *Canada's Army: Waging War and Keeping the Peace*, (Toronto: University of Toronto Press, 2002), 316.

between war and peace became increasingly urgent. As Howe told the House of Commons in April 1945 when presenting the *White Paper on Employment and Income*, “the central task of reconstruction, in the interest of the armed services and civilians alike, must be to accomplish a smooth, orderly transition from the economic conditions of war to those of peace and to maintain a high and stable level of employment and income. The Government adopts this as a primary object of policy.”⁶⁷ The *White Paper* outlined the various issues expected to arise during the transition period and it also elaborated on what the federal government was doing to fulfill its promises for a smooth transition, high employment, and higher living standards.⁶⁸ That this policy would be accomplished best through the divestment of public ownership and economic policies designed to reinvigorate private enterprise was a central element of the Liberals’ reconstruction efforts. As the *White Paper* explained “the Government does not believe it to be either desirable or practicable to look to the expansion of government enterprise to provide, to any large degree, the additional employment required. It follows that a major and early task of reconstruction is to facilitate and encourage an expansion of private industry, including primary with other industries.”⁶⁹

A central postwar issue was the unprecedented expansion of the federal government, its role in mobilizing war production, and the reconstruction of this new political economy into a viable peacetime framework. Government ownership and regulation was a wartime necessity, as Canada’s industrial mobilization did not happen by happy accident. It occurred because the government had rationalized the normal flow of business patterns, effectively suspending the laws of supply and demand for the duration of the war.⁷⁰ As Joy Parr explained in *Domestic Goods*, the wartime economy stood normal business practices on their head. During the war, *need trumped demand*, so

⁶⁷ C. D. Howe, “Canadian White Paper on Employment and Income” *Federal Reserve Bulletin* Vol. 31, (June, 1945), 536. Presented to the House of Commons in April 1945.

⁶⁸ W. A. Mackintosh, “The White Paper on Employment and Income in Its 1945 Setting,” in S. F. Kaliski eds., *Canadian Economic Policy Since the War: A Series of Six Public Lectures in Commemoration of the Twentieth Anniversary of the “White Paper” on Employment and Income of 1945*, (Ottawa: Canadian Trade Committee, 1965), 9-22, especially 15-21.

⁶⁹ Howe, “Canadian White Paper on Employment and Income,” 537.

⁷⁰ Even conservatives conceded the necessity of public-ownership in times of war. See: House of Commons, *Debates*, 19th Parliament Vol. 4, 12 June 1944, statement by J. H. Blackmore, 3725.

the normal channels through which goods and resources flowed were reorganized and redirected to support the war effort and not patterns of civilian consumption – particularly after 1941. More generally, this meant that federal authorities increasingly intervened to regulate almost every aspect of economic activity and public investment was used as a tool for redirecting production away from a free market system towards something approaching a “command” economy with the federal government at its core.⁷¹

Successfully divesting this power and influence to support private enterprise required an immense amount of preparations and diligence. As a result, plans for the postwar period began very early in the Second World War and were prompted largely by the interwar experience with veterans’ rehabilitation as well as the economic turmoil of the Great Depression. As Peter Neary explained, for many contemporaries the 1920s and 1930s represented a postwar world that none wished to recreate. The hard lessons of the interwar period loomed large in the minds of all policymakers and motivated them to avoid another postwar disaster.⁷² The sentiment was widespread in government circles. As a 28 November 1942 memo from the Economic Advisory Committee (EAC) stated “if the government has not prepared a program in advance, the country will run grave risks of facing mass unemployment, social unrest, and a chaotic industrial situation which no ad hoc improvisations will be able to master.”⁷³ Clearly, Canada needed an elaborate and multi-faceted exit strategy.

Although it was impossible to predict the future, the major challenges of peace were anticipated in one form or another. As a result, government officials worked hard during the war to create plans and programs for postwar reconstruction, reconversion, and rehabilitation. By 1944, the major elements of the government’s exit strategy were ready for Parliamentary assent. Consequently, the 1944 legislative agenda became one of the most important in Canadian history. That year legislation was tabled creating three new

⁷¹ Parr, *Domestic Goods*, 21-39; McInnis, *Harnessing Labour Confrontation*, 19-45.

⁷² Neary, *On to Civvy Street*, 62-63.

⁷³ As quoted in: Peter McInnis, “Planning Prosperity: Canadians Debate Postwar Reconstruction,” in Greg Donaghy, ed. *Uncertain Horizons: Canadians and Their World in 1945*, (Ottawa: Canadian Committee for the History of the Second World War, 1997), 234. See also: Robert A. Wardhaugh, *Behind the Scenes: The Life and Work of William Clifford Clark*, (Toronto: University of Toronto Press, 2010). See also: William Lyon Mackenzie King, *Canada and the War: Victory, Reconstruction, and Peace*, (Ottawa, 1945), 60-61.

federal departments (Reconstruction, Veterans Affairs, and National Health and Welfare). Legislation was also passed establishing family allowances that paid families to help with the cost of raising children.⁷⁴ A new version of the National Housing Act was introduced that created the Central Mortgage and Housing Corporation (CMHC) to alleviate the growing housing crisis by regulating the real estate market, guaranteeing mortgages, and constructing homes through two crown companies.⁷⁵ Furthermore, a whole series of acts were passed to provide veterans with war service grants, gratuities, support services, and educational benefits.⁷⁶ Other legislation was passed to help farmers with loans for equipment and farming implements, while businesses were aided by the creation of an Industrial Development Bank that helped with financing peacetime industrial expansion. Moreover, a whole host of laws were also aimed at re-establishing foreign trade by loaning export credits for the purchase of Canadian products.⁷⁷

It was within this larger context of postwar preparations that the plans for the disposal of surplus munitions and supplies were formulated. Since the disposal problem emanated from wartime procurement, it only emerged as a major concern once Canadian industries started breaking production records. As Chapter 1 demonstrates, it was only in mid-1943 that policymakers started realizing the future scope of the disposal problem. After some extensive studies and discussions over the summer and fall of 1943, Cabinet approved PC9108 on 29 November 1943. PC9108 was a critical order-in-council that created the Crown Assets Allocation Committee (CAAC) and the War Assets Corporation (WAC). The CAAC was an inter-departmental committee designed to act as a hub for the paperwork associated with declaring surpluses and formulate general

⁷⁴ See: Raymond B. Blake, *From Rights to Needs: A History of Family Allowances in Canada, 1929-1992*, (Vancouver: University of British Columbia Press, 2009).

⁷⁵ See: Richard Harris, *Creeping Conformity: How Canada Became Suburban, 1900-1960*, (Toronto: University of Toronto Press, 2004).

⁷⁶ See: Walter Woods, *Rehabilitation (A Combined Operation): Being a History of the Development and Carrying Out of a Plan for the Re-Establishment of a Million Young Veterans of World War II by the Department of Veterans Affairs and its Predecessor the Department of Pensions and National Health* (Ottawa: HMSO, 1953).

⁷⁷ David Slater, "Colour the Future Bright: The White Paper, the Green Book, and the 1945-1946 Dominion-Provincial Conference on Reconstruction," in Greg Donaghy, ed. *Uncertain Horizons*, 191-195. See also: R. B. Bryce, "From Policy to Legislation, 1944," in David Slater, *War Finance and Reconstruction*, 193-210

policies about disposal. The WAC handled the physical aspects of disposal by collecting, maintaining, storing, selling, or destroying everything declared surplus by the government. A few months later in July 1944, Parliament passed the *Surplus Crown Assets Act* which formed a permanent legal, organizational, and administrative framework for the disposal of surplus government property.

The formation of the CAAC and WAC is a starting point for understanding the argument and direction of this dissertation. Over the course of seven chapters, this study elaborates on four critical themes: 1) the continuous and evolving nature of public pressure for government action on disposal; 2) the role of the CAAC and WAC in administering and controlling disposal operations; 3) the way the objects of war require stewardship from one use to the next; and 4) the process through which munitions and supplies are reduced, reused, recycled, and upcycled into new forms, functions, and intentions. Collectively these themes constitute the dissertation's argument which is that through the CAAC and WAC the government disposed of its surplus munitions and supplies in order to support, and not hinder, postwar reconstruction and rehabilitation in Canada. Although disposal was not perfect and left behind some questionable environmental legacies, the conversion of surplus assets into peacetime purposes ensured that objects gained new uses and meanings thereby mitigating their threatening nature to economic stability, political authority, and public safety.

The creation of the CAAC and WAC straddles the line between the first and second themes and demonstrates how the government responded to the political, social, and economic pressures it faced from interest groups. As Chapter 1 explains, business interests were initially the first to voice their apprehension about the future economic impact of government surpluses, but they were quickly followed by local and provincial governments and various other associations from across the country. Business interests were most concerned about the deflationary economic conditions that might arise if an uncontrolled flood of second-hand goods entered the marketplace. This was threatening because it would force the postwar economy into competing with the vestiges of wartime production and thereby lower prices for new goods of similar types, employment, and profits. Businesses wanted the government to eliminate this threat and some trade

associations even went as far as suggesting that all unneeded things be destroyed rather than resold in domestic markets.

By contrast, political and social interest groups were less concerned about the economic ramifications and tended to view the impending liquidation of government property as a valuable opportunity to acquire cheap assets to assist with their reconstruction and rehabilitation programs. Like businesses, they also favoured increasing government regulation to control the flood of goods, but instead of accommodating corporate greed, they wanted surpluses deployed to improve social welfare programs wherever possible. Therefore, the disposal of munitions and supplies became entwined within the larger postwar debates about the role of the state and social security. It is worth noting that in regards to disposal, neither the right nor the left of the political spectrum objected to increasing government regulations and controls, though neither side agreed on the ultimate objectives for disposal or how the CAAC and WAC should implement their new powers.

Pressure for government action also emerged within the bureaucracy itself. As Chapters 1 and 2 explain, in line with the mounting public pressure, a collection of bureaucrats and military officers came to grips with the disposal problem. The rapid development of military technologies and the immense training facilities located in Canada prompted an increasing need for disposal arrangements for production wastages, worn-out equipment, and obsolescent weaponry. As a result, a group of people inside the government and military were exposed to disposal early on and foresaw a future problem when more than just worn-out and obsolete kit required disposal. As a result, they pressured their superiors for action and later formed an important nucleus inside the disposal administration created by PC9108 and the *Surplus Crown Assets Act*. Although it proved difficult to keep some of these experts (many of whom were dollar-a-year-men) employed in the WAC long term, they were instrumental in formulating early plans and preparations. Later, once the flood of surpluses developed, their replacements adapted and expanded the WAC's operations to meet a new series of challenges and problems.

Chapter 2 elaborates more on the problems involved in managing disposal policies and procedures to accommodate as many interests as possible. In effect, the government's

attempt to control the disposal of its surpluses ended up becoming a battle against diminishing returns. Not only was the value and utility of each asset depreciating over time, but every policy and procedure created an inconvenient mix of productive and deficient outcomes. In sum, an immense number of forms, receipts, and reports were generated when tracking and controlling disposal operations in order to ensure that assets were disposed of strategically. This, however, buried the Corporation and Committee in paperwork that grew to unwieldy proportions when the tidal wave of surplus declarations barrelled into the CAAC and WAC at the end of the 1945-1946 fiscal year. Processing paperwork, appraising inventories, and negotiating sales took time and significant delays and bottlenecks developed. These delays engendered a renewal of public pressure and criticism that was exacerbated by several related postwar problems that disposal operations were supposed to help remedy: severe material shortages, delays in industrial reconversion, labour disputes, a growing accommodation crisis, and widespread unemployment. Therefore, disposal operations were never perfect. Although they achieved a great deal, policies developed along pragmatic lines that were not always popular or without controversy. Having few precedents upon which to base such an extensive program of divestiture, the operations of the CAAC and WAC evolved with every trial and subsequent error.

The third and fourth themes shift the dissertation's focus to the objects of war themselves and the process through which they gained or lost utility in peacetime. When the war ended, the munitions and supplies – whether new, used, or surplus – did not just vanish on their own. Rather, they continued occupying a physical space, and until the disposal process affected their forms and functions, they also remained entirely capable of fulfilling their primary and intended purposes. This was quite problematic considering the vast stocks of surplus weaponry and ammunition, but less so for supplies and non-lethal assets with a high degree of convertibility in peacetime. Whatever the case, objects cannot change their forms and functions on their own. Instead, the implements of war were ushered through the disposal process so that old uses, meanings, and owners were discarded for new ones. Change was imposed on munitions and supplies after the war and a concerted government program managed, controlled, and facilitated this transition.

Chapter 3 discusses two of the most critical aspects in the stewardship of objects: collection and storage. Following a major reorganization from August to October 1945, the WAC moved quickly to collect and store the objects that were physically impeding the return of peacetime operations on factory floors, the closing of military bases, and civilian pastimes. The WAC's clearance and warehousing operations allowed the government to maintain custody of its surpluses, facilitate their repair or renovation, and ensure that the government received a fair reimbursement for its property. In doing so, the WAC formed a reservoir of assets – filling more than six million square feet of indoor storage space at its peak – which supplied reconstruction and rehabilitation programs throughout the country. The reservoir also acted as a shock absorber in that it allowed the WAC to control the flow of goods entering the domestic market. However, clearance and warehousing operations were not perfect. In general, the main difficulty surrounded the management and handling of an inventory comprising over 200,000 different types of items. Moreover, clearance and warehousing were also shaped by their high financial costs, the geographic dispersion of surpluses, the abandonment of assets, the extent of onsite pollution, and unexploded ordnance (UXO).

Stewarding objects through the disposal process only started with collection and storage. In fact, hoarding assets was only a temporary measure and largely redundant if the inventories amassed never left the WAC's possession. As Chapter 4 explains, there were only two ways to divest government property: either through sales or destruction. Fears of economic ruin through a faulty disposal strategy were commonplace in the 1940s. Looking back at the experiences following the First World War, when sales of surpluses were largely unregulated and speculators profited handsomely, policymakers and politicians tacitly connected the onset of the Great Depression with the booming supply of cheap government property in the 1920s. This prompted the WAC to heed the advice and warnings of business interests and devise a selling strategy that explicitly favoured big business. As a result, the WAC decided to limit the public's access to surplus stocks and only sell them through legitimate trade networks and businesses. In effect, this strategy turned established businesses into middlemen who reconditioned and resold the surpluses they bought from the WAC.

As can be imagined the public despised these measures since they could not buy direct from the WAC and had to pay higher prices for second-hand goods marked up by dealers and distributors. Moreover, the public's anger surged whenever reports of the WAC's destruction programs surfaced. The charges of waste and profligacy stemmed from what was perceived as the wanton and indiscriminate destruction of public property. To individual customers, the WAC's selling and destruction policies were outrageous: there were significant material shortages in postwar Canada and a ready demand for cheap things, but instead of accommodating the marketplace the WAC refused to sell direct to anyone without proper business credentials and destroyed the remainder. Although this infuriated many desperate Canadians, few people understood the full scope of the WAC's situation and responsibilities. The Second World War was incredibly wasteful and officials in the WAC faced the daunting challenge of mitigating the continuing costs of depreciating assets.

Victory in 1945 produced vast quantities of leftover junk, while new goods quickly deteriorated in value, utility, and condition. Derelict equipment, lethal weaponry, and obsolete kit had limited value in civilian markets but their storage, maintenance, and marketing continued soaking up public money. Every surplus item entering the WAC's possession cost it financially and over time these expenses far exceeded the profits from any sale. If no business wanted to purchase the materials or if the assets were considered dangerous to public safety, then the WAC had no recourse except to label them scrap and have them destroyed. However, contrary to public opinion, the WAC's destruction program was a carefully conceived and rationally implemented process of reduction. Even when destroying assets, the WAC sought to salvage value. For instance, scrapping a weapon system meant breaking it down and separating out all the components from the whole. Collectively, the objects had little value by WAC's standards, but as individual pieces their value and utility could change, particularly if they fulfilled new purposes or joined new systems of objects. In effect, the WAC's destruction program was the first government-led initiative to "close the loop" on industrial production by reducing and

redistributing war assets, often but not exclusively, through the manufacturers that had originally produced them.⁷⁸

The fourth theme follows logically from the third by exploring where Canada's materiel ended up and, whenever possible, how it was used or transformed in peacetime. When wars end, the objects accumulated to fight are often the only things available for reconstruction and rehabilitation. As Chapter 5 explains, given that severe material shortages existed in postwar Canada and the fact that everyone required objects to fulfill their own respective postwar plans and ambitions, government surpluses became highly coveted starting points for peace. A material world underpinned every aspect of the postwar reconstruction and rehabilitation. Although the WAC could never satisfy the ferocious demand, it provided a steady supply of goods and resources throughout the economy that helped mitigate some shortages in several key areas. In doing so, the WAC facilitated a process of material demobilization in which end users converted surplus materiel into useful postwar purposes. The transition from war to peace occurred as munitions and supplies were reduced, reused, recycled, and upcycled into new and different forms, functions, and intentions.

Although many objects maintained residual value and utility in civilian hands, there were many other items that could never be adapted or repurposed in peacetime. These types of militaria were usually the lethal variety – automatic weapons, ammunition, explosives, tanks, and tactical aircraft – which existed in profuse quantities across the country and in Europe. Although valuable to collectors today, they provoked deep fears and concerns amongst the nation's contemporary political and social authorities. However, since the WAC's goal was to recoup as much of the original cost as possible, funding destruction was not always advisable. Therefore, the WAC saw international clients and allied governments as potential outlets for weapon systems and ammunition. Chapter 6 covers the overseas disposal of munitions and supplies in more detail, as Canada utilized the sale and exchange of surplus assets as a means of settling war debts, supporting its allies, protecting domestic markets from the full flood of available

⁷⁸ For more on “closed loop” logistics, see: Edward Humes, *Garbology: Our Dirty Love Affair with Trash*, (New York: Penguin, 2012); William McDonough and Michael Braungart, *Cradle to Cradle: Remaking the Way We Make Things*, (New York: North Point Press, 2002).

surpluses, and saving the costs of repatriating materiel from Europe just to declare it surplus in Canada.

It is important to understand that Canada never became a full-blown arms dealer. In fact, for a variety of reasons, large quantities of its surplus weaponry, ammunition, and explosives were never sold, but they continued occupying overcrowded stowage space, particularly at the Bedford Ammunition Depot in Halifax, Nova Scotia, where a massive explosion occurred in July 1945. In the end, whatever was not sold required complete destruction. Chapter 7 explores this subject further in relationship to ammunition destruction and ocean dumping. After the Second World War, hundreds of millions of tons of conventional ammunition, explosives, and chemical weapons were thrown into the oceans. Practically every belligerent nation used ocean dumping for destroying surplus and captured arsenals. Ocean dumping became the preferred destruction method for a variety of reasons that were generally linked to the numbers involved, storage problems, financial costs, a lack of foreign markets, and public safety concerns. The long-term effects of saltwater corrosion and the ecological impact of releasing large amounts of chemicals, carcinogens, and poisons into marine environments were not considered a priority. This has left a frightening environmental legacy that few historians have ever researched.

A Note on Sources

It would have been impossible to write this study without the records found in the Crown Assets Disposal Corporation fonds available at the Library and Archives Canada (LAC) in Ottawa. Formed in 1949, the Crown Assets Disposal Corporation (CADC) was the successor agency to the WAC and the records of both organizations were turned over to LAC in 1985. They are now listed as RG101, a record group that gets very little research traffic despite containing some interesting materials. However, while RG101 was an indispensable source for this dissertation, it was also the greatest weakness. To put it bluntly: sometime between 1949 and 1985 large portions of the records of the WAC were destroyed. Although I have little direct evidence to support this claim, it is quite clear that something drastic happened to RG101 before it arrived at LAC.¹

The thoroughness and frequency of missing records is extensive. In total, the Head Office and five Regional Branches of the WAC handled 306,014 separate sales orders from 1944 to 1949. Every sale order required an immense amount of paperwork emanating from Regional Branches to the Corporation's General Manager in Montreal. This created an extensive paper trail of records, which included: sales policies, inventory reports, internal correspondence, briefing memoranda, correspondence with purchasers, sales contracts, tracking receipts, appraisal reports, maintenance logs, theft and breakage reports, financial records, advertisements, and many other useful documents. So where did all this paperwork end up? Unfortunately, much of it is not available in RG101. Of the 306,014 sales orders, documents associated with perhaps ten are available in the fonds. Moreover, not a single set of records are available from any of the WAC's Regional Branches and the records generated by the General Manager's office were mostly created after the 1940s. It is no small irony that the bulk of records recounting Canada's postwar disposal program were themselves disposed of sometime after the WAC ceased its operations.

The silence is deafening. In March 1946 alone, an astounding 96,481 inquiries about surplus assets reached the WAC; most were hand-written letters from Canadian

¹ I plan on writing a future publication on the subject of demobilizing bureaucracies and document destruction in the Department of Munitions and Supply.

citizens and each required a response from the WAC. However, hardly any of these inquiries or responses survives in RG101 (for March or any other month). Additionally, the internal documents generated by the WAC's staff to report on the impact or ramifications of this surging interest for surpluses are similarly non-existent. Moving up the chain of command, surviving records created by the Corporation's senior executives and directors are disproportionately small considering their heavy workloads. In fact, the most important people in Canada's disposal administration – John Berry, J. B. Carswell, H. R. Malley, and E. R. Birchard – left no record collections behind for posterity. The same can be said, though with less certainty, that few employees maintained extensive record collections while working for the Corporation in the 1940s. Although the search for private collections is still ongoing, the large gaps in the records of the WAC have been the most surprising and frustrating research challenge.

However, all was not lost. Although RG101 lost much of its connective tissues, it still contains a large and complex skeleton. The documents that are available in RG101 provide a general overview of how Canada's disposal administration operated. They are filled with a variety of files on policies, procedures, and several case studies that predominantly span the 1940s, 1950s, 1960s, and 1970s. Several unpublished histories and meeting minutes from the WAC and CAAC are probably the most valuable sources available, as they provide a chronology of operations and document high-level policy decisions and important events. RG101 also contains some interesting records about the disposal of surplus government assets and property generated by the Centennial celebrations, Expo '67, and the two Olympic Games hosted by Canada in Montreal and Calgary. Furthermore, since disposal crossed departmental boundaries, RG101 provided several important research-leads when accessing other record groups, especially the DMS (RG28) and DND (RG24). Most government departments kept tabs on the disposal of their surpluses and the operations of the WAC. Some, like the DND, even went as far as contacting purchasers to inquire about how their surpluses were being used. The correspondence, reports, and other documents available in these record groups were invaluable in augmenting the records of RG101.

Finally, this dissertation would not have been possible without the use of digital technologies. Since RG101 possessed many holes and lacked the voices of those involved

with disposal, the discovery of any evidence that filled in these gaps was especially critical. In that regard, two bodies of evidence stand out. The first was the five annual reports compiled by John Berry and the WAC's Board of Directors. The information contained in each annual report – summaries of events and problems, outlines of policies and procedures, reports on departmental operations, statistics on shipping and handling, and money recouped from sales – provided a solid narrative of the WAC's operations that greatly expanded on the available archival material. The prize piece of evidence was located in an appendix attached to each annual report. Entitled "Sales of \$5,000 or over" and compiled for each fiscal year (April to March) this appendix provided a critical list of selling information that included: year sold, dollar amount, a category description, a detailed description, name of the purchaser, and the purchaser's location (city, province, and country). In total, the 6,631 sales listed in these appendices – a small fraction of the 306,014 total – accounted for over 80 percent of all revenue generated from surplus sales. However, there was a problem with the sales lists: spread across 155 photocopied pages, individual sales were not easily sorted and patterns could not be readily deciphered or visualized. As a result, in January 2013, I created a "Sales Database" with the help of a sheet-feed scanner, Optical Character Recognition (OCR) software available in the History Department's Digital Research Lab, an Excel spreadsheet, Open Refine software, and many days of elbow grease. This "Sales Database" quickly became a vital tool and source of valuable statistical data, particularly for Chapters 4, 5, and 6.

The official testimonies before the House of Commons Special Committee on War Expenditures and Economies (hereafter SCWEE) proved to be equally troublesome. However, the application of some digital technologies allowed me to make use of this other important body of evidence. The SCWEE was established in 1941 to monitor how public funds were being spent on the war effort and by 1945 it performed the same function for disposal. A whole host of government officials and bureaucrats (including John Berry and most senior executives with the WAC), military officers, association presidents, and even some outspoken critics testified before the SCWEE. It therefore constitutes one of the most valuable sources of information on both war production and disposal. However, without digital technologies, making use of this resource was prohibitive. The SCWEE produced well over 2,500 pages of meeting minutes,

testimonies, and reports that probably total about one million words. Finding relevant information inside this opus was like trying to find the right needle in a stack of needles. The sheer volume of information made the SCWEE records incredibly valuable, but also useless unless digital methods could parse it into something more manageable. Luckily, Western University's library possesses a hard copy of the SCWEE meeting minutes spread across three volumes. In late 2013, I used the book-scanning facilities at Western's Cultureplex Lab and OCR software to digitize all 2,500-plus pages and make them keyword searchable.

Chapter 1

Preparing for Peace: Creating the Crown Assets Allocation Committee and War Assets Corporation

The progress of the war has resulted in the needs of the armed forces for weapons, munitions, and equipment... Governmental machinery as a consequence has had to be provided for the disposal of surplus assets... The establishment of this new machinery is a constructive step toward meeting problems which are already facing the country and which will grow in magnitude as time goes on. It should help to relieve the anxieties of those who are apprehensive lest unneeded war materials, as at the end of the last war, should be liquidated suddenly and without consideration of the effect generally on the national economy and in particular on employment.¹

William Lyon Mackenzie King, Prime Minister of Canada

Introduction

Wartime measures, controls, and regulations did not simply disappear without incident or recourse once Germany and Japan were defeated. Some controls were discontinued completely, but even then their cancellation was planned; others remained in full force long after victory was won. Certainly for Canadians living in the moment, especially for those who served in uniform, there were clear distinctions between the meanings of war and peace that developed organically and locally with the news of victory. Yet behind the scenes some of those changes and distinctions experienced by contemporaries were influenced, if not created, by the government's immense postwar preparations.² During the Second World War peace was anticipated by government officials who started planning an exit strategy long before the fighting stopped. Victory in war did not yield an end to centralized government authority; rather, the coming of peace required its expansion.

¹ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clipping, "War Goods' Disposal Set," *Montreal Star*, 1 December 1943.

² For example, veterans will vividly recall where they were when discharged but few know much about the paperwork or inner workings of the government's bureaucracy supporting their rehabilitation. Neary, *On to Civvy Street*, 160. See also: Henry Rousso, "A New Perspective on the War," in Jorg Echternkamp and Stefan Martens, eds., *Experience and Memory: The Second World War in Europe*, (New York: Berghahn Books, 2010), 5-6.

This chapter addresses one aspect of the government's postwar preparations: the move towards creating the CAAC and the WAC. These two organizations formed the federal government's entire disposal administration as they were tasked with the liquidation of all government assets and property that became surplus when the war ended. Yet the creation of the CAAC and WAC was never a certainty. Rather, their establishment stemmed from the reformation of an ongoing wartime relationship and interdependency between the federal government, business interests, labour unions, and all the various communal and public organizations that supported the war effort. With war production hitting high gear in 1943 and with a growing confidence in eventual Allied victory, some prescient individuals and associations realized that a comprehensive disposal strategy was urgently required. As early as October 1942 anxious businessmen and their associations drew attention to disposal issues by mailing letters and resolutions to government officials requesting assistance and the formulation of policies designed to protect their industries. They were followed by municipal and provincial governments, as well as educational, agricultural, and veterans associations, which wrote to government officials demanding an effective disposal strategy, priority access to surpluses, assurances of postwar prosperity, and offers for cooperation with federal officials.

Throughout 1943 and 1944, these lobbying efforts provoked a changing attitude in government circles about the necessity of a comprehensive disposal strategy. Beginning around May 1943, officials in the DMS, DND, and Finance started contemplating the creation of a single government-wide disposal apparatus to handle all future surpluses. A single centralized administration was preferred over the disparate salvage arrangements developed during the war (and confined mainly to departmental requirements) and fit within the rationalized management structure that officials experimented with during the war. Therefore, on 29 November 1943, the Privy Council approved PC9108 which created the CAAC and the WAC.³ The CAAC was an interdepartmental organization that determined the broad and strategic policies related to disposal. It was responsible for receiving all surplus declarations from departments, facilitating inter-governmental

³ The term "WAC" is used throughout this dissertation for ease of reference and consistency. However, it must be noted that PC9108 created the "War Assets Corporation Limited" (WAC Ltd.) which operated until the *Surplus Crown Assets Act* confusingly terminated both the CAAC and WAC Ltd. and then reconstituted them as the CAAC and WAC (this time without "Limited" in its title).

transfers, and consigning surpluses to the WAC for final disposal. The WAC handled physical disposal by maintaining, storing, selling, destroying, or otherwise dealing with surplus assets. In line with other postwar initiatives and preparations, PC9108 was a prime example of how policymakers anticipated the needs of peace as it was designed to help ensure a smooth transition from the state of war to the state of peace. However, it was not a perfect document and several revisions were made in the spring, just before Parliament passed the *Surplus Crown Assets Act* on 12 July 1944.

Given that public money had funded their manufacture or purchase, Crown-owned surpluses became entangled with wider political, economic, and social imperatives that competed for their possession and use. Severe material shortages caused by cancelled war contracts, labour disputes, and delays in the production of new goods added further intensity to the demands for surplus munitions and supplies. These items were supposed to fill the postwar vacuum in supply, especially since they were often the only materials and finished products available for reconstruction and rehabilitation purposes. As this chapter will demonstrate, many enterprising individuals, businesses, and organizations lobbied bureaucrats and politicians for special considerations in 1944 and 1945, and in doing so, helped shape the early history of the state's disposal administration.

The Parliamentary debates about the *Surplus Crown Assets Act* can be viewed as a microcosm as they came to encapsulate the broadest issues and implications of disposal. The Conservative opposition complained bitterly about the centralization of power inside the Privy Council and about a lack of public accountability on disposal operations, and highlighted several loopholes in the Act itself. Yet no political party objected to the creation of the CAAC or WAC and an uneasy alliance emerged across the entire political spectrum, as everyone appeared to recognize the importance of disposal operations and understood that the government would have to take the lead. When disagreements and criticisms surfaced they usually centred on how the government should proceed: should it divest all the assets it acquired or maintain them for future purposes? In effect, the disposal of surplus assets became enmeshed within the early development of Canada's welfare state. After all, providing Canadians with social security required the retention of big government as well as the assets and property that enabled the state to fulfill its expanding obligations to its citizens and veterans.

Growing Concerns

As the industrial effort reached its peak between 1942 and 1944, the issue of disposal started concerning apprehensive manufacturers who recognized that Allied victory would abruptly terminate lucrative war contracts and empty bustling factory floors. Many felt that government action was required to mitigate any dislocation and its potentially dangerous side effects, but at least initially, federal officials seemed less concerned with disposal and more enthusiastic about expanding production. However, over time concerted lobbying efforts from a variety of interests groups forced the government's hand as these groups mailed officials dozens of resolutions and messages demanding action. In general, most resolutions from the business community voiced concerns about postwar reconstruction and reconversion, demanded the curtailment of certain war regulations, requested more information about the disposal of surplus assets and future tax and export policies, suggested favourable policy alternatives, and offered to send delegations to Ottawa for consultations.⁴

Some of the earliest overtures from the business community were sent to J. L. Ilesley, the Minister of Finance, just before the war economy started hitting its peak. On 15 October 1942 the Executive Secretary and Treasurer of the Canadian Association of Garment Manufacturers, Thos. W. Learie, contacted Ilesley about "a situation in the clothing trade which is giving the manufacturers very great concern. It has to do with the question of stocking materials for officers' uniforms."⁵ The problem related to the accumulation of cloth used for fabricating officer uniforms, the substantial financial investment this required, and the fact that the cloth was entirely dependent upon military specifications and therefore would be "an asset of comparatively little value" when hostilities ended. On behalf of Canadian garments manufacturers, Learie pressed the government for "reasonable consideration" on the matter by either allowing clothiers to set up allowances exempt from the Excess Profits Tax so they could cover potential

⁴ For example, see: LAC, RG19, Vol. 387, File: 101-102-34, R. M. Brophy to Ilesley, 5 November 1943 and 16 March 1944.

⁵ LAC, RG19, Vol. 387, File: 101-102-34, Thos. W. Learie to J. L. Ilesley, 15 October 1942.

losses in the future, or making some arrangements for the government to purchase all the inventory at the end of hostilities.⁶

Ilsley passed the letter on to R. B. Bryce, Secretary of the EAC, who then canvassed officials in the WPTB and the DMS for their opinions on the matter. By January 1943, Bryce had heard back from Douglas Dewar, Chief of the Prices Division at the WPTB, and C. D. Howe, both of whom found no reason for urgency on the matter. Responding to Bryce on 6 November 1942, a few days after the Allied victory at El Alamein and just before Operation *Torch*, Howe stated that if the government assumed responsibility for the materials it would set a dangerous precedent and “invite overstocking.” Although he suggested the possibility of some income tax adjustments for inventories, his cautionary tone was unmistakable. Drawing from his wartime experience with businessmen, Howe advised Ilsley and Bryce that “the suggestion [by Learie] is typical of the tendency of business to fall back hopelessly on the government for an easy solution of a problem that industry should settle itself.”⁷

In early January, Dewar informed Bryce that the WPTB’s commodity administrator for Fine Clothing was adamant about the urgency of the problem, but that he personally felt that this case was exaggerated and that if action was needed in the future the facilities, controls, and purchasing authorities already established for procurement could be repurposed if necessary.⁸ Although both Dewar and Howe saw potential dangers ahead and offered some advice, they gave only token appreciation for the potential losses facing the garments industry. Howe’s dismissal of the matter is quite telling. At a time when Allied armies were just recovering from earlier defeats, his priorities for procurement were trumping his concerns for disposal. Moreover, his assertion that industry “should settle itself” demonstrated a certain ideological reticence about the future postwar economy. Even as Howe’s DMS created crown companies with haste and largely funded wartime productivity with public funds, a certain ideological

⁶ Ibid, Thos. W. Learie to J. L. Ilsley, 15 October 1942.

⁷ All quotes from: Ibid, C. D. Howe to J. L. Ilsley, 6 November 1942.

⁸ Ibid, D. Dewar to R. B. Bryce, 8 January 1943; Ibid, Memorandum for Mr. Ilsley “Re; Representation from Canadian Association for Garment Manufacturers on Inventories of Cloth for Officers’ uniforms,” R. B. Bryce, 11 January 1944.

preconception about a future with substantially less government regulation still existed. In early 1943, final victory was still an abstraction, much like the future shape of the postwar economy. It would take some time and effort to curb priorities and convince officials of the need for new government regulations.

On 11 January 1943, Ilsley informed Learie that “after investigation and consideration” his lobbying efforts on behalf of garment manufacturers had failed. While appreciating that “a special type of hazard” might exist in the future, the government could not accept his suggestions. Ilsley then pointed out “that the manufacturers of officers’ uniforms will have to be prepared to assume the usual trade risks in connection with the materials which they stock.”⁹ However, almost as soon as Ilsley informed Learie there would be no support for garment manufacturers it became apparent that the decision contradicted other developments. While Ilsley, on the advice of senior bureaucrats, rebuffed the notion of assistance, lower-level bureaucrats and commodity administrators in the DMS and WPTB were forced into action.

Perhaps Dewar should have listened more closely to the urgent warnings from his Fine Clothing administrator, because without guarantees for covering potential losses, clothiers stopped carrying large and expensive stocks of inventory. The long-term risks were just too prohibitive especially when in January 1943, the British Board of Trade made changes to its export laws that limited shipments of wool to Canada, thereby increasing prices.¹⁰ As a result, by the spring a shortage of both cloth and uniforms materialized just as a surge in new officer commissions coincided with the deployments of additional Army divisions to Europe and the invasions of Sicily (July) and Italy (September).¹¹ To mitigate the problem Melbourne Merchandising Company and the Canadian Wool Board (crown companies established by the DMS and WPTB respectively to purchase and distribute wool) started buying bulk supplies of cloth and

⁹ Ibid, J. L. Ilsley to Thos. W. Learie, 11 January 1943.

¹⁰ Ibid, H. MacKinnon to D. Gordon, 1 October 1943. For more on Britain’s trade, exports, and war production, see: David Edgerton, *Britain’s War Machine: Weapons, Resources, and Experts in the Second World War*, (London: Penguin Books, 2011).

¹¹ LAC, RG19, Vol. 387, File: 101-102-34, H. MacKinnon to D. Gordon, 1 October 1943; Ibid, R. B. Bryce to D. Dewar, 8 October 1943; Ibid, D. Dewar to R. B. Bryce, 13 November 1943; Ibid, D. Gordon to G. K. Sheils, 23 November 1943.

wools in March. By October, the two organizations had approximately 445,000 yards valued at \$1.65 million. Moreover, officials also discovered that considerable savings were accrued when the two government agencies stockpiled materials, set prices, and distributed inventories according to necessity and contractual obligations.¹²

However, this was a somewhat belated discovery for officials involved in the garments trade, as the practice of stockpiling inventories ahead of production was well-known in other industries. For instance, the WICB's Aircraft Control purchased special parts, materials, and equipment to distribute to manufacturers two months in advance of any future production.¹³ Perhaps, the largest stockpiles were built up by the motor car companies on war contracts. As Howe told the House of Commons in November 1945, car companies and the associated WICB Controls usually accumulated production materials "five or six months ahead of final assembly" but once VJ-Day happened "everything stopped" thereby creating the large surplus of parts, materials, and equipment that businesses were dreading.¹⁴ Thus, the needs of the war effort forced the government to invest more public money across an increasingly wider spectrum of industries and stockpile more resources and parts.

The increasing scope of government expenditures prompted another letter from Learie on 9 November 1943. However, this time it was accompanied by a "Resolution Passed at a Conference Work Garment Industry." This resolution was typical of many received by the government because it stated the nature of the disposal problem in relationship to "excess military supplies" and argued that "a serious accumulation of wearing apparel for military purposes" would exist after victory. In a common refrain, the resolution brought attention to "the most serious effect on the operation and development of industry" should surpluses be dumped indiscriminately on Canadian markets.¹⁵ In other words, Learie's November letter had a substantially different objective than his

¹² Ibid, H. MacKinnon to D. Gordon, 1 October 1943; Ibid, D. Gordon to J. L. Ilsley, 3 January 1944.

¹³ House of Commons, *Debates*, 19th Parliament Vol. 4, 12 June 1944, statement by C. D. Howe 3735-36.

¹⁴ House of Commons, *Debates*, 20th Parliament Vol. 2, 20 November 1945, statement by C. D. Howe 2337.

¹⁵ Quotes from: LAC, RG19, Vol. 387, File: 101-102-34, Learie to Ilsley, 9 November 1943 and "Resolution Passed at a Conference Work Garment Industry," n. d.

earlier one. Rather than asking for the government to purchase more supplies at the end of hostilities, garment manufacturers were now worried about the state's plans for liquidating its inventories of clothing and uniforms accumulated during the war. To that effect, the resolution offered some policy alternatives. It suggested that surplus clothing be "used for the relief of sufferers in the war areas" and that if distribution happened in Canada, it should be "done through the recognized and authentic channels" so the industry was not destroyed by a flood of cheap, used clothing and fabrics.¹⁶

More generally, Learie's efforts fit into a prevailing pattern of activism on the part of businesses and provided an "indication of growing public interest" that deserved further attention.¹⁷ Prompted largely by the DMS's regulatory powers, stimulus for industrialization, and mandate for all-out production, an increasing number of other interest groups, commercial associations, companies, and eventually municipalities began contacting the government with serious concerns about disposal issues. For example, on 16 June 1943 a resolution from the Board of Trade of the City of Ottawa arrived at Ilsley's office. It called on the government to give manufacturers preference and priority for purchasing future surpluses to "prevent economic waste and not create undue disturbance in domestic and export markets and the usual regular channels of business."¹⁸ Later in October the North Bay Board of Trade issued a resolution that fully endorsed the resolution from Ottawa's Trade Board.¹⁹ Another example was J. F. McMullen, the President of Marshall-Wells Canadian Companies Ltd., who wrote to Ilsley in August with his suggestions and to inform the Minister that his company was willing to purchase back most of what it produced, particularly if the items were still packaged and in good condition.²⁰

¹⁶ Ibid, Learie to Ilsley, 9 November 1943 and "Resolution Passed at a Conference Work Garment Industry," n. d.

¹⁷ Quote is handwritten at the top of first page. LAC, RG2, Vol. 12, File: W-45, Schedule C "Resolutions Covering of Disposal Surplus Received by Crown Assets Allocation Committee," 22 September 1944.

¹⁸ The Ottawa Board of Trade's resolution was sent to multiple government departments, including the DMS. LAC, RG19, Vol. 387, File: 101-102-34, C. A. Gray to Ilsley, 16 June 1943.

¹⁹ Ibid, J. Kennedy to Ilsley, 21 October 1943.

²⁰ Ibid, J. F. McMullen to Ilsley, 23 August 1943.

The pattern of activism only intensified throughout the fall of 1943. In September the Edmonton Ex-Service Men's Rehabilitation Committee mailed the government a resolution that was unanimously endorsed by practically every veteran association across Canada.²¹ The resolution demanded that, at the end of hostilities, the Dominion "retain all rights and title to all war material" until an Advisory Board was established and composed of "a representative body of ex-servicemen and women" together with government officials.²² In November the deluge of resolutions, inquiries, and representations took off and did not let up. That month four important commercial associations petitioned the government. On 5 November, the Radio Manufacturers Association of Canada, contacted both Ilsley's and Howe's offices. This was followed by a letter to Clifford Clark, Deputy Minister of Finance, from Fred R. Smart, Secretary Manager of the Stationers' Guild of Canada. At the end of November, both the Canadian Institute of Plumbing and Heating and the Canadian Builders Supply Association also sent resolutions to Howe's office and copies to Ilsley's.²³

These associations represented some of the most crucial manufacturers in Canada's war effort, as they furnished it with radio and telecommunications equipment, typewriters and office supplies, furnaces and plumbing, and building materials of all shapes and sizes. All four associations were very concerned that the items originally produced by their members for war purposes could be recycled back into the domestic economy after victory, thereby undercutting the production of new items and undermining their

²¹ The following associations also endorsed the resolution: Canadian Legion Convention, War Amputations of Canada, Army & Navy Veterans Association, British Imperial Comrades Association, Canadian Corps Association, Canadian Legion of the British Empire Service League, and Red Chevron Club.

²² LAC, RG19, Vol. 387, File: 101-102-34, P. Gwynne to Ilsley, 1 September 1943, and Edmonton Ex-service Men's Rehabilitation Committee resolution "War Salvage and Facilities," n. d. This resolution eventually made it to the CAAC and Cabinet: LAC, RG2, Vol. 12, File: W-45, Schedule C "Resolutions Covering of Disposal Surplus Received by Crown Assets Allocation Committee" Seen by Cabinet 22 September 1944. There was also a resolution titled "Sale of Ordnance Stores to Men Discharged from the Armed Forces," passed by the Owen Sound Rehabilitation Council in May 1944.

²³ LAC, RG19, Vol. 387, File: 101-102-34, R. M. Brophy to Ilsley, 5 November 1943 and 16 March 1944; Ibid, F. R. Smart to Clark, 20 November 1943; Ibid, R. W. Gould to Ilsley, 26 November 1943; Ibid, Ilsley to J. P. Pettigrew 23 December 1943.

respective industries.²⁴ Fred Smart and the Stationers' Guild even went as far as to suggest that "if surplus goods cannot be reasonably absorbed through regular channels, that they be offered in foreign markets" and that "if no foreign market is found...that such merchandise should either be frozen for an indefinite period or as a last resort completely destroyed."²⁵ Destroying perfectly useable assets rather than allowing them to enter a materially-starved marketplace was a completely self-serving and drastic suggestion, yet the Stationers' Guild was not alone in making that recommendation. In fact several other commercial associations saw the destruction of all surpluses as the preferable option rather than allowing their resale, as both the Automotive Chamber of Commerce in January 1944 and the Allied Drug Council (representing the manufacturers of pharmaceuticals, medicines, and medical supplies) in September 1944 informed the government of this strategy's viability.²⁶

The situation in the garments trade was not unique. Rather, it reflected a common situation facing almost every manufacturer at war's end. The government's expansion and expenditures across all sectors – aircraft, motor vehicles, garments, and many more – had created a major political and economic conundrum. The measures taken by the Canadian Wool Board and Melbourne Merchandising might have mitigated severe wartime shortages in officer uniforms, but they did not solve the overarching issue. Through these agencies the government took on the financial risk of owning potentially worthless assets, thereby relieving the civilian economy of absorbing the losses so it could continue production without the final price tag overhanging its output. By manipulating supply and demand the government was not only accumulating vast inventories of assets (some of which would require disposal long before the war ended),

²⁴ Ibid, R. M. Brophy to Ilsley, 5 November 1943 and 16 March 1944; Ibid, F. R. Smart to Clark, 20 November 1943; Ibid, R. W. Gould to Ilsley, 26 November 1943; Ibid, Ilsley to J. P. Pettigrew, 23 December 1943.

²⁵ Ibid, F. R. Smart to Clark, 20 November 1943, 2.

²⁶ Ibid, V. E. Hessell to Ilsley. A copy of this resolution is also found in: LAC, RG2, Vol. 12, File: W-45, Schedule C "Resolutions Covering of Disposal Surplus Received by Crown Assets Allocation Committee" Seen by Cabinet 22 September 1944; LAC, RG19, Vol. 387, File: 101-102-34, Clark to J. L. Stewart, 15 January and 5 February 1944. The 10-page brief of the Canadian Automotive Chamber of Commerce to the Economic Advisory Committee on Post-War Planning is available in several files. For complete documentation on surplus automotive equipment, see: LAC, RG24, Vol. 83, File: HQ 1182-1-1, "Sub-Committee of CAAC on Automotive Equipment."

but it was also blurring the mandates and accountability of its various departments and agencies involved. Considering the plethora of militaria produced in record numbers, federal interference in economic matters set a serious precedent and came with a potentially large price tag that no department's budget could absorb alone.

Absorbing financial losses became the bureaucracy's proverbial hot potato. Although the DMS and DND claimed the lion's share of the war's financial responsibilities, this was not always the case. Subsequent correspondence throughout early 1944 sought to iron out the accounting details relating to officer uniforms. On 22 November 1943, Donald Gordon, the Chairman of the WPTB, wrote to G. K. Sheils, the Deputy Minister of the DMS, to ascertain his department's views on the matter and suggested that National Defence absorb any losses. Sheils wrote back in December indicating that the DMS had no "status in the matter." He also agreed that any losses incurred in the procurement of officer uniforms should be carried on the accounts of the end user: National Defence.²⁷ By March, W. P. Walker, Vice-President of the Canadian Wool Board, wrote Ilsley informing him that the RCAF had agreed to cover the losses but required a special grant from the Treasury Board to purchase the necessary fabrics.²⁸ This clever ploy to pass the buck back to Finance failed because Ilsley refused the request. After considering the issue Ilsley felt that it gave the RCAF a chance to make purchases "on an extravagant scale" while setting a precedent for the other services to follow.²⁹ The special grant would result in even larger inventories requiring disposal. In the end, Ilsley's decision meant that the Wool Board and WPTB were on the hook if DND declined to cover the losses and had to prepare arrangements for this eventuality.

With similar situations bound to emerge in the future, officials started realizing the necessity of coordination. Budgetary considerations and bureaucratic competition threatened the development of a comprehensive and practical disposal strategy. However, they also served as warning signs. From mid-1943 onwards, the disposal problem began receiving more consideration from officials who were motivated to create a workable

²⁷ LAC, RG19, Vol. 387, File: 101-102-34, D. Gordon to G. K. Sheils, 23 November 1943; *Ibid*, Sheils to Gordon, 18 December 1943; *Ibid*, M. W. Sharp to W. C. Clark, 12 April 1944.

²⁸ *Ibid*, W. P. Walker to Ilsley, 29 March 1944.

²⁹ *Ibid*, M. W. Sharp to D. Gordon, 1 May 1944.

solution that would mitigate financial losses by recouping some of the original cost, address the needs of businesses, help prevent another postwar depression, and solve any inter-departmental conflicts or confusion. It was obvious to all involved that an inter-departmental committee was required, as this would centralize everything related to disposal within a single administration. Moreover, forming a new inter-departmental task force minimized duplication and conflicting policies, would allow a centralized group of experts to consult with interest groups, and would ensure that policies were uniformly implemented and monitored over time. But how exactly would this administration work? And who would be in charge?

Disposal of Obsolete Stores before PC9108

Before November 1943 there were only three government agencies that handled all disposal operations: the Treasury Board's Chief Salvage Officer in the Department of Finance, the Army Salvage and Disposal Board (ASDB) operated by the Canadian Army, and the Scrap Disposal Branch established by the DMS. The experience of these three smaller organizations was of inestimable value to the future disposal administration. However, with the exception of the Salvage Officer, each one was formed for specific departmental requirements and therefore they were not well suited for providing the necessary inter-departmental administration. Instead, they provided a cadre of expertise that was essential in the initial stages of preparations. That such experience existed before the creation of the CAAC and WAC demonstrates that the problem of disposal was not simply confined to postwar matters. Rather, the disposal of surpluses and obsolete stores was also a wartime necessity.

Of the three, the Chief Salvage Officer had the widest mandate and was the only one that predated the outbreak of war. J. C. Kelley, the Chief Salvage Officer, and his staff of ten in Ottawa handled all of the government's disposal needs, except for the DMS and DND (Army).³⁰ Once surpluses were declared by a department, Kelley's role was to either facilitate an inter-departmental transfer or sell the goods by public tender. According to an article in the *Ottawa Journal* in October 1940, Kelley was in charge of

³⁰ LAC, RG101, Vol. 4, File: 1-1-13, Crown Assets Allocation Committee (hereafter CAAC) Meeting Minutes, 5 January. See discussion on PC6-989 and PC17/8346.

“the biggest and strangest second-hand business in Canada” as he oversaw the sale of a diverse amount of things: old typewriters, old bridges, an old lighthouse, real estate, used auto tires, old cars, old bones, polar bear rugs, fur coats, and even “false teeth, ancient style...a hangover from an old government supply of dental stores.”³¹ Over time Kelley developed some talent for the sale of junk. He could find a buyer for practically anything, even one for “a badly-battered car lying at the bottom of a 200-foot ravine in British Columbia.”³² The article concluded that Kelley and his staff provided an important service for the government by acting as “a clearing house and agent for all government departments.” Its set-up was small and economical, something that ran contrary to all the stories read by taxpayers about “Government extravagance.”³³

Although both the RCAF and RCN relied on the Chief Salvage Officer for the disposal of surpluses and obsolete kit, the Canadian Army established a procedure and organization for managing its internal needs. On 25 June 1941, the Obsolete Stores Committee and the ASDB were created.³⁴ The Obsolete Stores Committee was responsible for inspecting the condition of all kit and supplies and then recommending whether they be disposed of to the ASDB or destroyed. The ASDB was placed under the command of Lt-Col. W. G. B. Dailley, who was a senior executive with the T. Eaton Company. in civilian life and had acquired extensive experience in both “salvage disposal for the British Armies in the last War” and “the merchandizing of goods in Canada.”³⁵ Dailley and the ASDB sold items by tender to the public or found other potential users within the government or military. Eventually the DND created the Inter-Services Committee for Interchange of Surplus Assets which relieved the ASDB of its latter task and formalized the administration and exchange of surplus goods from one service to the

³¹ Ian Solanders, “Civil Servant Sells Much Junk,” *The Ottawa Journal*, 26 October 1940, 23.

³² *Ibid*, 23.

³³ *Ibid*, 23.

³⁴ LAC, RG24, Vol. 13357, WD – Army Salvage and Disposal Board (ASDB), January-December 1941, PC4649, 1.

³⁵ *Ibid*, PC4649, 1.

other.³⁶ Judging by the sales reports found in the ASDB's war diary and records relating to the exchange of assets within the DND, the military developed some workable arrangements for transferring surpluses between the Services. These arrangements worked efficiently since the ASDB did not handle many new or gently-worn assets. Instead it mainly dealt with the derelict items unwanted by the Services, such as: a variety of scrap metals and wood, derelict or worn out equipment, component parts, rags and old socks, old uniforms and clothing fabrics, old boots, spent ammunition casings, used food containers, and jerry cans.³⁷

The Scrap Disposal Branch of the DMS was established around the same time as the ASDB. Its job evolved out of the need to manage the waste caused by production. Early in the war, the disposal of scrap metals and materials incurred through manufacturing war goods was handled by the war contractor under special authority granted in the terms of their contracts. However, as the official history of the DMS pointed out, few contractors knew what to do with the waste and would dispose of it haphazardly in dumps or in storage rooms on site, or they sold it to junk dealers (and kept the profits).³⁸ This situation changed as the demands of the war increased on industry and with the development of resource conservation and streamlining programs designed to ensure that production quotas created as little waste as possible.³⁹ A survey commissioned by the DMS in the summer of 1941 found that better controls over the fate of refuse, trimmings, and used materials could help increase production, especially if the scrap resources were recycled back to manufacturers or if the DMS controlled the proceeds of their sale. On 15 October 1941, the Scrap Disposal Branch was formed and W. B. Gordon, its first and only Director General, and his staff of nine subordinates

³⁶ LAC, RG24, Reel: C-8432, File: 9106-5 Vol. 1, "M. G. O. Directive No. 4," 21 January 1944 and accompanying flow charts "Obsolete Stores" "Controlled Stores" and "Non-Controlled Stores," no dates; Ibid, "Inter-Service Committee for Interchange of Surplus Assets," 25 January 1944.

³⁷ LAC, RG24, Vol. 13357, WD – ASDB, various dates and sales reports 1941-1942, see May 1942 for typical example. See also: Directorate of History and Heritage (hereafter DHH), 115.1009 (D21), "Functions – Army Salvage and Disposal Board," 1943-1945; DHH, 115.42 (D1), "Directorate Narrative, Army Salvage & Disposal Board, 1939-45," 13 October 1945.

³⁸ Kennedy, *History of the Department of Munitions and Supply, Vol. I*, 264-265.

³⁹ H. J. Carmichael, "Canadian War Production and the Three M's," *Quarterly Review of Commerce*, Vol. 10, No. 1 (Winter, 1943), 19-28.

handled the disposal of all scrap derived from war contracts, scrap derived from the operations of crown corporations, and any materials that required disposal because of design changes.⁴⁰ These arrangements remained in place until PC9108 was issued and in May 1944 the Scrap Disposal Branch was absorbed into the WAC.⁴¹

None of these organizations were capable of managing what lay ahead. Although all three gained valuable experience in selling obsolete things, few new goods or large quantities of expensive items ever became available during the war. Consequently, most of what they sold was surplus because of obsolescence and not because the need had terminated. Moreover, as the war progressed, the scale of disposal expanded beyond the original capabilities of these organizations. By mid-1943 disposal had become an increasingly larger wartime necessity and a source of great consternation for the DND. Just before industrial production peaked in October, the war effort reached its watershed in supply. At that point, several types of weapons systems and other assets employed continuously from the outbreak of war started reaching the end of their lifecycles. Moreover, technological innovation resulted in the development of newer and better models that were starting to replace a wide variety of weaponry. J. B. Carswell, a Director-General of the DMS stationed in Washington and later appointed President of the WAC, summarized the situation that summer:

In the summer of 1943 the production of war munitions by the Allies had reached a rate approximately four times that of the Axis. In all three countries, U.S., U.K., and Canada, it was realized that at last we had reached a stage where we had both time and elbow-room to weed out of our respective programmes both obsolescent and surplus items. This movement started about May '43 and has been increasing in size and tempo ever since.⁴²

The problem of obsolete weapons and equipment was particularly acute in the RCAF. Almost from its outbreak, the war provoked rapid technological development in aircraft design and engines that resulted in constant changes to the arsenals of Allied

⁴⁰ Kennedy, *History of the Department of Munitions and Supply, Vol. I*, 264-265.

⁴¹ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 5 January and 23 February 1944; LAC, RG2, Vol. 12, File: W-45, Schedule F of Crown Assets Allocation Committee Meeting, 23 February 1944; Kennedy, *History of the Department of Munitions and Supply, Vol. I*, 264-265.

⁴² LAC, RG101, Vol. 7, War Assets Corporation – Board of Directors (hereafter WAC – Board of Directors), Minutes of Meetings, 6 January 1944, Schedule D.

fighters and bombers. This wreaked havoc, not only on production lines plagued by frequent alterations in aircraft design, but also in pilot and flight training as newer models rendered the elementary training aircraft increasingly obsolete.⁴³ With the establishment of the BCATP in December 1939, Canada faced a serious deficit in training aircraft and so the RCAF purchased Tiger Moth, Finch, and Anson airplanes while contracts were issued to manufacture additional numbers.⁴⁴ By 1941, however, the Tiger Moths and Finches were, after some extensive negotiations, designated for replacement by the Cornell and newer models of the Anson.

At the mid-point of 1943 the second generation of aircraft was becoming increasingly obsolete and required disposal. Two reports were circulated to Cabinet in April and May 1943 outlining what steps were being taken to “guillotine” aircraft (to scrap planes for their component parts). The process of “guillotining” the obsolete Tiger Moth and Finch models had commenced immediately when Cornells began replacing them, but now the RCAF was seeking approval from Cabinet for an expanded “second stage” that would take all Tiger Moths and Finches out of service over a two-year period, systematically “guillotining” each one.⁴⁵ Clearly, officials in the DND were grappling with disposal problems, as the April report stated “it must be accepted that no aircraft type, nor indeed any type of warlike equipment, can persist forever. This is a condition that is forced upon us by enemy competition and which, with varying urgency, affects all types of equipment from front line combat to elementary training.”⁴⁶

The Canadian Army also had problems with obsolete kit. Issues involving disposal and salvage overseas were dealt with by the Royal Canadian Army Service Corps and the Salvage Collection Units of the Ordnance Corps, but at home special arrangements were made. For example, the issue of storage space in training camps and ordnance depots

⁴³ See Richard Overy’s chapter on technology and military power in: Richard Overy, *Why the Allies Won*, (London: Pimlico, 2006), 255-299. For problems with design changes and field modifications, see Herman, *Freedom’s Forge*, 236-244

⁴⁴ Wakelam, *Cold War Fighters*, 15.

⁴⁵ LAC, RG2, Vol. 12, File: W-45, “Guillotining of Tiger Moth and Finch Elementary Trainer Aircraft,” no author, 15 April 1943, 1-2; Ibid, “Recommendations for the Disposal of Obsolescent Elementary Trainer Aircraft – Report of Committee convened by the Minister of National Defence for Air and the Minister of Munitions and Supply,” by Terence Sheard, et al., 25 May 1943, 1.

⁴⁶ Ibid, “Guillotining of Tiger Moth and Finch Elementary Trainer Aircraft,” no author, 15 April 1943, 2.

(many hastily constructed or expanded after 1939) became a serious problem in late 1942. By that time, the Army had recruited, trained, and deployed several infantry and armoured divisions' worth of troops. To become effective soldiers, successive waves of recruits required extensive practice at shooting and therefore millions of rounds of ammunition were expended on firing ranges. However, every bullet or shell shot also expended a cartridge casing, in addition to the wooden packaging crates used for storing and transporting the ammunition in bulk. Standard procedure dictated that these empties were picked up and stored on site. By December 1942 a crisis was developing since many training camps and firing ranges were running out of storage space.⁴⁷

“No one knew what to do” wrote the anonymous author of a January 1945 newspaper article in the *Longue Pointer*, the popular newspaper published at Longue Pointe Ordnance Depot in Montreal. But a solution was in the offing. On 12 January 1943, the Ammunition Empties Group was formed at Longue Pointe under the command of Major O. Rabatich, the Inspecting Ordnance Officer for Military District 4. Its purpose and function was “to recondition and return to service all ammunition packages, boxes, containers, fired cartridge cases, and other ammunition components” used by infantry and artillery units in training operations in Eastern Canada.⁴⁸ At the Depot's Shed 47 (and in conjunction with the ASDB), the Empties Group built up a system in which they received shipments, inspected the serviceability of each item, and prepared them for future disposal. Non-serviceable casings were turned over to the Depot's Salvage Group which sold them back to war contractors as scrap brass. Serviceable casings were stored until orders came from the ammunition-filling plants working for the DMS. It was at the ammunition filling plants that these serviceable casings were refurbished and refilled for eventual reuse.⁴⁹

In government circles, the summer of 1943 was a breaking point as the military's issues with obsolete kit mixed with the public's growing interest in disposal matters. The situation required action and thankfully there were several prescient officials in the

⁴⁷ LAC, RG24, Vol. 16170, War Diary (WD) – Longue Pointe Ordnance Depot (LPOD), “Ammunition Empties Group Saves the Public's Money,” *Longue Pointer* (Vol. IV, No. 1, January 1945), 4.

⁴⁸ *Ibid*, 4.

⁴⁹ *Ibid*, 4.

government's bureaucracy who were independently considering the disposal problem. With all these issues swirling, suddenly superiors started listening and Carswell was one of the first to speak up. Carswell understood that disposal operations would not just involve the sale of obsolete junk since the armed forces and government would no longer require their large stocks of arsenals and assets. Victory would necessitate the liquidation of all inventories and many items would be state-of-the-art or in peak working condition, while others might retain value for civilians in different forms and functions. Therefore, the disposal of such assets needed special consideration well beyond the sale of war junk. On 14 June, Carswell wrote Howe to outline the potential dangers and risks that lay ahead. He stressed the applicability and usefulness of early and comprehensive disposal arrangements "as a war measure" (emphasis original) since the "weeding-out" of obsolete kit created surpluses that required immediate disposal. A month later, he submitted a briefing note that suggested a course of action for dealing with war surpluses.⁵⁰ Shortly thereafter, Howe recalled Carswell from Washington and ordered him to implement his suggestions. According to Carswell, this was followed by "several conferences with other departments of the Government interested, culminating in a luncheon meeting in Ottawa in October" when he sketched out his proposed ideas about the creation of a Committee "to define surpluses" and a Corporation "to dispose of them."⁵¹

Initially Carswell's appointment might have surprised some colleagues in the DMS. Stationed far away in Washington, he was an outsider to the Department's Scrap Disposal Branch. But Howe had an impeccable ability for picking the right men for the right posts and Carswell's appointment fits this pattern. Formally educated as an engineer, Carswell arrived in Canada in 1910 from Paisley, Scotland, and found work in Montreal with the company Ross & MacDonald. A few years later he was transferred to their Toronto office where he worked on several major construction projects including, Union Station, the Royal Bank Building, and the Central Technical School. During the First World War he worked for the Imperial Munitions Board's aviation department as chief engineer overseeing the design and construction of all camps, airfields, and buildings in Canada. In

⁵⁰ Unfortunately copies of the letter and briefing note have not survived. LAC, RG101, Vol. 7, WAC – Board of Directors, Minutes of Meetings, 6 January 1944, Schedule D.

⁵¹ Ibid, 6 January 1944, Schedule D.

1918, he started his own construction business and sold it ten years later to become the managing director of Burlington Steel Company Ltd.⁵² When war broke out again in 1939, Carswell was retired and living in New York but still volunteered his services to the Canadian government. After receiving a stellar reference from J. C. Armer of Dominion Forge & Stamping Co. Ltd., he was hired by Wallace Campbell, head of the War Supply Board, in early 1940 and sent to Washington.⁵³ With his combination of business and engineering backgrounds, his experience during both world wars, and his reputation and connections with the international community, Carswell was the ideal man for the job of disposal.

PC9108: Creating the Committee and Corporation

Despite the wealth of experience with disposal, the Salvage Officer, the ASDB, and the Scrap Disposal Branch were not initially consulted. Instead, when officials in the DMS, DND, and Finance started seriously contemplating disposal issues they turned to others. Independent of Carswell and prompted by the situation with garments manufacturers, Gordon broached the subject with W. A. Bark, president of the crown company Wartime Salvage Ltd., sometime in April or May 1943. On 5 August, Bark submitted a two-page report in which he expressed some observations gained from consultations and correspondence with several businesses that summer, including Willard Storage Battery Company and Knowles Bailey Ltd.⁵⁴ Bark made several suggestions, including selling assets by tender through “regular distribution channels” and creating a catalogue of all surplus items. He also explained that forming a new disposal agency might not be necessary if the existing controls and production branches were cleverly reorganized to handle disposal. The plan would obviously benefit from the experience and expertise gained throughout the war:

⁵² LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clipping, “Man of the Week – War Assets Boss,” *The Standard Montreal*, 15 January 1944.

⁵³ LAC, RG32, Vol. 42, File: 6-C-21, “Employment Carswell, J. B.,” J. C. Armer to W. C. Campbell, 22 January 1940.

⁵⁴ LAC, RG19, Vol. 387, File: 101-102-34, “Post-War Disposal of Equipment and Supplies,” by W. A. Bark, 5 August 1943, 1-2; *Ibid.*, N. H. Walker to W. A. Bark, 3 June 1943, 1-3; *Ibid.*, K. Bailey to W. A. Bark, 23 July 1943, 1-3. Bailey also sent his letter to Mackenzie King’s office.

By putting the present machinery in reverse and using various Controllers and Administrators for the purpose of disposing of the particular supplies they, themselves, created would seem to be a natural set-up. e. g. –

- 1- Aircraft Production Branch might become Aircraft Disposal Branch;
- 2- Automotive and Tank Production might become Automotive and Tank Disposal;
- 3- Administrator of Heating and Plumbing would direct the disposal of heating and plumbing fixtures;
- 4- Administrator of Fabricated Steel and Non-Ferrous Metals might direct the disposal of all such materials.⁵⁵

Although such a suggestion made sense in theory, it was not very practical. At that time, war production was about to peak and each control and agency was wholly absorbed in ensuring that production continued at its rapid pace. Burdening officials with disposal – a problem as equally complex as procurement – was not ideal. Additionally, such reorganization was limited to department-specific arrangements and therefore would not be uniformly applied across the whole government. This would inevitably cause serious duplication and internal competition, while also overwhelming existing arrangements with more assets than their small staffs could handle. Moreover, in the case of the Salvage Officer, the ASDB, and the Scrap Disposal Branch, they remitted the profits from all sales back to the departments they serviced. Such arrangements subsidized departmental budgets in some small measure, but with the expected volume of surpluses in the future, this arrangement would profit only the departments bloated with significant inventories while also preventing the government from collecting the proceeds in a consolidated revenue fund to help pay off its substantial war debts. The need was clear: a new inter-departmental agency that tied disposal operations into wider postwar policy objectives had to supplant the disparate and existing arrangements.

A few days after receiving Bark's report, Gordon passed it on to Clark with his own opinions. Gordon stated that he had "from time to time" considered that "some definite part of our post-war planning" should be "devoted to the question of salvage."⁵⁶ The urgency of the issue had now crystalized in Gordon's mind, not only because he was now aware of Carswell's proposals, but also because he felt that a "glorious state of

⁵⁵ Ibid, "Post-War Disposal of Equipment and Supplies," by W. A. Bark, 5 August 1943, 1.

⁵⁶ Ibid, Gordon to Clark, 9 August 1943, 1.

confusion” would result if all departments did not coordinate their various Salvage Committees before the end of hostilities. In an addendum to his letter Gordon reiterated the importance of the issues at stake:

Already tremendous inventories of supplies are becoming available for disposal. Various Crown Companies and Munitions companies whose contracts...have been cancelled are anxious to wind up surplus inventories. I should not be surprised if more than \$50,000,000 of material is over-hanging the market right now. If these companies are allowed to dump this on the market, not only will there be a serious loss to the Treasury, but as well our domestic markets may be demoralized.⁵⁷

On 13 August, Clark sent Gordon’s memo to Bryce for consideration. Clark and Bryce both agreed with some of Bark’s suggestions, especially about the creation of a catalogue listing all supplies likely to become available at the cessation of hostilities. This would allow for a quick compilation of most objects and “form the basis for further detailed work.”⁵⁸ Clark also felt that other Departments had to help compile the list, especially the DND and the DMS, since they were directly concerned and possessed most of the objects destined for disposal.

Clark and Bryce pointed out three additional big-picture considerations facing any new disposal arrangements. The first related to gathering information on the potential postwar uses of the supplies in relationship to civilian needs, government purposes, postwar military requirements, commercial exports, and relief and rehabilitation purposes (from both the war or some future natural disaster). Bryce also suggested that “as a minor outlet for some of these supplies” they could be shipped up north or used “for new colonization projects in pioneer areas in Canada.”⁵⁹ Another consideration was the channels and techniques of disposal in combination with determining what materials had to be junked. Finally, Clark saw the need for international coordination, particularly with the UK and US, so that property located in foreign countries and foreign property located in Canada could be dealt with accordingly. However, he felt it was better to “leave this

⁵⁷ Ibid, Gordon to Clark, 9 August 1943, 2.

⁵⁸ Ibid, Clark to Gordon, 19 August 1943, 1-2; Ibid, “Memorandum on Salvage Questions,” by R. B. Bryce, 13 August 1943, 1-2.

⁵⁹ Ibid, Clark to Gordon, 19 August 1943, 2-3; Ibid, “Memorandum on Salvage Questions,” by R. B. Bryce, 13 August 1943, 1-2.

until we have explored our own problems to some degree, so that we will have certain specific questions in mind in approaching those abroad.”⁶⁰ Overall, Clark’s memo highlighted the need for close inter-departmental collaboration between a variety of government agencies and in many respects the business community. As he concluded, “the collection of this information and the consideration of the potential demands and possible techniques of disposition should get the various departments and agencies concerned thinking along constructive lines themselves, in case the problem crystallizes before we have had a chance to conclude the various studies.”⁶¹

A month later, the matter was brought to Cabinet and on the recommendation of the War Committee a special ad hoc committee was established to consider the disposal problem. At the 29 September meeting J. L. Ralston brought up the disposal problem facing the Canadian armed forces for the third time. Earlier in April and again in May, he had broached the subject on behalf of the RCAF, but nothing had resulted except deferred decisions. This time, however, he received support from both Howe and Ilesley. As a result, on 5 October, A. D. P. Heeney, Clerk of the Privy Council, wrote to Watson Sellar, the Auditor General of Canada, informing him that Cabinet had decided to form “an interdepartmental committee, composed of representatives of the Departments of Finance (who would act as convenor), Munitions and Supply, and National Defence” that would “consider and make recommendations regarding suitable machinery to deal with disposal.”⁶² The committee was comprised of Sellar (as chair), Colonel G. S. Currie from National Defence, E. J. Brunning from Munitions and Supply, and Terence Sheard (Air Member for Supply) was added later. Moreover, once the committee was in place, most of the resolutions and paperwork received by the government were forwarded to Sellar for consideration.

Sellar’s report, submitted to Cabinet on 10 November, made recommendations for the machinery of disposal. It started by outlining the scope of the problem. It estimated that three billion dollars of assets “might be held by or for the Canadian Government” at

⁶⁰ Ibid, Clark to Gordon, 19 August 1943, 3-4.

⁶¹ Ibid, Clark to Gordon, 19 August 1943, 4.

⁶² LAC, RG2, Vol. 12, File: W-45, A. D. P. Heeney to Watson Sellar, 5 October 1943.

the conclusion of hostilities and it identified several trouble spots in the form of “(a) lend-lease materials of other allied governments, (b) developments and materials of the United States government, mainly in the Northwest, (c) jointly-owned assets of the Commonwealth Air Training Plan and of the Inspection Board of the United Kingdom and Canada, and (d) various properties, moveable and immovable, of the United Kingdom Government.”⁶³ The report also found that cancelled “production commitments” and leases would release various types of supplies and goods requiring disposal and that significant “external war investments” existed, particularly in Newfoundland and Labrador.⁶⁴

The report repeatedly suggested that due to the international dimensions of surplus disposal, arrangements with Allied countries were necessary. An agreement with the US was particularly urgent as the authors cited a pamphlet written Charles H. Lipsett and published in the *Daily Metal Reporter* on 28 September 1943 estimating that the US surplus inventories would be worth \$75 billion.⁶⁵ Given that future Canadian markets would be overwhelmed with their own postwar surpluses, it was imperative that the US be prevented from dumping surplus inventories in Canadian markets. The Sellar committee recommended that the Dominion “seek understandings with other Allied Governments” with the goal of establishing “an inter-governmental body analogous to the Combined Production and Resources Board” in order to handle the monumental task of disposal and to monitor the vaguely stated “principles to be followed in disposing of surpluses.”⁶⁶

The Sellar committee was most concerned about the form, function, and administration of Canada’s disposal bodies, as Sellar’s report stated:

We foresee the probability of confusion delay and clashes of interests if departments individually attempt to formulate plans and negotiate liquidations of inventories and commitments. Further, we visualize administrative risks if Ministers and officials alike are harassed by the

⁶³ Ibid, Watson Sellar to A. D. P. Heeney, 10 November 1943, 1.

⁶⁴ Ibid, Watson Sellar to A. D. P. Heeney, 10 November 1943, 1.

⁶⁵ Ibid, Watson Sellar to A. D. P. Heeney, 10 November 1943, 2.

⁶⁶ Ibid, Watson Sellar to A. D. P. Heeney, 10 November 1943, 4.

importunities of speculators seeking a profit because the Government has surplus stocks.⁶⁷

Accordingly, it was crucial to establish legislation “to regulate the control, management, and disposal of Crown property” and to create a “Disposal Board” and “Corporation” under the Minister of Munitions and Supply, so that the full attention of the Board’s Chairman and the Corporation’s President could be devoted to disposal matters.⁶⁸ The report then went on to outline some general terms of reference for the Board and Corporation. The “Board” would operate under the jurisdiction of the Minister of Munitions and Supplies and inform Cabinet directly on all matters pertaining to surplus disposal. It would make recommendations on what to dispose of and how, and it would be given the power “to co-opt technical assistance, to make inquiries and to demand reports from departments and to authorize inter-departmental transfers.”⁶⁹ The “Corporation” had to have a name that distanced itself from the government, it had to be run by a board of directors with shares in the company, and it had to be supplied with enough funds to ensure it could store, manage, and administer the properties coming under its jurisdiction.⁷⁰ After deferring a decision on the matter, Cabinet requested that Sellar’s committee submit a revised report on 19 November, since Deputy Minister of Defence (Air), Charles “Chubby” Power, had offered some recommendations. On 26 November, Sellar’s report was finalized and Cabinet agreed on names for the two organizations. The “Board” would be known as the Crown Assets Allocation Committee and the “Corporation” would be called the War Assets Corporation.

Sellar’s report formed the basis of PC9108, passed by Cabinet three days later. Emerging at a time when the government was preparing its enormous 1944 legislative agenda, PC9108 was a significant development in the creation of a disposal policy. PC9108 ordered each government department or agency to “survey and investigate all lands, buildings, structures, plant, machinery equipment, articles, and things (including

⁶⁷ Ibid, Watson Seller to A. D. P. Heeney, 10 November 1943, 3.

⁶⁸ It is unclear if Sellar, Currie, Brunning, and Sheard attended Carswell’s “luncheon meeting” in October, but it seems likely given the nature of Sellar’s committee and Carswell’s address.

⁶⁹ LAC, RG2, Vol. 12, File: W-45, Watson Seller to A. D. P. Heeney, 10 November 1943, 4-6.

⁷⁰ LAC, RG2, Vol. 12, File: W-45, Watson Seller to A. D. P. Heeney, 10 November 1943, 4-6.

munitions of war and supplies defined in the Department of Munitions and Supply Act), and any interest therein or parts thereof” that it administered “with a view to the determination of the types and quantities of such assets” which were unneeded.⁷¹ Further, the CAAC was established to monitor and coordinate these departmental investigations, to receive all surplus declarations, to facilitate inter-governmental transfers, and to formulate and recommend general disposal policies. Guidelines for policy formation were also outlined in PC9108, as the CAAC was ordered to consider the needs of provincial governments, municipalities, and public organizations when creating policies as well as the potential benefits of deploying surpluses in “distressed areas.” For reasons of public safety and economic stability, the CAAC was also ordered to establish policies for things that “should not be offered for sale in Canada” or “should be converted back to basic materials or should be withheld from the market for the time being.”⁷²

PC9108 also created the WAC to act as the Crown’s agent in disposal operations. Its shares were vested in a Board of the Directors (who, like the CAAC, were separately appointed) and the Minister of Munitions and Supply. PC9108 instructed Howe to take “all necessary steps” for organizing and incorporating the Corporation and the working capital (\$5 million) was provided by Parliament through the War Appropriation Acts. The WAC was “charged with the duty of disposing of or otherwise dealing with surplus assets” transferred and consigned to it by the Committee. In doing so it was empowered to “hold, manage, operate, dispose of or deal in and with surplus Crown assets...in such a manner as it may decide, subject only to the conditions and instructions stipulated” by the CAAC upon consignment. The Company was granted some flexibility with policymaking as well, as PC9108 stated the WAC could make “recommendations on matters of policy and courses of action with respect to such surplus assets or which in the opinion of the Company will promote the national well-being of Canada.”⁷³

PC9108 also outlined the structure of the Committee and Corporation. The CAAC was to have a full-time paid member acting as chairman and to consist of representatives

⁷¹ Ibid, PC9108, 29 November 1943.

⁷² Ibid, PC9108, 29 November 1943.

⁷³ Ibid, PC9108, 29 November 1943.

designated by several government departments, the President of the WAC, and three additional members representing the interests of labour, agriculture, and “the householders of Canada.”⁷⁴ On 14 December, PC9526 appointed the first two people to the CAAC: its first secretary C. A. Geoffrion and its first chairman, J. P. Pettigrew. Three days later PC9640 filled out the rest of the CAAC with representatives (mainly deputy ministers) from the departments of National Defence, External Affairs, Public Works, Finance (later in 1944 the Departments of Transport, Trade and Commerce, and Pensions and National Health were added to the mix).⁷⁵ Pettigrew was a key figure in the Committee’s early stages. During the war he became one of Howe’s most competent executive assistants and earned the CAAC appointment because of his familiarity with the DMS’s production branches. However, in March 1944, Pettigrew resigned as chairman so he could concentrate more fully on his role as an assistant deputy minister in the DMS. However, he remained peripherally involved in disposal operations by helping organize the termination of the Machine Tool War Service Committee in 1944-1945.⁷⁶

Pettigrew’s replacement was John Berry, a rising star in the DMS. Berry was born in Cheshire, England on 24 September 1898 and was educated in mathematics and applied mechanics. Like most men serving in the DMS, he was a veteran of the First World War, having served in the Royal Naval Air Service for several years. After the Great War, he apprenticed as an engineer in the Liverpool shipbuilding industry and later worked for Vauxhall Motors in Luton, England, and then General Motors’ Overseas Operations in Detroit as a production manager. In August 1940 he was loaned by GM to the DMS’s Automotive Production Branch as a technical advisor. Throughout his time in the DMS Berry displayed a strong work ethic and developed a well-respected reputation as an efficient manager. At the time of his appointment to the CAAC (as representative for the DMS) in December 1943, he was Director-General of the Automotive Production Branch, the WICB’s Motor Vehicles Controller, and the WPTB’s Administrator for

⁷⁴ Ibid, PC9108, 29 November 1943.

⁷⁵ LAC, RG2, Vol. 12, File: W-45, “Memorandum for the Prime Minister: Wartime Assets Allocation Committee,” 17 December 1943; LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 5 January, 21 July and 18 August 1944; LAC, RG28, Vol. 132, “Crown Assets Allocation Committee,” PC Orders; LAC, RG2, Vol. 12, File: W-45, PC9108, 29 November 1943.

⁷⁶ See: LAC, RG28, Vol. 147, File: 3-M-6 “Machine Tools Committee,” various correspondence, 1944-45.

Automobiles.⁷⁷ However, Berry relinquished these other jobs shortly after replacing Pettigrew. When Carswell resigned as President of the WAC in May 1945, Berry was the natural choice to replace him. Thus, from 16 July 1945 onwards Berry occupied the two most important positions in Canada's disposal administration until 31 July 1949, when he resigned to become President of Canadian Arsenals Limited (CAL).⁷⁸

The Corporation's Board of Directors was also selected around the same time as the CAAC's membership. On 28 December 1943, eleven men were sold shares in the company and named to its Board of Directors, which first met in Montreal on 6 January



Photo 1 Board of Directors, WAC, January 1944. Sitting (L to R): Hugh Lawson, John Knox, A. C. Guthrie, J. B. Carswell (President), Jean Julien Perrault, J. B. Ward, and Wilfrid Gagnon. Standing (L to R): Goodwin Gibson, F. O. Peterson (Secretary-Treasurer), A. T. O'Leary, and R. D. Purdy. Source: LAC, RG101, Vol. 1, File: R-1-1-8, War Assets Corporation – Historical, Board of Directors.

1944. According to an unpublished history of the WAC written in 1950, “the directors were chosen as representatives of a cross-section of business, labour, and agriculture and of the country geographically.”⁷⁹ In reality, though, it was dominated by businessmen who became associated with the WAC by virtue of either their work as “dollar-a-year-men” or because of their professional backgrounds. The business

experience of the WAC's Directors encompassed mining and colliery agents, knitting and clothing, beds and bedding, architecture, motor vehicles, merchandising, and real estate.

⁷⁷ LAC, RG32, Vol. 598, File: Berry, John Hatton, “Employees History Record – Questionnaire,” 1-2, “Civil Service of Canada – Application Form,” 1-4; Cox, *Canadian Strength*, 85-87; *SCWEE*, 20 November 1945, (No. 1 Book 2), 4-5.

⁷⁸ *Ibid*, File: Berry, John Hatton, “Employees History Record – Questionnaire,” 1-2; PC1872, 20 March 1944; Cox, *Canadian Strength*, 85-87; *SCWEE*, 20 November 1945, (No. 1 Book 2), 4-5.

⁷⁹ LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation, Later – Crown Assets Disposal Corporation,” (unpublished) 15 July 1950, 32 (hereafter “History of War Assets Corporation”).

Wilfred A. Gagnon, who became the WAC's first Vice-President, is a typical example. In the 1930s, he was Quebec's Minister of Commerce and Industry in Adelard Godbout's government. His company, Aird & Son Ltd., specialized in footwear manufacturing and therefore had a vested interest in disposal operations as his industry was particularly susceptible to ruin, given the amount of footwear produced for the war effort. The *Canadian Encyclopedia* noted that Gagnon used his business experience and wartime connections to become one of the most successful industrialists in Canadian history.⁸⁰

As important as PC9108 was in the development of the government's disposal policy, it was not perfect. Perhaps the biggest initial problem involved the ambiguities and overlap between the two organizations. Under PC9108 both the CAAC and WAC could formulate policies about specific surplus stores and make recommendations about disposal to the Minister and so, presumably, there was an opportunity for duplication or conflict. However, the authors of PC9108 dismissed this overlap and ambiguity. They did so because they were aware that the officials, representatives, and staff of the two organizations were being handpicked and therefore, despite the potential overlap on paper, they had "full confidence that both the Committee and the Corporation would be composed of, or headed up by, officers with sufficient common sense to ensure that no narrow interpretation would be given" to PC9108 and "that no grasping for power and authority at the expense of the other body concerned would take place."⁸¹ In doing so, they envisioned both organizations working together as teammates, a fact best exemplified by the employees who occupied dual positions in both organizations. For example, in October 1945 when the WAC was reorganized to form a new Procurement Division, its manager, R. P. Saunders, was also named the CAAC's executive secretary. This overlap was necessary because the Procurement Division dealt exclusively with the

⁸⁰ At the time of his death in 10 June 1963 Gagnon was "associated with more than 30 industrial concerns, banks or trusts companies, either as chairman of the board, president, or director." "Former Cabinet Minister Wilfrid Gagnon Dies, 64," *The Montreal Gazette*, 11 June 1963, 8. See also: "Wilfred Gagnon" by J. Lindsey, www.thecanadianencyclopedia.ca.

⁸¹ LAC, RG2, Vol. 12, File: W-45, "Crown Assets Allocation Committee, War Assets Corporation Limited, P.C. 9108, Nov. 29, 1943," 5 January 1944, 1.

consignments and transfers from the CAAC and having the same person in charge at both ends helped streamline the process.⁸²

The authors of PC9108 were intent on avoiding a power struggle. The Committee and Corporation were envisioned as “two autonomous bodies operating on the same plane” both reporting to the Minister and neither reporting to the other as subordinate. The CAAC did not “instruct” the WAC nor did the Corporation “give orders” to the Committee. Instead they worked cooperatively on a common problem, one that the CAAC dealt with at an earlier stage.⁸³ This cooperative and common-sense approach was on full display at the CAAC’s first meeting on 5 January 1944, when confusion over roles and responsibilities came up. However, Committee members felt that although “PC9108 was somewhat ambiguous” they would “at least try to iron out this question and get underway” instead of requesting further clarification.⁸⁴ The decision to establish a single administration composed of two organizations working in tandem and not in direct competition turned out to be a very sound idea, especially when compared to developments in the United States.

In April 1945, Carswell was invited by the US Senate’s *Special Committee to Study and Survey Problems of Small Business Enterprises* to speak at a meeting of its subcommittee on Surplus War Property. After outlining a brief on Canada’s disposal agencies and the policies adopted for machine tools he answered several questions. Aside from how prices and preferential sales were established for machine tools, the American senators were interested in the centralization of authority and the division of responsibility between the CAAC and WAC. They were particularly focused on how they functioned together as Canada’s “sole disposal agency.” In clarifying the arrangements, Carswell stated “we compare with your team of eight horses, I think it is, in the United States. We only have one horse.” Having numerous agencies involved was causing problems in the US, as major duplication, rivalries, and administrative delays hindered

⁸² LAC, RG101, Vol. 1, File: R-1-1-9, “Supply Department Bulletin – Organization,” October 1945.

⁸³ LAC, RG2, Vol. 12, File: W-45, “Crown Assets Allocation Committee, War Assets Corporation Limited, P.C. 9108, Nov. 29, 1943,” 5 January 1944, 1-2.

⁸⁴ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 5 January 1944. The exact division of powers and responsibilities between the two organizations was a subject of repeated questions by the SCWEE. *SCWEE*, 13 and 22 November 1945, (No. 1 and No. 2, Book 2), various pages.

disposal operations. On this point one senator cynically remarked, in reference to the CAAC's American counterpart, "Our Surplus Property Board here has, itself, almost been declared surplus."⁸⁵ Before thanking Carswell for his briefing, a Senator complimented Canada on its administration, "I just wanted to observe that you seem to me to have a very well worked out plan there, in your country. Ours should be as simple as yours." Another senator added, "It was apparently given a lot of thought."⁸⁶

Another limitation of PC9108 was not immediately apparent and only came to light in early 1944 when Pettigrew and Carswell got to work. Although PC9108 did not cancel any of the government's other disposal arrangements it did supersede them, effectively rendering them redundant. By its terms and legalities, government departments were now required to vet their inventories and requirements, declare surplus the unneeded items and property, and relinquish custody of them to the WAC (via the CAAC). This new set up prevented any other salvage committee or organization from dealing with disposal since it vested the powers to sell, destroy, or otherwise dispose of surplus assets with Howe and through him, the WAC. Accordingly, PC9108 threatened the existence of the ASDB, the Chief Salvage Officer, and the Scrap Disposal Branch. However, after some investigation, Pettigrew and Carswell felt that eliminating these organizations would cause catastrophic problems.⁸⁷ In fact, an early January meeting with Brigadier W. Mavor, the Master General of Ordnance (MGO), and Colonel Dailley had impressed upon Pettigrew the importance of these organizations. He later reported to the Committee that if these three operations were terminated or replaced by PC9108, "we would be unable to get anywhere fast."⁸⁸

The key issue was the experience and type of surpluses handled by the ASDB, Scrap Disposal Branch, and Chief Salvage Officer. These organizations primarily

⁸⁵ United States Senate, *Hearings before the Surplus War Property Subcommittee of the Special Committee to Study and Survey Problems of Small Business Enterprises*, 79th Congress, First Session, Part 63: Machine Tools Industry, "Statement of J. B. Carswell President, War Assets Corporation, Ltd. Montreal, Canada," 27 April 1945, 7586.

⁸⁶ *Ibid*, 7590.

⁸⁷ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 5 January and 23 February 1944, Schedule F.

⁸⁸ *Ibid*, 23 February 1944, Schedule F.

handled sales of smaller lots and less valuable items on a regular basis, but PC9108 was drawn up mainly considering the bigger and newer items destined to be surplus at the end of hostilities. If Howe cancelled these existing arrangements (as was his prerogative) the CAAC “would be hopelessly bogged down as a committee through requiring everything, no limit, to come forward to [it].”⁸⁹ Furthermore, in their fact-finding meetings, Pettigrew and Carswell found other problems with PC9108. All three disposal organizations used special arrangements that greatly streamlined the paperwork associated with weeding out obsolete assets. All three organizations required special approval for larger or out-of-the-ordinary sales, but for all regular transactions they were given a free hand. The Chief Salvage Officer could sell anything below \$10,000, but if the transaction surpassed that threshold it required approval from the Treasury Board. The ASDB could sell anything less than \$5,000 without seeking approval, but anything over that and below \$50,000 required approval from a Deputy Minister, and Ministerial approval was needed for anything more expensive. The Scrap Disposal Branch operated under a blanket sales authorization from Howe’s office, but every effort was made to recycle the materials back into production.⁹⁰ There were no such limitations built into PC9108: every sale, no matter how big or small, required approval from the Privy Council.

Clearly some adjustments were necessary. In early 1944, the CAAC recommended to Howe that anything declared surplus and valued under \$15,000 would not need approval from the Privy Council for disposal. The CAAC also suggested that the chairman’s powers be increased so he could determine what could be classified as scrap so he would not have to seek Council’s permission at every instance. A third recommendation suggested that the WAC assimilate the three existing disposal agencies into its operations.⁹¹ All three recommendations were approved by PC1342 and PC4013 and shortly thereafter the WAC integrated them into its operations as agents. Fortunately, this happened right as the first waves of surplus stores (mainly from the RCAF) were declared in early 1944. Although the ASDB and Scrap Disposal Branch were assimilated rather seamlessly, the Chief Salvage Officer resisted. Kelley and his staff were not

⁸⁹ Ibid, 23 February 1944, Schedule F.

⁹⁰ Ibid, 5 January and 23 February 1944, Schedule F.

⁹¹ Ibid, 5 January and 23 February 1944, Schedule F.

thrilled with the new regulations and felt that the proceeds of all sales should be remitted back to the declaring department, not the Corporation or government's consolidated revenue fund. However, Kelley lacked support from Council and by May 1944 these matters were settled and Kelley, his staff, and their experience were absorbed into the new disposal administration.⁹²

The Surplus Crown Assets Act

After issuing PC9108 Prime Minister Mackenzie King wanted to publicize it widely, as Heeney told Howe in a letter requesting a press release: "Mr. King feels that the Order deals with a matter of such widespread interest and importance that it should be made public as from the Prime Minister by means of a press statement and possibly even a press conference."⁹³ On 1 December 1943, King made the press release himself, while Carswell hosted a major press conference in January. In his speech to reporters, King informed Canadians about the creation of "an interim method" for disposal in the form of the CAAC and the WAC and then outlined the various functions and responsibilities of each. He also promised that PC9108 would be followed, in the next session of Parliament, by new legislation "authorizing a permanent procedure" for disposal.⁹⁴

More information and details about the government's plans were released by Carswell after the January Board of Directors meeting at the Dominion Square building in Montreal. In the first detailed statements about government policies, Carswell stressed a number of important points, particularly about the flow of goods and the overarching purpose of the new disposal arrangements. King and Carswell were clearly attempting to assuage growing anxiety about the future disposal of "inevitable surpluses." Carswell promised that there would be no "fire sale" of assets and that disposal operations would be strictly controlled in order to stabilize the postwar economy and maintain high employment. As he stated, "I look upon the new corporation as a symbol of partnership between labor, industry and government in tackling one of our most serious post-war

⁹² Ibid, 5 January and 23 February 1944, Schedule F; LAC, RG101, Vol. 7, WAC – Board of Directors, Minutes of Meetings, 8 February 1944, Schedule D, and 11 May 1944, Schedule B.

⁹³ LAC, RG2, Vol. 12, File: W-45, Heeney to Howe, 27 November 1943.

⁹⁴ Ibid, Howe to Heeney, 29 November 1943, Draft press release attached. See also: LAC, RG101, Vol. 1, File: R-1-1-9, "War Goods' Disposal Set," *Montreal Star*, 1 December 1943.

problems, the problem of keeping our economy going despite the existence of heavy war surpluses.”⁹⁵ Thus, creating the Corporation and Committee was a “constructive step by the Government” that “should allay these fears, in a great measure.” He continued:

[WAC] has been designed and empowered to stand between these surpluses and the going economy of the country; to impound these surpluses in one great reservoir and to supply intelligent but firm control on the releasing gate-valves. Essentially the job of the corporation will be one of compromise, recognizing that surpluses impounded too long cease to be assets and on the other hand, that surpluses released too quickly could have the most disastrous effect on industry and on employment.⁹⁶

The publicity and attention generated by King and Carswell was met with a wide and eager audience that, over the course of 1944, would grow to include more interest groups than just apprehensive industrialists and their professional associations. With the creation of a dedicated administration for handling all disposal matters, as well as the added publicity, several other interest groups, municipalities, city councils, and agricultural and educational associations started contacting the CAAC and WAC with their own resolutions and demands. Therefore, while disposal policies were formulated throughout 1944, both the CAAC and WAC faced mounting demands from private and public interests alike. Although this pressure tapered off towards the end of 1944 (only to revive after the war), it started peaking right as the first round of surpluses were declared and as the Liberals drafted the *Surplus Crown Assets Act*.

When Howe stood in the House of Commons on 29 May to introduce the *Surplus Crown Assets Act* and schedule its first reading, a mountain of resolutions had already piled up. In late February Edward C. Fisher, President of the Alberta Pensioners’ Society, mailed a resolution to the Prime Minister demanding a “National Plan” for the disposal of military equipment and government property in order to relieve the housing situation and homelessness. As the resolution stated “if a National Plan is adopted for the utilization of this vast material, that tens of thousands of Canada’s needy and homeless would be

⁹⁵ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, “Sale of Surplus War Goods Will Be Strictly Controlled,” *Montreal Star*, 6 January 1944.

⁹⁶ Ibid, “Sale of Surplus War Goods Will Be Strictly Controlled,” *Montreal Star*, 6 January 1944.

helped, and the serious housing situation and slum conditions would be relieved.”⁹⁷ Howe’s office received several other similar resolutions throughout the spring, particularly from agricultural associations.

In one resolution, the Canadian Federation of Agriculture demanded that the Dominion government allow farmers and farm organizations access to “used or new equipment, plants and material either by direct sale by the Government or through the War Assets Corporation.”⁹⁸ Another resolution demanded that any surplus training facilities constructed for the war effort and located “adjacent to agricultural colleges and experimental farms” should be “made available as educational and recreational centres for farm people.” Similarly, any hospitals or health centres associated with the training facilities be repurposed as rural health services in line with Federation’s “Principles for National Health Insurance.”⁹⁹ Moreover, the Federation must have heard about the DMS’s plan for declaring the sulphuric acid plant at Clark Island (near Valleyfield, Quebec) surplus, as an additional resolution requested that the government “continue to operate the synthetic nitrogen, and other government-owned or Government financed fertilizer plants” or make them available to “farm organizations.”¹⁰⁰ Finally, a resolution from the United Farmers of Alberta stated that because “a large percentage of our farm homes are without modern conveniences” and because “plumbing [and] suitable housing [was] deemed essential for the wellbeing of the forces as well as for the prisoners of war,” the government should adopt a needs-based method for distributing surplus materials in Canada.¹⁰¹

Continuous public pressure was also levelled at the federal government from educational associations, provincial authorities, and school boards. On 16 June 1944, J. C. Dryden, Manitoba’s Minister of Education, wrote Howe indicating that his

⁹⁷ The correspondence was passed on to Ilsley and Howe. LAC, RG19, Vol. 387, File: 101-102-34, E. C. Fisher to W. L. Mackenzie King, 21 February 1944; Ibid, H. R. L. Henry to E. C. Fisher, 29 February 1944.

⁹⁸ LAC, RG2, Vol. 12, File: W-45, Schedule C “Resolutions Covering Disposal of Surplus Received by Crown Assets Allocation Committee,” 22 September 1944.

⁹⁹ Ibid, Schedule C.

¹⁰⁰ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 23 February, Schedule A.

¹⁰¹ LAC, RG2, Vol. 12, File: W-45, Schedule C “Resolutions Covering Disposal of Surplus Received by Crown Assets Allocation Committee,” 22 September 1944.

Department was “receiving a considerable number of inquiries regarding the eventual disposal of surplus...machine tool equipment and technical apparatus” from school boards eager to expand their course curriculums and acquire assets “suitable for school instruction purposes at a very reduced figure.” Dryden felt that a plan could be easily crafted “that would make available for educational purposes” government surpluses and that it “would be heartily supported by departmental staffs in the provinces and also by the public.”¹⁰²

Other interests groups lobbied the government as well. On 28 July 1944, the Ontario Parks Association wrote to the CAAC indicating that public bodies, such as parks, deserved priority for purchasing surpluses “with particular reference to the equipment used in construction and maintenance of airports and army camp; army transportation, including jeeps, public address systems of the mobile type, or other vehicles which could be put to parks use.”¹⁰³ The letter also asked “that without infringing on war production,” park and playground equipment receive a priority “since after five years of war such equipment is almost at the wornout stage.” The Ontario Parks Association justified the priority on the basis of future childhood development:

And since the physical welfare of the coming generation which must replace that lost by war, must be based not alone on leadership...but upon equipment and recreation grounds being available so that leadership can be utilized. And such cannot much longer be maintained under present condition, with wornout machinery, playground equipment which should be discarded and a labor shortage which emphasizes the sad state of material equipment. All of which means a considerable and growing lessening of physical endeavours.¹⁰⁴

Municipal governments acted in a coordinated fashion. Over the course of a few weeks in May 1944 at least twenty-five municipalities and city councils from across the country mailed the government an identical resolution.¹⁰⁵ The resolution stated that because municipal and provincial governments had offered “every assistance and co-operation...to Dominion authorities” during the war and did so “frequently at

¹⁰² Ibid, Schedule C.

¹⁰³ Ibid, Schedule C.

¹⁰⁴ Ibid, Schedule C.

¹⁰⁵ See the resolution and list of municipalities in: Ibid, Schedule C.

considerable inconvenience and cost to the municipal taxpayers” and because municipal employees, equipment, buildings, and property were used for the war effort “without any remuneration,” municipalities deserved favourable consideration when selling surpluses. The resolution also included a method for transferring assets between governments, one that was definitely inspired by the wartime experience as it called for the acquisition to be “on a lend-lease basis.” Most importantly, this resolution demanded that municipal and provincial governments receive priority for purchasing assets “before such supplies and equipment and buildings are sold to private individuals or corporations for resale to the public.”¹⁰⁶ Given their support for the war effort, municipal governments felt entitled to preferential treatment for purchasing surplus war assets. Their lobbying efforts were not only directed at gaining some favourable consideration from the federal government, but were also clearly linked to growing concerns over how far the federal government would cater to businesses.¹⁰⁷

The intensity of interest in disposal matters was often tied to the regional disparities of wartime investments. To many observers, central Canada seemed poised to profit most from disposal since surpluses were most numerous there, leaving the Maritimes and the Prairies at a disadvantage. Saskatchewan’s Premier, Tommy Douglas, pointed this out in a letter to Prime Minister King on 12 October 1944, when he stated that a “serious situation” was liable to “get out of hand.” As Douglas continued, “a great many airports have been closed on the prairies. Most of these airports have excellent hospital equipment, road machinery and some very fine buildings, also quantities of training planes, army trucks and other mechanical equipment which are no longer required and are being stored in various places across Western Canada.”¹⁰⁸ Although the federal government had established the CAAC and WAC, very little had been done to “acquaint [the provincial governments and] agencies with what material is available.” Consequently it was discovered that equipment was leaving the Prairies and being sold in Winnipeg and

¹⁰⁶ Ibid, Schedule C.

¹⁰⁷ House of Commons, *Debates*, 19th Parliament Vol. 4, 19 June 1944, statement by Mr. Johnston, 3953.

¹⁰⁸ LAC, RG 2, Vol. 12, File: W-45, T. C. Douglas letter to W. L. Mackenzie King, 12 October 1944.

Vancouver.¹⁰⁹ Douglas's letter hinted at some resistance to and confusion about the federal government's disposal policies, but it mainly piggy-backed on wartime complaints from provincial authorities about the encroachment of federal powers and the realignment of Canadian business interests from a regional and provincial focus towards the federal government and Central Canada.¹¹⁰

Regional interests in surpluses remained a real contentious issue. Gordon B. Isnor, MP for Halifax and Chairman of the SCWEE, echoed Douglas's concerns. In a letter to Ilsley in January 1945, Isnor voiced concerns about the regional distribution of surpluses. Isnor worried that some corporations were profiting more because of favourable geography, as he stated the "large concerns, such as T. Eaton Company, Robert Simpson Limited, Zellers, Woolworthe and Metropolitan and similar large firms have access through their main office and thus make purchases at Toronto" while the merchants in Nova Scotia were excluded and could not buy anything direct from WAC either in Toronto or Halifax.¹¹¹ After conferring with W. J. Bennett in the DMS, Ilsley reported back to Isnor that his concerns were greatly exaggerated. The arrangements for disposal were sound and worked out in consultation with business interests and according to Bennett few merchants reported any problems. The key here was the fact that Central Canada had profited dramatically from the war and that disposal operations would solidify those gains.

In some respects, Douglas and Isnor were jumping the gun, as they raised their concerns during a time when few assets had been declared surplus. It was not until the fall of 1945 and winter of 1946 that surpluses started emerging across all parts of the government, so they were pressing the government for action when few surpluses actually existed. However, their letters reflected the widespread eagerness and anticipation for surplus government assets. Everyone wanted to acquire objects to improve their living standards and fulfill postwar ambitions, so ensuring that an equitable distribution and access existed preoccupied many people, especially political leaders

¹⁰⁹ Ibid, T. C. Douglas letter to W. L. Mackenzie King, 12 October 1944.

¹¹⁰ Bothwell, "Who's Paying for Anything These Days?," 65.

¹¹¹ LAC, RG19, Vol. 387, File: 101-102-34-1, G. B. Isnor to Ilsley, 19 January 1945.

responding to their constituents. Although business interests wanted more restrictive disposal policies, municipalities and other interests groups demanded priority access and lower prices so they could make use of surpluses in their reconstruction and rehabilitation programs. The letters from Douglas and Isnor hinted at the key issues and public concerns involved in the disposal of surpluses. Divesting public property was certainly a polarizing endeavour.

The *Surplus Crown Assets Act* encapsulated the polarizing nature of surplus disposal. In June 1944 when it was debated in Parliament, all sides of the political spectrum clashed over the purpose and responsibilities of the government for mobilizing the transition to peace. For the left-wing social democrats and the C.C.F., Stanley Knowles, MP for Winnipeg North Centre, voiced a common ideological starting point when he argued that public enterprise had generated mass employment, booming productivity, and victory during the war – so why not maintain it in peace? Knowles continued by stating his view of the basic postwar issue: “is it to be the first concern of the government to protect the kind of economic system we had before the war, one which gave us the sad story of the 30s; or is the government going to realize that the demands of peace are just as compelling as have been the needs of war.”¹¹² Knowles feared that the liquidation of such large inventories of public assets and property would not benefit Canadians. Instead, he worried about handing the country’s economic fortunes back to corporations and private interests that had left the nation in such turmoil after the last war. Government was responsible for the social welfare of its citizens and the complete liquidation of factory floor space, tools and equipment, office space, airports, hospitals, and the vast array of other assets would greatly hinder its ability to provide the safety net of social security.

Although conservatives conceded the necessity of public ownership in times of war, they were adamant that public enterprise was not the key to a stable and prosperous postwar system. In the House of Commons, J. H. Blackmore responded to Knowles by stating that in war “the government must have design, and it must have special quality; it must also have an exceedingly high degree of speed in the production of the items that

¹¹² House of Commons, *Debates*, 19th Parliament Vol. 4, 12 June 1944, statement by S. H. Knowles, 3722.

are being brought into existence, and at the same time there has to be a high degree of secrecy. All these things make it so that government ownership is probably the best producer in this field in time of war.”¹¹³ However, government ownership was not effective in the distribution of goods, was prone to wasteful spending, and had fostered unsustainable economic growth in many areas of the country. In other words, public ownership might produce a great deal, but that production had not taken into consideration the spending power of export and domestic markets, consumer tastes and preferences, and local conditions. To conservatives, private ownership would cater to these aspects of supply and demand so a return to free-market capitalism was the only viable option. Over-production was not the basis for continuing prosperity. Although favouring the Act and the CAAC and WAC, Blackmore wanted those institutions to work toward re-establishing private enterprise by reducing government assets, controls, and liabilities: “I think that the time has come when the whole country must study the means of the decentralization of industry, decentralization of credit control, and of responsibility with respect to everything that pertains to our public wellbeing.”¹¹⁴

While arguments about Canada’s future were debated in Parliament, the *Surplus Crown Assets Act* came under some harsh criticism and questions. Several Conservative MPs took the Act as an opportunity to vent frustrations about how the King government operated. During the Act’s second reading, R. B. Hanson went as far as to question the necessity of the Act when PC9108 was already on the books. His questions were prompted by John Diefenbaker’s continuing criticism of Cabinet’s excessive use of PC Orders for running the war effort, but the question was probably an attempt to embarrass the Liberals by getting Howe to admit that PC9108 was insufficient.¹¹⁵ However, the point was moot. PC9108 was an adequate provision, but its permanency was in question.

¹¹³ Ibid, statement by J. H. Blackmore, 3725.

¹¹⁴ Ibid, statement by J. H. Blackmore, 3726.

¹¹⁵ From 1 September 1939 to 28 September 1945 a total of 58,402 PC Orders were issued from Council along with 36,329 Treasury Board Minutes for a total of 94,731 – a tremendous increase over the 450 PC Orders issued by Cabinet during the First World War according to Diefenbaker. House of Commons, *Debates*, 19th Parliament Vol. 4, 21 March 1944, statement by J. G. Diefenbaker, 1717; Ibid, 20th Parliament, Vol. 1, 2 October 1945, statement by L. S. St. Laurent, 681; Ibid, 19th Parliament, Vol. 4, 12 June 1944, statement by J. H. Blackmore, 3717-18. See also: John G. Diefenbaker, *One Canada: The Crusading Years, 1895-1956*, (Toronto: MacMillian of Canada, 1975), 224-225.

Each of the 58,402 PC Orders passed by the Privy Council (from 1 September 1939 to 28 September 1945) derived their binding authority from the sweeping powers gained under the *War Measures Act*. In effect, the *War Measures Act* allowed Cabinet to govern by decree and turned each PC Order into law just as though it was debated and passed by Parliament. Given how heavily the government had relied on PC Orders, the war's end posed a legal problem: once the *War Measures Act* was repealed the PC Orders that were not accompanied by Legislation (duly debated and passed by Parliament and the Senate) would lose all legitimacy. In response to Hanson's remarks, Howe explained to the House of Commons that not only was surplus disposal a serious issue that required public input and discussion, but it was "a continuing job" and "the powers of the government under the War Measures Act will expire shortly after the war ends, but the work of disposal will continue for a long period thereafter."¹¹⁶

Several provisions in the Act received a great deal of attention from the Conservative opposition. Hanson, J. R. MacNicol, and especially Diefenbaker were outspoken in their criticism, particularly in reference to the authority, control, and responsibilities of the Minister. In several sections of the Act the Minister's powers were absolute. The members on the Corporation's Board of Directors and the Committee's representatives had to be approved by the Minister, their designated roles and responsibilities were subject to the Minister's instructions, the Corporation's annual reports had to be approved by the Minister, and all accounting records were to be maintained in a "system satisfactory to the Minister."¹¹⁷ Summing up his objections to the Act, Hanson stated, "I find on reading the Bill that this Corporation and this Committee is merely an instrument of the Minister himself, that he is a dictator under this Bill. There is nothing that this Committee can do, or refrain from doing, there is nothing that this corporation can do or refrain from doing, unless it has the imprimatur of the Minister."¹¹⁸

¹¹⁶ House of Commons, *Debates*, 19th Parliament Vol. 4, 12 June 1944, statement by C. D. Howe, 3729.

¹¹⁷ Bill 137: *An Act respecting Surplus Crown Assets*, 2nd Reading, 19th Parliament, Vol. 4, 19 June 1944; House of Commons, *Debates*, 19th Parliament Vol. 4, 19 June 1944, various statements, 3941-3958; LAC, RG28, Vol. 132 File Part 2, *Surplus Crown Assets Act in Revised Statutes of Canada*, 1944. Chapter 21, (Ottawa: HMSO, 1944), 69-77.

¹¹⁸ House of Commons, *Debates*, 19th Parliament Vol. 4, 12 June 1944, statement by R. B. Hanson, 3718.

The big concern with such centralized authority was that Howe might cover up failures or stop the Corporation from selling assets to particular people. The Opposition wanted provisions written into the Act that guarded against the meddling influences of the Minister or whoever received his delegated authority. On this matter, Diefenbaker was relentless. Citing an American report written by Bernard Baruch that outlined several principles and considerations for surplus disposal in the US, Diefenbaker called for better transparency and oversight. As Baruch's report stated, disposal had to happen in a "gold fish bowl" where records and activities were always open for public inspection. Accordingly, Diefenbaker felt that the Act had loopholes that could hide problems and information. Despite the criticism, few changes were made. However, Diefenbaker did manage to amend Section 18 of the Act to ensure that the Auditor General reviewed the Corporation's annual report which would contain "in reasonable detail particulars of surplus Crown assets, sold or otherwise disposed of during the accounting period" before the Minister tabled it in Parliament.¹¹⁹

After receiving assent in July 1944, the *Surplus Crown Assets Act* made some changes to the administration established under PC9108. Most substantially, the Act altered the relationship between the CAAC and the Minister. Under PC9109 the CAAC was granted substantial independent duties and responsibilities for prosecuting its functions and formulating policies, and in doing so, it advised the Privy Council directly. However, under the Act, the CAAC's role was redefined so that its primary function was to advise the Minister on disposal policies. He would then advise the Privy Council as needed. In other words, the Act delegated some authority to the Minister for accepting or rejecting disposal policies before they were submitted to the Privy Council.¹²⁰ Moreover, under PC9108 reports of surplus from each government department were made directly to the CAAC and if an item or property was worth over \$15,000 then a PC Order was required for disposal. But, under the Act, surplus declarations were now addressed and

¹¹⁹ House of Commons, *Debates*, 19th Parliament Vol. 4, 19 June 1944, various statements, 3941-3958; CWM, Democracy at War, "Diefenbaker Finds Loopholes in Surplus Crown Assets Bill," *Globe and Mail*, 20 June 1944; Ibid, "The Public Vitaly Concerned," *Globe and Mail*, 12 June 1944; Diefenbaker, *One Canada: The Crusading Years*, 197.

¹²⁰ *SCWEE*, 20 November 1945, (No. 1, Book 2), 7-9.

sent to the Minister of Reconstruction, who then referred them to the CAAC for appraisal. The Minister's office became a middleman for all declarations.

Even though Howe always intended to delegate significant responsibility to Berry and Carswell, disposal policies were firmly embedded under the purview of the Department of Reconstruction, and by extension its parent department, Munitions and Supply. That the Act was passed right after the creation of the Department of Reconstruction in June 1944, and given Howe's initial reluctance to become Minister of Reconstruction, it appears that granting such wide authority for disposal was aimed at further enticing Howe to accept the new portfolio and also to solidify the mandate and responsibilities related to the new department. Thus, as much as these administrative changes bolstered the legal and administrative powers of the government's disposal apparatus, the Act fits into the wider patterns of criticism and rivalry within the government's bureaucracy and Howe's own attempts at empire building.¹²¹

Conclusion

In order to enact the administrative changes Section 19 of the *Surplus Crown Assets Act* was drafted. In a confusing turn of events, Section 19 dissolved the CAAC and WAC as established by PC9108 and then re-established them under the Act. All property, assets, liabilities, and obligations in the custody or administration were transferred between the old and new organizations, and aside from some personnel turnover, both retained the same basic purposes, composition, and functions.¹²² On the same day that the Act was passed the Privy Council approved PC5300 and PC5301 which ensured an orderly transition by updating several PC Orders from earlier in 1944.¹²³ Thus, as W. E. P. DeRoche, assistant counsel to the DMS, explained to the SCWEE, Howe had delegated all the same functions and responsibilities to the new organizations, and so despite the legal changes, "it is accordingly unnecessary in practice to distinguish

¹²¹ Bothwell and Kilbourn, *C. D. Howe, 183-196*. See also: Don Nerbas, *Dominion of Capital: The Politics of Big Business and the Crisis of the Canadian Bourgeoisie 1914-1947*, (Toronto: University of Toronto Press, 2013), 201-241.

¹²² *SCWEE*, 20 November 1945, (No. 1, Book 2), 8-10. See also: LAC, RG28, Vol. 132 File Part 2, Howe to Berry, 12 July 1944, PC5297.

¹²³ LAC, RG28, Vol. 132 File Part 2, Howe to Berry, 12 July 1944, and PC5300, PC5301, PC5297.

between recommendations or actions of the original committee established by order in council PC9108 and the new committee established by the Surplus Crown Assets Act.”¹²⁴

With PC9108 and the *Surplus Crown Assets Act* the government had established its response to the disposal problem. The government would rely on the CAAC and WAC to handle all aspects of disposal, from policymaking through to sales and destruction. Their creation emerged out of Canada’s immense wartime industrial productivity, the increasing government controls and regulations over the economy, and the lobbying efforts of private and public interests groups concerned about the challenges destined to arise when victory was won. Everyone saw the creation of a disposal administration as a necessary and logical step, which is certainly an achievement worthy of praise, even if there was little consensus on how the liquidation of government assets would take place moving forward. Perhaps the most important thing about the creation of the CAAC and WAC was the timing. Both organizations were formed nearly two full years before hostilities ended, ensuring that a significant amount of planning and preparations could occur before the flood of surpluses arrived. Anticipating the needs of peace was important because it gave the disposal administration a head start on its crucial task. The following chapter will discuss exactly what was done with this head start and explore how all the early plans and preparations both helped and hindered the disposal of munitions and supplies.

¹²⁴ *SCWEE*, 20 November 1945, (No. 1, Book 2), 9.

Chapter 2

From Flow to Flood: Managing Disposal Operations

In huge measure, the success with which we make the economic transition to peace will depend on the quality of government administration in the process of industrial demobilization. We shall need better organization for the transition to peace than we had in mobilization for war if we are to avoid needless unemployment, loss of production, and frustration of business enterprise.¹

James H. McGraw Jr., President of McGraw-Hill Publishing Company

Introduction

On 23 October 1944, the Minister of Munitions and Supply made an important announcement over the radio in which he explained the government's plans for addressing the disposal problem. The speech constituted the first public comments on the issue since Carswell's press conference in January and served to update an apprehensive population. In the speech, Howe used the flow of water in a pipeline as an analogy to explain the situation:

The flow of war materials from source in Canada to the fighting fronts overseas may be likened to the flow of water through a pipe line. To maintain a sufficient head of pressure at the receiving end, the pipe line must be kept constantly filled. So it is with the flow of war materials. The valves controlling the flow of these war materials are in Italy, France, and the British Isles. Thus, when the flow is checked at any of these outlets, supplies back up along the whole of the pipe line and surpluses become available in Canada.²

Not only had this "pipe line" of war materials resulted in some surpluses becoming available during the war, but when hostilities ended the whole pipeline itself would be surplus. Thus, the "valves" in Europe would be joined by many more in Canada, as the materials, productive capacity, and vast stores of government-owned assets were no longer needed. Victory would trigger a major commodity crisis since billions had been invested in procurement and these items would not simply dematerialize into peacetime without some effective disposal strategy.

¹ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, James H. McGraw Jr., "Disposal of Government Inventories," *Electrical World*, 4 March 1944, 53.

² *Ibid*, Radio Speech on CBC by C. D. Howe, 23 October 1944, 3.

Howe's analogy was incisive for another reason. The flow of water through a pipeline was self-contained and took place in a controlled environment. This analogy offered him a means to describe how the flow of munitions and supplies was regulated and delivered to the soldiers at "the fighting fronts overseas." This was significant because Howe's speech explained to the public how the government planned to maintain control of that pipeline in order to avert a postwar disaster. The public need not worry about disposal because the preparations of the CAAC and WAC ensured that the pipeline of war materials would be successfully redeployed and liquidated to support postwar reconstruction and rehabilitation. Howe was reassuring his audience: the government was taking steps to prevent the flow of goods from becoming a flood. As he concluded:

War Assets Corporation with the consent and unqualified support of the government, will endeavour through constant vigilance to protect Canadian industry, Canadian labor, Canadian agriculture, Canadian merchants and the Canadian public from the greed of the speculator, the cupidity of the profiteer and to ensure that all our war surpluses shall be liquidated to the greatest benefit of the greatest number of the citizens of Canada.³

Yet water rarely flows with controlled precision. Although Howe's metaphor made strong rhetorical sense, in practice controlling the flow of war goods – like that of water – was very difficult.

The task facing the CAAC and WAC was enormous and it came with few precedents and was replete with challenges that strained the capabilities of everyone involved. Managing disposal operations was a constant battle against diminishing returns. Every element of the disposal process – from defining and declaring surpluses to their consignment and final disposition – required a significant investment of attention, effort, ability, and money that did not always remain stable at every stage. Since it was up to each department to review its inventories, establish postwar requirements, and declare the remainder surplus, the work of the CAAC and WAC was contingent on the bureaucracy's speed and efficiency. Despite all the early preparations, government departments could divert the flow of their surpluses on purpose or by accident. At times this left the WAC and CAAC vulnerable to political and economic variables, competing bureaucratic

³ Ibid, Radio Speech on CBC by C. D. Howe, 23 October 1944, 7.

procedures, and varying levels of interest and enthusiasm for disposal matters. From narrowly defined departmental agendas, bureaucrats tended to view surpluses (and the paperwork associated with them) as time-consuming nuisances. The kneejerk reaction was to get rid of unwanted items quickly, but the new disposal administration cautiously followed its agenda. Disposal was now an instrument of public policy that would require more attention, effort, and cooperation to achieve. Therefore, the bureaucracy would have to adjust accordingly.

To manage disposal operations efficiently, the CAAC and WAC had to overcome a confluence of obstacles. The politics of establishing postwar requirements was a serious issue within the federal bureaucracy, especially for the DND and DMS. Political and military leaders clashed over the permanency of the military-industrial complex developed during the war as well as the future size and shape of the armed forces. Venturing into these debates was tricky business, as the creation of comprehensive disposal arrangements was counter-intuitive to winning the war and legitimatizing the military's sizable postwar plans. Although the future necessity of disposal was obvious, the exact details about the types, condition, and numbers of unneeded assets remained difficult to ascertain before the war ended. The size of the military's budget and material requirements took time to settle, thus impeding the speed and willingness of the DND to declare assets surplus. In regards to the DMS, postwar economic stability and the fate of all the government-owned industrial floor space and machinery were central issues. This led to the creation of competing agencies and sometimes diverted the flow of assets and property away from the WAC.

Much of the early preparations for disposal focussed on creating workable and comprehensive administrative procedures for the liquidation of all government surpluses. In general, the early plans were designed to bring order and coherence to a large and diverse problem that blurred departmental jurisdictions and involved many competing political, economic, and social interests. During the spring of 1944, as the first waves of surplus declarations arrived, the CAAC decided to institute a set of Standard Procedures that all departments and foreign governments would use when declaring surpluses. This administrative system sought to build consistency, coax out more information about the assets being declared surplus, and allow the CAAC to strategically allocate surpluses

according to political, economic, and social imperatives. The system for allocating surpluses was known as the “priorities.” Establishing priorities created a hierarchy of access to surpluses that accommodated inter-departmental transfers and privileged direct sales to “priority holders.” Although they provisioned a great deal of local reconstruction and rehabilitation programs, the priorities created significant administrative bottlenecks that could delay final disposition, especially once the postwar rush commenced. However other problems emerged almost immediately after the Standard Procedures took effect. Over the summer of 1944, the CAAC and WAC started encountering complaints from other departments and agencies. Since PC9108 and the *Surplus Crown Assets Act* carried broad provisions about selling government property, conflicts emerged with existing regulations. This prompted the CAAC to issue exemptions from the Act or make new cooperative agreements instead of assimilating the other organizations altogether.

Although the early start on disposal preparations helped fix some of the pipeline’s kinks, the establishment of administrative arrangements that were both workable and comprehensive proved elusive. Each policy had diminishing returns since changing circumstances, budgetary forecasts, and experience in dealing with departments forced continuous modifications. It was fortunate that another early focus of the CAAC and WAC was on populating both organizations with experienced people capable of finding solutions through trial and error. However, keeping those individuals working for the government was another constant challenge, as many of these “dollar-a-year-men” were interested in returning to the private sector or worn out from their gruelling wartime service with the DMS. Yet despite the personnel turnover and the short tenures of some executives they still managed to achieve a great deal and deserve some credit for what the CAAC and WAC accomplished after their departures.

By mid-1945, the plans and preparations for the disposal of surplus goods had been developed and tested with a limited amount of surplus declarations. However, once the war ended, officials discovered that despite their best efforts and early work, no plan – no matter how well conceived – survives first contact. From May 1945 to October 1946, roughly 35,000 separate surplus declarations were processed by the CAAC and WAC, along with over 50,000 requests for “priority” allocation. The sheer volume and scale of declarations and items consigned to the state’s disposal administration was overwhelming

and greatly strained the capabilities of the Committee and Corporation. Internally and externally, Canada's disposal administration faced a new series of oversights and delays that were magnified by the vast array of objects and associated paperwork. Luckily the situation was not totally unforeseen, but the tidal wave that barrelled into the CAAC and WAC belied Howe's pipeline metaphor. After victory, the flow of surplus assets became a flood.

To meet the new challenges the CAAC and WAC restructured their operations from August to October 1945 by making two significant changes to their mandate and operations. First, the WAC's operational procedures were decentralized into five regions. This alleviated the administrative burden and greatly facilitating the WAC's increasingly proactive role in collection, storage, and sales. Second, the WAC (and to a lesser extent the CAAC) was restructured to reflect the new regional focus and also to eliminate as many administrative bottlenecks and selling obstacles as possible. These organizational and operational changes greatly reduced some of the problems and delays, but were accompanied by a steep growth in employees, facilities, and operational expenses which prompted another set of challenges and solutions. Managing disposal operations was an imperfect business. Yet in making these organizational changes the foundation was set for the WAC to become the largest merchandising company in Canadian history and, in doing so, the WAC was better poised to fulfill its intended function as a "shock absorber" during the country's transition from war to peace

Laying the Groundwork: Early Plans and Preparations

After its creation, one of the CAAC's first priorities was reconnaissance. In early January 1944, Pettigrew started making inquiries with key government departments about the state of their disposal preparations. This action not only drew attention to a future problem of some importance, but it also helped Committee members familiarize themselves with the scope of their new responsibilities. The logical starting point was the largest consumer of munitions and supplies: the DND. After a Committee meeting on 12 January 1944, Pettigrew wrote to Howe requesting that the Minister inquire about the military's expected postwar requirements. In the letter Pettigrew stated that the CAAC wanted the Cabinet War Committee to order the Defence Staff to start contemplating "the

numerical strength of each of the Armed Services at the close of hostilities” and “that such direction...would enable them to better declare...surplus[es] and would also enable them to visualize the magnitude of the operations ahead.”⁴ On Howe’s initiative the matter was referred to the War Committee and then to the Defence Council on 21 January where it was discussed by the country’s top generals.

However, Pettigrew’s rather presumptuous request was dismissed three days later when Colonel H. A. Dyde, Secretary to the Defence Council, informed him that it was “impossible at the present time to furnish an accurate estimate of the numerical strength of the Armed Forces at the close of hostilities.”⁵ There were good reasons for the Defence Council’s reluctance to define postwar requirements. While the Defence Council was sympathetic to the inevitable need for disposal procedures, the war effort showed no signs of slacking. In January 1944, heavy fighting still raged in the air and at sea with heavy losses on both sides. In Italy, Canadian soldiers took heavy casualties capturing Ortona over Christmas, the landings at Anzio were just days away, and the Gustav Line still blocked entry into Rome. Operation *Overlord* and the campaigns in Normandy and Northwest Europe were six months away and just entering the final preparatory stages. Although it was easy to be optimistic considering the serious Allied defeats in 1940, 1941, and 1942, victory was far from certain. At that point, nothing could be ruled out as surplus yet except for small amounts of derelict equipment.

As the year progressed the Defence Council’s reluctance to define postwar requirements became enmeshed within larger wartime issues and political wrangling that surrounded the conscription crisis. Within a few months of Dyde’s response to Pettigrew, rumours about manpower shortages in the Canadian Army became a reality as the fighting in Normandy and Italy raged and casualties mounted at rates higher than expected. Compounding this unsustainable situation was the inadequate number of trained replacements for infantry units and the decreasing trends in voluntary enlistment

⁴ LAC, RG2, Vol. 12, File: W-45, Pettigrew to Howe, 14 January 1944; Ibid, Memorandum to Cabinet War Committee, “Crown Assets Allocation Committee Recommendation re: Surplus War Materials,” 21 January 1944; Ibid, Heeney to H. A. Dyde, 21 January 1944.

⁵ LAC, RG2, Vol. 12, File: W-45, Dyde to Pettigrew, 24 January 1944.

at home.⁶ The battle lines over conscription materialized in mid-1944, much to Mackenzie King's alarm and dismay. Haunted by the riots and fallout from the conscription crisis in 1917, Mackenzie King and most of Cabinet opposed compulsory military service. However, J. L. Ralston and a small but powerful cadre of other ministers holding important wartime portfolios (Howe, Ilsley, Angus MacDonald, and T. A. Crerar) dissented. While recognizing Cabinet's serious concerns about conscription, they believed it was necessary to continue the war effort.⁷

Over the summer and fall of 1944, each side dug in and the manpower crisis became an increasingly politicized and contentious issue. Mackenzie King, furious at what he perceived to be the Army's incompetent planning and use of manpower, grew ever more apophenic, paranoid of conspiracies, and emotionally drained.⁸ However, the "conscriptionists" (as he labelled them in his diary) would not relent. After Ralston toured the front in September and October, he returned to Ottawa more resolute than ever. While overseas he learned that few Allied generals expected victory in 1944 and speaking with wounded veterans in hospitals he discovered that many infantry battalions were fighting at half-strength.⁹ Canada could not break faith with those at the front; the nation's Army needed more soldiers immediately. With the stress of long and divisive Cabinet meetings, media coverage, and mounting pressure from the military, things hit a breaking point in November. Although Mackenzie King tried everything possible to manoeuvre away from conscription, even torpedoing Ralston's political career by accepting his letter of resignation written two years before, the beleaguered Prime Minister could not avoid the issue and by the end of the month conscription for overseas service was approved by cabinet.

⁶ In Normandy, the casualty rates were on par with some of the worst fighting of the Great War. Terry Copp, "To the Last Canadian? Casualties in 21st Army Group," *Canadian Military History*, Vol. 18, No. 1, (Winter, 2009): 3-6, Table 1. See also: E. L. M. Burns, *Manpower in the Canadian Army, 1939-1945* (Toronto: Clarke, Irwin & Co. Ltd., 1956).

⁷ Tim Cook, *Warlords: Borden, Mackenzie King, and Canada's World Wars*, (Toronto: Penguin Group Inc., 2012), 318-328.

⁸ James Eayrs, *In Defence of Canada: Peacemaking and Deterrence*, (Toronto: University of Toronto, 1972), 4-7; Cook, *Warlords*, 218-219, 236-237, 260, 271.

⁹ Cook, *Warlords*, 318-328.

Decisions about the shape and size of Canada's postwar armed forces developed on the heels of the conscription crisis and were similarly contentious issues. As the war came to an end in 1945, all three services put forward proposals outlining their future shape, size, and budgets. Some of the proposals, like those from the Army, were outlandish and contrived, as Granatstein remarked, without "one iota of political sense."¹⁰ In June 1945, the Army proposed peacetime conscription in order to maintain a reserve force of roughly 180,000 part-time soldiers and a professional force of over 55,000. Cabinet, and especially Mackenzie King, balked at the idea and in August told the Army to expect funding for a postwar force of 55,000 (reserves and professional forces combined) and a total defence budget for the three services of roughly \$172 million.¹¹ The RCN and RCAF developed more flexible plans that, especially in the case of the RCAF, accepted inevitable postwar budget cuts and attempted to make the most of decreasing resources. The Navy's plan called for \$45 million in continuing expenses, \$30 million in one-time payments, 18,000 reserves, and 10,000 professional sailors maintaining twelve major war ships. The RCAF's postwar plans required several squadrons of fighter aircraft, bombers, and reconnaissance elements, 16,000 personnel, and cost just under \$60 million. Although gaining Cabinet approval, these plans proved quite optimistic since all three armed services had trouble meeting even these reduced recruitment figures.¹²

Given the postwar budget cuts and reductions in force establishments, the three Services were primed to liquidate considerable assets and property. Yet for historians this fact does not seem to loom as large as it did for contemporaries, as most histories of the early postwar and Cold War periods tend to focus overwhelmingly on procuring new weapon systems in an era of significant cutbacks and new alliance systems.¹³ However,

¹⁰ Granatstein, *Canada's Army*, 315.

¹¹ *Ibid*, 315-316.

¹² Wakelam, *Cold War Fighters*, 1-18, 18-33, especially 28-31; Granatstein, *Canada's Army*, 315-316. There is a forthcoming book on the postwar Navy that covers some of its postwar plans, see: David Zimmerman, *Maritime Command Pacific: The Royal Canadian Navy's West Coast Fleet in the Early Cold War*, (Vancouver: University of British Columbia Press, 2015).

¹³ Andrew B. Godefroy, *In Peace Prepared: Innovation and Adaptation in Canada's Cold War Army*, (Vancouver: University of British Columbia Press, 2014), 47-74, especially 47-49. See also: Eayrs, *In Defence of Canada*, 22-23; C. P. Stacey, "The Life and Hard Times of an Official Historian," *Canadian*

the downsizing caused by demobilization also made the disposal of existing arsenals a primary consideration. This fact was not lost on those in charge, even if it was accompanied by some foot-dragging. Even before the conscription crisis unfolded and postwar establishments were set the Defence Council recognized that peace would seriously change the composition and size of the armed forces. Back in January, when Dyde replied to Pettigrew, he indicated this while acknowledging the need to prepare for the eventuality of disposal. As a result, orders were issued by the Defence Council instructing the services to begin vetting their stores of weapons and equipment for obsolete kit or items likely to become surplus in the future.¹⁴ Thus, while future requirements and force establishments remained uncertain and a source of contention between civilian and military leaders, there were no such illusions about disposal: surpluses would inevitably exist after victory.

Although arrangements for the disposal of new and state-of-the-art weaponry would await the end of the war, records from the Army's Provisions Directorates in the MGO Branch show that little time was wasted in revising disposal procedures for obsolete kit. Recognizing that the ASDB would be assimilated into the WAC and that new arrangements were required for handling surpluses, the Defence Council ordered the creation of the Army Ordnance Surplus Assets Committee (AOSAC) on the same day it discussed Pettigrew's letter. The AOSAC convened just two days later and Colonel Dailley was named its first chairman. The AOSAC became the Army's central hub for disposal connecting the MGO Branch, the Inter-Services Committee for Interchange of Surplus Assets, the Obsolete Stores Committee, the ASDB, and the CAAC.¹⁵ From January onwards, it investigated all assets and property handled by the MGO "with the view to the determination of the types and quantities of such assets which are surplus to

Historical Review, Vol. LI, No. 1, (March, 1970), 29; Andrew Richter, *Avoiding Armageddon: Canadian Military Strategy and Nuclear Weapons, 1950-1963*, (Vancouver: University of British Columbia Press, 2002), 3-36; Wakelam, *Cold War Fighters*, 1-44.

¹⁴ LAC, RG2, Vol. 12, File: W-45, Dyde to Pettigrew, 24 January 1944.

¹⁵ LAC, RG24, C-8432, File: 9106-5 Vol. 1, "M. G. O. Directive No. 4," and "Appendix A," 21 January 1944; Ibid, flow charts "Obsolete Stores," "Controlled Stores," and "Non-Controlled Stores," no dates; Ibid, "Inter-Service Committee for Interchange of Surplus Assets," 25 January 1944; Ibid, "Notes for Discussion," no date; Ibid, "Notes for Meeting of Army Ordnance Surplus Assets Committee," no date.

the needs of the Department of National Defence.”¹⁶ In practice, this meant that when surpluses or obsolete stores were found within the Army’s various branches and directorates, lists were sent to the AOSAC which would then distribute the paperwork to the other committees listed above for investigation. Recommendations were then sent back and if the goods could not be redistributed between the other services, were surplus to all known requirements, or obsolete then the AOSAC forwarded the amended lists to the Deputy Minister (Army) and through him they were declared to the CAAC.¹⁷

The Army was not alone in devising procedures for declaring surpluses. In response to PC9108 and the *Surplus Crown Assets Act* varying methods – from large committees to a single bureaucrat – were developed within the RCN, RCAF, and practically every government department or agency. The creation of these arrangements highlights an important starting point for the flow of surplus goods, as well as the relationship that existed between the CAAC, WAC, and all the departments they serviced. The Committee and Corporation were not responsible for examining the inventories of every federal department, agency, or organization. Rather they depended on each one to inspect their own assets and evaluate their own needs before declaring surpluses. Only once assets were declared did the CAAC become involved and then, once the paperwork was processed, were the assets sent to the WAC for final disposal.¹⁸ This was a key dynamic to the flow of goods: the work of the CAAC and WAC was dependent upon other departments and the military evaluating postwar budgets, expected requirements, and the speed at which they declared surpluses.

In having the largest inventories, the DND and DMS became the key valves controlling the flow of goods and disproportionately affected the character and tempo of disposal operations. Therefore, shortly after being formed, the CAAC sought to forge strong lines of communication and coordination with both. As part of its general reconnaissance efforts and fact-finding missions, Committee members started liaising

¹⁶ Ibid, “M. G. O. Directive No. 4,” 21 January 1944.

¹⁷ Ibid, “M. G. O. Directive No. 4” 21 January 1944; Ibid, flow charts “Obsolete Stores,” “Controlled Stores,” and “Non-Controlled Stores,” no dates; Ibid, Army Ordnance Surplus Assets Committee Meeting Minutes, 23 January 1944.

¹⁸ *SCWEE*, 20 November 1945, (No. 1, Book 2), 3 and 14.

with particular individuals they could count on if problems or uncertainty arose. In regards to the armed forces, this was especially critical since they would be working so closely together. For declarations related to the Army, the CAAC relied on the two Deputy Ministers serving as the DND's representative on the Committee, first H. Desrosier and then A. Ross. However, the practical experience of those lower down the hierarchy of command (and actually in charge of handling the assets in question) was needed, so the CAAC decided that Colonel Dailley was the best point of contact. For the Navy and its disposal matters the CAAC dealt with L. C. Thompson and later Captain G. L. Roome, who was appointed Director of the Navy's Disposal Organization. For the RCAF, Terence Sheard was initially approached but it was finally agreed that his boss, Wing-Commander I. C. Cornblat, Director of Supply Administration, (and his successor E. H. Mahoney) was the better contact.¹⁹ In regards to the DMS, the CAAC relied not only on Berry's connections but also on W. E. P. DeRoche, General Counsel and later the Surplus Property Officer for the DMS.

Of course, the DMS and DND were not the only government departments that had assets to dispose of after the war, so new disposal arrangements started popping up across the entire bureaucracy. As a result, in early 1944 the first waves of surplus declarations started arriving at the CAAC from all over the government. At that point, Committee members were still familiarizing themselves with their new jobs and policies had only been discussed in the broadest sense. So when the first declarations arrived from the RCAF and the Department of Pensions and National Health, the CAAC received a hodgepodge of lists declaring surplus several hundred obsolete aircraft and equipment as well as unneeded firefighting and air raid precaution equipment. There was little consistency in format or information provided other than type and quantity.²⁰ This lack of consistency and detail prompted Berry to establish the Standard Procedures and require every declaring agency to use them. This also helped solidify the administrative channels

¹⁹ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 5 January 1944; LAC, RG24, Vol. 8178, File: NSS 1813-1, "Post Hostilities – Disposal Planning General," W. G. Mills to WAC, 10 September 1945.

²⁰ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, Schedule D and E, 21 April 1944

within the rapidly growing network of new departmental arrangements and officers handling disposal matters.

In total there were ten different Standard Procedures issued from 1944 to 1948 with several accompanying forms and receipts. Together they covered the basics of surplus declarations and explained what was required of declaring agencies and how declarations and assets were processed. The Standard Procedures were always referred to in short form (“CAAC 1” “CAAC 2” etc.) while the accompanying forms were usually denoted by a four digit number (“2231” “2232” “2241”). When revisions became necessary, the short form was updated as “CAAC 2A” and “CAAC 2B.” Moreover, two other separate sets of Standard Procedures were devised, one for declarations of surplus property owned by foreign countries in Canada and the other for surplus declarations of American property in Canada (see Appendix 2). CAAC 1 to 6 were drafted to explain how to report surpluses properly, what kinds of information to provide in addition to type and quantity (such as, original cost and location), the number of forms that were required (since multiple copies were needed for all parties to keep track of items), the definition of scrap and unusable goods, the types of codes and abbreviations to use when filling in forms, and how to make priority claims for the transfer or allocation of goods.²¹ However, experience in dealing with declaring departments prompted several changes. The chronology of the trial and error process is evident in the dates on which procedures were issued and subsequently revised, especially for CAAC 2 and 4 (the Standard Procedures covering how to report surpluses and how transfers and allocations functioned).

Since PC9108 and the *Surplus Crown Assets Act* required that all surplus government property be sold through the CAAC and WAC, some duplication and conflict emerged with other departmental regulations when the Standard Procedures were implemented. Over the course of 1944 several departments and agencies sought clarifications for conflicting procedures. This proved to be an early challenge for the new disposal administration, but these bureaucratic issues were resolved by allowing several exemptions to the system. In most cases, exemptions were easily granted and added to a master list that Berry started keeping over the summer of 1944. Most exemptions

²¹ See: LAC, RG28, Vol. 132, File: 3-C-34-1, “Crown Assets Allocation Committee, Standard Procedures.”

followed on the blanket one for perishable goods written into the *Surplus Crown Assets Act*. Section 3 stated that no departments, except for the DND and DMS, were required to declare surpluses in accordance with the Act if they were “agricultural or dairy products or livestock or livestock products.”²² This spared the Committee and Corporation from substantially interfering with the agricultural economy, its crop surpluses, and its prices. Furthermore, in accordance with this provision the CAAC later decided to extend Section 3 to include kitchen waste.²³

Some exemptions were minor. In one case, the RCMP was provided one for selling old uniforms to Indian and Northern Affairs. In other cases, the Department of External Affairs was given permission to sell “small items abroad” when relocating embassies and the Department of Mines and Resources received approval to “sell surplus in remote areas under \$100.00.”²⁴ Other exemptions were larger. For instance, the National Harbours Board and the Department of Transport were both permitted to sell surplus lands they owned before the war in consultation with the WAC.²⁵ Similarly the Soldiers Settlement Board and the Veterans Land Act lobbied the CAAC over the summer and were granted exemptions to sell or lease land and farming equipment to veterans seeking a living in agriculture.²⁶ Probably the largest and most important exemption granted to any single department was given to the DND for destroying surplus ammunition. In May and September 1944, the CAAC and WAC (which lacked the specialized storage facilities needed for maintaining ammunition safely) allowed the military to destroy unwanted ammunition and explosives without declaring them surplus. In response to the growing tide of conflicts, the CAAC approved a blanket exemption in September 1944. It authorized “Government Agencies which were either responsible for their own financing or were an entity in themselves or having their own disposal Agency be excluded from

²² LAC, RG28, Vol. 132 File Part 2, *Surplus Crown Assets Act* in *Revised Statutes of Canada*, 1944. Chapter 21, Section 3, 70.

²³ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 22 September 1944.

²⁴ *Ibid*, 16 June 1944 and 19 January 1945; *SCWEE*, 22 November 1945, (No. 1, Book 2), 28.

²⁵ *Ibid*, 16 June 1944; *Ibid*, 28.

²⁶ *Ibid*, 18 August and 22 September 1944.

the provisions of the Act.”²⁷ Although the meaning of “own disposal agency” remains unclear, it seems that this was a formal statement indicating that the CAAC and WAC were finished assimilating other disposal agencies.

There are few – if any – indications that exemptions were abused. However, it was entirely possible for a department to avoid using the disposal channels of the CAAC and WAC. In theory, if the department maintained its own disposal agency, skirting the Act’s provisions was just a matter of not declaring something surplus. Without a surplus declaration the assets or property would never fall under the jurisdiction of the CAAC and WAC. However enticing, it appears that this practice was not used frequently, and if it was, it usually had the CAAC’s approval and was coordinated in some fashion with the WAC. Therefore it seems that government departments adhered to the spirit of the *Surplus Crown Assets Act*, although Howe and the DMS flirted with its boundaries and took advantage of its loopholes. As DeRoche explained to the SCWEE in November 1945, “The Surplus Crown Assets Act gives power to sell to the Minister of Reconstruction” rather than explicitly vesting that power solely in the CAAC or WAC. So while these organizations became the primary and legal means for selling unneeded government property, Howe’s mandate as Minister of Reconstruction enabled him to delegate selling authority to other agencies and branches under his control.²⁸ Indeed, Diefenbaker’s sharp criticism of the Act had some merit.

Yet this particular loophole for delegating selling authority was necessary given Howe’s wider mandate as Minister of Reconstruction and he keenly exploited it despite some internal opposition. Towards the end of 1944, Howe formed the War Surplus Branch inside the DMS and named Berry its Director-General. Records relating to the War Surplus Branch are curiously missing from the DMS’s files and finding aids, but testimonies to the SCWEE reveal that the War Surplus Branch negotiated sales of complete factories and relied on the WAC to rubber stamp the transactions, thereby

²⁷ Ibid, 22 September 1944. Berry’s list of official exemptions has not survived.

²⁸ SCWEE, 20 November 1945, (No. 1, Book 2), 21.

tacitly fulfilling the provisions of the Act.²⁹ Records and meeting minutes from the WAC's Board of Directors show that it deeply opposed the creation of a competing agency even though Berry was in charge. In January 1945, the Board wrote Howe a letter that formally objected to the establishment of another selling agency. However, they also offered some recommendations should this new agency remain in operation. Among other things, it recommended that a clear definition of its mandate be publicized to avoid confusion and that its mandate be exclusively linked to the sale of factories and industrial machinery. A month later, Howe responded and while noting their objections he indicated that the War Surplus Branch would not be terminated, but that the division of responsibility would fall in line with their recommendations.³⁰

From surviving evidence it is difficult to piece together how the War Surplus Branch did its business, but it likely acted as a clearing house for the Industrial Reconversion Branch, the most important and influential branch in the Department of Reconstruction. Headed by H. J. Carmichael until December 1945, the Industrial Reconversion Branch was responsible for establishing the nation's postwar industrial priorities and supporting the transition of industry from wartime to peacetime production. In other words, the Branch's consultants, economists, analysts, and statisticians determined whether or not Canada could support a specific industry or if the expansion of an industry was in the nation's best economic interests.³¹ Carmichael's Branch handled the allocation of factory floor space and much of its associated machinery (especially the most valuable and high-tech equipment). Therefore it required further powers to negotiate their sale and disposition. In doing so, the Industrial Reconversion Branch administered the department's disposal arrangements and surplus declarations. However, it is also quite evident that it could short-circuit the CAAC if it found a purchaser. In those

²⁹ The file (LAC, RG28, Vol. 137, File 3-C-46, "Surplus Disposal") that probably explained much about the War Surplus Branch is inexplicably empty. In June 2014, I brought this to the attention of LAC's reference archivists who performed a thorough search by checking all volumes from RG28 that were ordered at the same time as Vol. 137 over the last 15 years. The search yielded no misplaced files and I am currently in contact with the archivist in charge of managing RG28. For information on the War Surplus Branch see: *SCWEE*, 20 November 1945, (No. 1, Book 2), 21; *War Assets Corporation First Annual Report*, (July 12, 1944 to March 31, 1945), 5.

³⁰ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 11 January and 8 February 1945.

³¹ For more on depreciation and the Industrial Reconversion Branch, see: Firestone, *Encouragement to Industrial Expansion in Canada*, 3-61; Bothwell and Kilbourn, *C. D. Howe*, 180-196.

situations it went directly to the WAC to close the sale, but if the Reconversion Branch determined that a particular plant or parts thereof were surplus, it declared them through regular channels.

Howe also delegated his selling authority to at least one other agency in his department: the WICB and its resource Controllers. In regulating the flow of materials and resources into the war economy, the WICB had to guard against shortages in supply. As a result, Controllers established strategic stockpiles of resources either through conservation and recycling campaigns or by purchasing materials in bulk with public funds. The question of how to dispose of surplus stockpiles was eventually addressed by Howe at a WICB meeting in September 1944. Both Berry and Carswell assumed that entire resource stockpiles would be turned over to the WAC immediately upon becoming surplus to the needs of Controllers and the war economy. Howe rejected that policy line, reasoning that since stockpiles were created by acquiring the materials from the marketplace they could be disposed of in a similar fashion and without an additional layer of a bureaucratic involvement.³²

Therefore, before the Control ceased operations, the Controller, employing his knowledge and expertise in the trade, was instructed to sell as much of the stockpiles as possible. If the Control did not liquidate everything before winding up its operations, the remainder was declared to the CAAC and turned over to the WAC for disposal. On this matter, Gordon concurred since the practice was already envisioned for the Canadian Wool Board, which would continue selling its stocks until they were depleted. Moreover, E. J. Brunning, the Coal Controller and formerly a member of the Sellar Committee, also favoured this policy. He felt that it was “better to leave the stockpile surpluses with the Controllers in the first place” since the WAC would inevitably depend on the expertise and connections of the Controllers when marketing and selling the stockpiles.³³

While exemptions certainly helped cut down on friction within the federal bureaucracy, they were largely useless if capable people were not around to devise them and help resolve problems. It was fortunate that an early emphasis was placed on hiring

³² LAC, RG28, Vol. 333, File: 196-40-11, WICB, Minutes of Meeting #54, 20 September 1944, 3.

³³ *Ibid*, 3.

the most experienced and capable people for senior positions in Canada's disposal administration. Some mention has already been made of the company's Board of Directors and their wide-ranging business experience, but several other key employees also demonstrate this pattern. In January 1944, F. O. Peterson, who was the Secretary-Treasurer for Citadel Merchandising, accepted the same job with the WAC and served in numerous capacities until 31 December 1945 when he resigned.³⁴

Hew Scott became the Corporation's first General Manager in January 1944. A Scottish-born engineer, Scott worked for the Allied War Supplies Corporation during the war as their Director of Ammunition Filling.³⁵ Scott resigned as General Manager in February 1945 and, after completing a major tour and evaluation of markets in South America, he officially left the Corporation in June. Peterson filled Scott's vacancy until October when A. E. McMaster took over. During the war, McMaster served as the Executive Assistant for the Japanese Fishing Vessels Dispersals Committee and therefore gained some dubious experience selling property and assets as the Dispersals Committee sold the fleet of fishing vessels confiscated by the government after their rightful owners were resettled.³⁶ Several other employees were critical to the WAC's operations. H. R. Malley, who served six years in the Ammunition Production Branch of the DMS (two as its Director-General), joined the WAC in August 1945 as VP in charge of the newly created Supply Department and eventually succeeded Berry as President in July 1949.³⁷ In November 1945, E. R. Birchard, who replaced Berry as Motor Vehicles Controller after serving as his Deputy for most of the war, joined the WAC as VP in charge of the Merchandising Department.

³⁴ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 6 January 1944, 17 May, 9 August 1945, and 14 February 1946.

³⁵ LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 32-34; Ibid, Newspaper Clippings, "Scott Manager of War Assets," *Globe and Mail*, 17 January 1944 and "Official Named for War Assets," *Montreal Star*, 14 January 1944; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 6 January and 8 February 1944.

³⁶ Michael Kluckner, *Vanishing British Columbia*, (Vancouver: University of British Columbia Press, 2005), 51

³⁷ LAC, RG101, Vol. 1, File: R-1-1-2, Saunders to Board of Directors, 2 August 1949; LAC, RG32, Vol. 168, File: Malley, Horace W. Roger, "Employment"; Kennedy, *History of the Department of Munitions and Supply*, Vol. I, 49.

These names and resumes demonstrate a key dynamic to the WAC's business model. As with its Board of Directors, the WAC's employees represented a cross-section of Canada's industrial war effort. Whenever possible, previous experience with war production was deliberately targeted so that it could be redeployed to demobilize the wartime economy and disperse its materiality. This was crucial considering how the Corporation was burdened by a large and diverse inventory of merchandise that it had not produced but was forced to deal in. In other words, the WAC needed a wide set of experienced employees because it did not specialize in any single niche market and was forced to operate a conglomerate of many different and unrelated big businesses. As Berry explained to the SCWEE:

We have one business which sells ships. We have a business which sells automobiles. Another business sells aluminum, brass and copper. And then we have another business sitting over here that sells something totally different. And, off the record you are faced with the problem of having to have senior executives who will run any one of these types of businesses, and any one of these, again, is a big business in itself.³⁸

Although finding key men was not difficult, retaining them proved to be a constant challenge. Despite a small and capable nucleus that remained with the WAC throughout the transition period, the Corporation experienced a high rate of personnel turnover at all staffing levels.³⁹ Among executives, the constant turnover was a product of several factors emanating from the WAC's chief mandate: selling surpluses. Many people saw the Corporation's existence as a "temporary" measure since it produced nothing and sold only government property that, while vast in scope, was finite in supply over time. How long the Corporation remained in operation depended completely on its performance. So while no timetable existed for its termination, the quicker it sold its inventories the quicker it became obsolete. As a result, the WAC did not offer much long-term job security.

No stop-gap measures could remedy the turnover, even at the executive level. For businessmen-turned-bureaucrats the lure of returning to the private sector remained

³⁸ As quoted: *SCWEE*, 22 November 1945 (No. 2 Book 2), 50.

³⁹ The Board of Directors were constantly approving new appointments and salaries for their managers, directors, and other important staff members. See: LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, various entries, 1944-1947.

powerful. In 1939-1940 the mobilization for war had attracted droves of “dollar-a-year-men” and their private sector expertise into public service, but this brain gain evaporated once hostilities ended. Although the government tried double-dipping into this talent pool, few “dollar-a-year-men” obliged. After years of public service, many were eager to return to their civilian careers or retire. Thus, “brain drain” became widespread and hit the WAC repeatedly. The exodus of talent and experience (exemplified by the resignations of Carswell, Scott, and Peterson in 1945 and Gagnon, Guthrie, and J. W. Horsey in 1946) meant that a steep attrition rate developed right when a second wind of ingenuity and expertise was needed most. As Berry explained to the SCWEE, “you can say that quite specifically that Canada is short of key men, and that all of this type of man are actively engaged by their own companies at the moment, with the reconstruction of their own companies turning them back from war to peace.”⁴⁰ In response to some questions regarding the private sector loaning “key men” to the government during the war, Berry clarified his point: “during the war period the government actually took over some of the functions of officials, and as a result of that certain men could be spared from those businesses and loaned to the government. Now, the situation is reversed.”⁴¹

Fortunately, replacements were usually found to plug vacancies as they developed, but recruitment efforts were constantly handcuffed by the Corporation’s unique mandate and overreliance on nepotism. To guard against wide-spread influence peddling and abuse, proper character references from trusted sources were required. As Berry explained, increasing salaries to compete with the private sector was not an ideal solution: “I do not think we could attract people with money. The men whom we require to do this job and do it honestly and properly are not the men whom you can go out in the street and buy, not under the conditions under which we operate.”⁴² At all times, it was best to draw from the small cadre of trusted individuals who had already contributed to the war effort, were familiar with the bureaucracy and, ideally, had experience in the production branches of the DMS. But even then enticing this cadre to stay could be difficult. As Berry continued:

⁴⁰ SCWEE, 22 November 1945 (No. 2 Book 2), 49-50.

⁴¹ Ibid, 49-50.

⁴² Ibid, 49-50.

Most men of the calibre required are already employed by commercial enterprise or are snapped up by commercial companies when available. It does not appear possible to borrow these men as was done during the war period. I think I must say that the men remaining with the corporation and those having joined the corporation since my own appointment are mainly staying with the job from a sense of public duty and a desire to see the job through.⁴³

Coming on the heels of a grueling six-year war, few people were interested in another round of demanding public service. During his only appearance before the SCWEE, Howe explained that the job of disposal was a hard sell: “the difficulty is that we have a very small staff for a very big problem. It is difficult to attract staff to this type of work. It is not the type of work that commends itself to most people.” Right after Howe finished his statement, Berry added that disposal “has been referred to as a self-liquidating job” – meaning that it interested few people to begin with, those who started did not last long, and if the job was done efficiently eventually it would be expendable.⁴⁴

While cynical in nature, Berry’s remark was also quite incisive since it hinted at another layer to the manpower issue. Trusted reputations were forged by service during the war years, so the type of individuals desired most by the WAC were also the most liable to be exhausted and worn out. The industrial front was a stressful and dangerous place to work and by 1945 many “dollar-a-year-men” were burnt out or developing serious health conditions. In October and November, Berry was bed-ridden with pneumonia and relied on DeRoche or Peterson to present parts of his briefings to the SCWEE.⁴⁵ Several others were suffering serious health conditions or in desperate need of a vacation. As Howe remarked, “I just got Mr. Berry out of a sick bed last week. I just received word this morning that the second in command [Gagnon] is in hospital with arthritis; and the man dealing with surplus plants [Malley] had a heart attack this morning and would be in the hospital for at least three months.”⁴⁶ Thus, the decision to take on another daunting challenge immediately following the war meant that officials were often risking further “liquidation” of their health and abilities.

⁴³ Ibid, 43.

⁴⁴ Ibid, 18.

⁴⁵ SCWEE, 20 November 1945 (No. 1 Book 2), 4.

⁴⁶ SCWEE, 22 November 1945 (No. 2 Book 2), 18.

Despite the turnover, a remarkable amount was accomplished. In fact, brain drain had some positive results since it added particular emphasis on developing solid administrative procedures to ensure some form of institutional memory was maintained. Officials put special effort into making workable administrative arrangements, because they recognized that without them, the likelihood of problems and mistakes multiplied exponentially, especially once new employees replaced those leaving. They also recognized that imposing order on the disposal process gave them a foothold for dealing with its various problems. However, since there were few precedents on which to rely, trial and error was the only way to develop workable procedures. As a result, attempts at imposing order were always accompanied by new or unforeseen complications. Trial and error meant that administrative procedures remained in a constant state of flux and that the batch of 3,267 surplus declarations from before March 1945 helped test the established arrangements.

The serial insufficiency of the administrative procedures designed for declaring surpluses stemmed from their purposes and goals. In general, the Standard Procedures had four underlying principles. First, they had to be designed for efficiency so they could handle the vast majority of all declarations and assets in an orderly and automatic fashion. However, this meant that the administration had to be detail-oriented so items could be tracked once consigned to the WAC. This multiplied the amount of paperwork and was completely contingent on the willingness of officials to fill in the forms correctly and with sufficient details. Second, the entire administration had to enforce strict regulations that minimized widespread influence-peddling and abuse, but that in turn eliminated pricing discounts and special treatment in the Standard Procedures – even if assets were sold to provincial governments or public organizations involved in reconstruction or rehabilitation.

Third, since the procedures were all drafted before the war ended, officials understood that some flexibility was crucial to meet changing needs and assimilate new experiences.⁴⁷ However, this realization also lent itself to developing vaguely worded

⁴⁷ For complete series of Standard Procedures, see: LAC, RG28, Vol. 132, File: 3-C-34-1, “Crown Assets Allocation Committee, Standard Procedures.”

regulations and procedures that often resulted in new problems and delays, particularly at the fringes of departmental jurisdictions or when filling in the requisite forms. In most cases, when the Standard Procedures were revised it was usually to address the vagueness of various provisions so that more details were coaxed out of declaring departments. Finally, and most importantly, the administration had to have a set of special procedures that allowed for the strategic allocation of assets. Such a system would protect the economy from a glut of surplus second-hand property and also materially support the needs of reconstruction and rehabilitation. However, the incumbent checks and balances required to allocate goods and resources through a system of “priorities” were counter-productive to quick disposal and, once the volume of surpluses increased, the mountains of paperwork bogged down the whole system as administrators had to match claims and inventory lists by hand.

The system for strategically allocating surpluses, established through CAAC 4, was a persistent issue that continually exposed the imperfections built into the administrative preparations. Largely created because of the political and public pressure surrounding the disposal of surpluses, the “priorities” system was a four-tiered scheme designed to create a hierarchy of access and privilege in which other federal government departments ranked first, provincial governments second, municipal governments third, and public bodies (any school, hospital, relief organization, or publicly funded organization) fourth. In this hierarchy, each level could submit a priority claim or request for any type of surplus and if it became available in their region it could be purchased before it went out on the open market and if none of the other priorities above laid claim.⁴⁸ In this way assets could be disposed of strategically and in the public’s best interests since the property acquired by priority claim was often urgently needed for local reconstruction and rehabilitation efforts.

At the first priority level, the CAAC facilitated inter-departmental transfers. A great deal of assets changed hands this way and a significant amount originated from the

⁴⁸ LAC, RG101, Vol. 1, File: R-1-1-9, “Statement prepared for the House of Commons Committee on War Expenditures and Economies,” 20 November 1945 and 2 April 1946; Ibid, “History of War Assets Corporation,” 15 July 1950, 7-9; *War Assets Corporation Second Annual Report*, (April 1, 1945 to March 31, 1946), 3-9; LAC, RG2, Vol. 79, File C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 15-16.

inventories of the DND and DMS. In general terms, the CAAC facilitated the transfer of numerous types of tools, clothing, bedding, medical supplies, buildings, real estate, factory space, and many other types of assets from those departments to other ones. In many cases, the property transferred went to the Departments of Labour or Indian and Northern Affairs so each could continue supporting its various programs and policies, such as the Canadian Vocational Training Program and the expansion of social services in the North.⁴⁹ After some discussion with the Treasury Board about the finances behind the transactions, it was determined that no free departmental exchanges could take place. So the CAAC became responsible for ensuring that transactions took place and that the prices involved were equivalent to the market values as defined by the WAC. However, once the CAAC matched surplus declarations with priority claims, the negotiations for the exact price, transfer, custody, and transportation became the responsibility of the departments involved.⁵⁰ The CAAC played the role of matchmaker.

Probably the largest and most substantial inter-departmental transfer managed by the CAAC was the airfields, facilities, and equipment of the British Commonwealth Air Training Program (BCATP). The BCATP was arguably Canada's largest contribution to the Allied war effort. The program trained over a quarter of all Commonwealth aircrew and pilots and prompted the American President, Franklin D. Roosevelt, to remark that the BCATP turned Canada into the "aerodrome of democracy." The BCATP established 107 flight schools and 184 ancillary units located at 231 different sites across the country. Many schools were located in rural or under-populated areas (such as Goderich, Ontario, Penhold, Alberta, and Yorkton, Saskatchewan), so the postwar necessity of an airport was questionable, but the interest of municipal and provincial governments remained high.⁵¹ Others, located in more populated regions, retained some practical value as civilian

⁴⁹ See: LAC, RG24, C-8432, File: 9106-5 Vol. 1, "Memorandum to MGO," A. Ross, 17 March 1945; Ibid, "Breakdown of Surplus General Stores Sold through War Assets Corporation during January 1946," R. McColm to DMGO, 15 February 1946; LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 9-10.

⁵⁰ LAC, RG28, Vol. 132, File: 3-C-34 File Part 1, W. C. Ronson to J. P. Pettigrew, 17 February 1944; *SCWEE*, 20 November 1945 (No. 1 Book 2), 10; LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 23 February 1944.

⁵¹ For more on the BCATP, see: Spencer Dunmore, *Wings for Victory: The Remarkable Story of the British Commonwealth Air Training Plan in Canada*, (Toronto: McClelland & Stewart, 1994).

aerodromes and flying clubs or, inversely, as a source of building materials and housing if demolished or renovated.⁵² In March and May 1944, Cabinet decided that the Department of Transport would automatically receive “first opportunity of acquiring control of all airfields and all or any of the buildings thereon” when declared surplus by the RCAF and BCATP. However, if Transport did not require the property then it was sent back through the normal disposal channels to the WAC. The Corporation then took possession and determined the best course of action: either to sell the real estate, buildings, and moveable assets or dismantle them and sell the materials piecemeal.⁵³

By mid-1945, once several batches of surpluses had tested the channels of communication, the tracking system, and the priorities scheme, the CAAC and WAC felt they had developed a satisfactory system for managing disposal operations.⁵⁴ However, despite all these early preparations, once hostilities concluded and the rate of declarations increased, some glaring problems and oversights quickly emerged. In fact, the small sample size of surplus declarations around which the administrative procedures were tested proved to be a critical weakness as the system was designed with too many checks and balances that slowed disposal after the floodgates opened. However, despite their shortcomings, the combination of early preparations and the assimilation of qualified expertise did help mitigate a total disaster. Yet this did not happen without incident or new rounds of mistakes, changes, and effort – especially on the part of the WAC.

The Best Laid Plans

On the eve of VE-Day, the typical path travelled by a surplus asset and its associated paperwork went something like the following. Once a department or agency defined its postwar plans and budgets, it knew what was surplus to its requirements. Unneeded assets were reported to the CAAC using Standard Procedures CAAC 2 and 3

⁵² LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 17-18; *War Assets Corporation Third Annual Report*, (April 1, 1946 to March 31, 1947), 19.

⁵³ This policy was recommended by the Interdepartmental Committee on Air Transport Policy. RG2; Vol. 12, File: W-45, Berry to C. P. Edwards, 2 June 1944; LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 16 June 1944. See also: LAC, RG12, VOL. 2296, File: 5150-26, “Airports & Airharbours – General. Disposal of R.C.A.F. Airports – Sale or Transfer,” various correspondence, 16 May 1944 to 7 June 1945.

⁵⁴ *SCWEE*, 20 November 1945, (No. 1, Book 2), 10.

and by correctly filling in the associated forms and receipts. The paperwork, having been received by the CAAC at its offices in Ottawa, would then be added to a general tracking schedule and staff processed the paperwork by comparing the declared surpluses to the roughly 50,000-plus requests for priority allocation (as defined by CAAC 4) received separately by the Committee.⁵⁵ Copies of all paperwork were then sent to the WAC's Sales (later Supply) Department with the most recent tracking schedules. At every Committee meeting these tracking schedules were approved for transfer and each entry contained a specific recommendation that almost always related to a priority claim so the WAC was apprised that it had to negotiate with a specific interest group. If no priority requests were on file then specific recommendations were not generally provided.⁵⁶

At no point in the process did the CAAC ever take physical possession of any assets; it only handled paperwork. Everything declared surplus would be physically handled by the WAC. Thus, the wisdom of forming both organizations on the same plane, with neither subordinate to the other, was clearly evident. A division of responsibilities existed, but there was a fundamental inter-dependency that a hierarchical organization could never accommodate: duties shifted laterally, not from above or below. All tracking schedules were received by the WAC's Head Office in Montreal, which then passed them on to its main operating department, the Sales Department. Until the WAC was reorganized between August and October 1945, the Sales Department handled all aspects of disposal.⁵⁷ Although the arrangements were logical and straightforward they would also prove to be quite cumbersome and prone to delays once hostilities ended.

From April 1944 to August 1945, the WAC centralized all its operations around only sales. At its offices in Montreal, the Sales Department coordinated the categorization, pricing, marketing, and selling of all surpluses consigned to it. However, the centralization of all declarations, paperwork, and sales approval for the entire country at one location and within one department created an administrative bottleneck. The

⁵⁵ SCWEE, 27 November 1945 (No. 3, Book 2), 65.

⁵⁶ LAC, RG101, Vol. 1, File: R-1-1-9, "Supply Department Bulletin – Organization," October 1945. Also see the various tracking schedules and lists of consigned inventories to the WAC. Some are available in: LAC, RG28, Vols. 132-134, File: 3-C-34 File Part 1-7, "Crown Assets Allocation Committee."

⁵⁷ *War Assets Corporation Second Annual Report*, 5.

Corporation's various branches, located across the country, had very little autonomy and were arranged mainly as places to pick up goods or make inquiries about purchases. This resulted in "a decided time lag" since the WAC's regional headquarters were reduced to "distribution outlets only for that surplus referred to them" from the Head Office.⁵⁸ The postwar rush only exacerbated this bottleneck and compounded the inherent delays. Further complicating this situation was the fact that during the early stages of planning and preparations there were hardly any considerations made for warehousing needs.⁵⁹ Instead, the WAC expected to rely heavily on declaring agencies to maintain custody of their surpluses and also make deliveries to the purchaser according to instructions received by the Head Office. The custodial arrangements may have saved the WAC the cost of warehousing and shipping, but it did not expedite disposal.⁶⁰

Before the WAC's major reorganization, delays and problems started appearing as the volume of declarations steadily increased. By April 1945 the AOSAC noticed that a significant delay between the declaration of surpluses and their actual sale was developing. On 18 April, the new MGO, Major-General James V. Young, submitted a report to the Deputy Minister (Army) that he had commissioned "because of complaints from several of my Directors" that surpluses declared to the CAAC were not being disposed of by the WAC "within a reasonable length of time." The report, written by Dailley, was not very flattering to Canada's disposal administration. Up until April the four Directorates of the MGO Branch had made 218 surplus declarations but only 52 could be classified as completed. Moreover, the elapse time of the remaining declarations was troubling: thirteen were older than nine months, 58 were between three and nine months old, 33 were less than three months old, and the remaining 62 declarations were unaccounted for in the report.⁶¹

⁵⁸ *SCWEE*, 22 November 1945 (No. 2, Book 2), 42-43.

⁵⁹ *War Assets Corporation First Annual Report*, 5; *War Assets Corporation Second Annual Report*, 9; *War Assets Corporation Third Annual Report*, 9-11.

⁶⁰ LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 8, 27; *War Assets Corporation First Annual Report*, 5; *War Assets Corporation Second Annual Report*, 9; *War Assets Corporation Third Annual Report*, 9-11.

⁶¹ LAC, RG24, C-8432, File: 9106-5 Vol. 1, "Position of Surplus Stores Declared by M.G.O. Branch," J. V. Young to Deputy Minister, 18 April 1945, 1.

The report also uncovered that, of the sales completed, many were made piecemeal. For instance, the AOSAC found that of the 2,500 butchers' cleavers declared surplus and "in the hands of W.A.C. for 5 months...only 34 have been sold to date" while \$17,908.68 worth of "surplus tools and equipment" were "in the hands of W.A.C. for 7 months and only \$100.00" was sold.⁶² Although some sales were taking place, they were not in significant quantities. Moreover, given the severe material shortages across the country and that some of the surpluses declared by the MGO had useful civilian purposes the delays were doubly concerning: how could the WAC not find any customers? Even though many of the problems exposed by the AOSAC's report were attributable to the centralized operational practices of the Corporation, the report demonstrated that some "legitimate criticism of the service being rendered by War Assets Corporation" existed.⁶³

For the armed forces these delays in disposal were particularly troublesome because of the custodial arrangements with the WAC. Downsizing force requirements and declaring surpluses not only involved the disposal of unneeded kit, it also meant that each armed service started consolidating the munitions, supplies, and real estate they planned on keeping. This made any existing storage space and warehouses a premium resource that could not be spared indefinitely for unneeded things. However, without storage facilities of its own, the WAC was completely dependent on the armed services to maintain custody of surpluses until it found a buyer. This took time and had serious implications for the armed forces since assets declared surplus months before were still occupying "badly needed storage space" on a seemingly indefinite basis.⁶⁴ Once demobilization hit full swing, the WAC started hampering the efforts of the armed forces to both consolidate and liquidate their wartime inventories.

The custodial arrangements caused problems for the WAC. Because the Corporation wanted declaring agencies to maintain custody of their surpluses, it

⁶² Ibid, "Position of Surplus Stores Declared by M.G.O. Branch," J. V. Young to Deputy Minister, 18 April 1945, 1-2. See also the attached charts and appendices in this report. For example: Ibid, "Typical Example of Stores Declared Surplus [Director of Ordnance Services (General Stores)] and Not Yet Disposed of War Assets Corporation," Appendix III, 1-2.

⁶³ Ibid, "Position of Surplus Stores Declared by M.G.O. Branch," J. V. Young to Deputy Minister, 18 April 1945, 2.

⁶⁴ Ibid, "Position of Surplus Stores Declared by M.G.O. Branch," J. V. Young to Deputy Minister, 18 April 1945, 2.

effectively relinquished control over their treatment and fate before final disposal. This was a major problem given the pressing storage concerns facing the military and most federal departments. As a result, declaring agencies started viewing surpluses as a nuisance – especially if they remained in their possession indefinitely – and were anxious to dispose of them as quickly as possible. Viewing surpluses as expendable and worthless could result in their premature destruction, particularly if the declaring agency only considered the asset’s value within the narrow confines of departmental requirements. In such cases, the declaring agency did not consider the object’s residual value in civilian markets or in fulfilling other purposes. For the declaring agencies, the Corporation was simply not getting rid of unwanted things quickly enough.

Perhaps, the most notorious example of the pitfalls of custodial arrangements was the situation involving the WAC and RCAF at Penhold, Alberta. The incident started in February 1945 when the WAC allowed the RCAF to destroy a laundry list of surplus equipment, with a few noted exceptions clearly identified in the correspondence.⁶⁵ RCAF personnel, acting as the WAC’s custodians and technical advisors, began identifying and destroying unneeded equipment and obsolete aircraft by scrapping or incineration. However, RCAF personnel misunderstood the meaning of “surplus” and “obsolete” as defined by the WAC. They assumed that since the aircraft and equipment in their custody was obsolete by Air Force standards, they did not possess any residual value for other purposes. In fact, the opposite was true, especially since weapon systems are the sum of several thousand components, some of which – such as engine batteries or Plexiglas – retain value in civilian markets. But the WAC, lacking direct supervision at Penhold, could not intervene and the destruction continued until questions were raised by the media and in Parliament. To many observers it was clear: waste and wanton destruction had taken place and the WAC was held accountable, even though its custodial agent was responsible for destroying the items in question.⁶⁶ The long shadow of the Penhold fiasco

⁶⁵ *SCWEE*, 21 May 1946, (No. 13, Book 3) (Ottawa: HMSO, 1946), 344-345.

⁶⁶ J. J. Brown, “Assets to Ashes,” *Maclean’s*, 15 July 1946, 9, 50-53; J. J. Brown, “Assets into Junk,” *Maclean’s*, 1 August 1946, 9, 46-47; *SCWEE*, 22 November 1945, (No. 2, Book 2), 28-30; CWM, *Democracy at War: Canadian Newspapers and the Second World War* (hereafter *Democracy at War*), “WAC Policies Rapped As Data Unavailable,” *Globe and Mail*, 1 June 1946; *Ibid*, “Junk Dealers Sold Him ‘Tons’ of War Material, WAC Critic Testifies,” *Globe and Mail*, 26 July 1946; *Ibid*, “Writer to Testify on

caused significant changes to the WAC's operational policies and also prompted it to forbid the military from destroying anything except ammunition.

The other major problem that the WAC encountered was the propensity for the declaring agencies to consolidate their surpluses in a single location before declaring them to the CAAC. This was problematic for two reasons. First, it meant that additional shipping costs had to be added to the purchase price and it further complicated the logistics of sales for the Corporation. Second, it resulted in quite a bit of negative publicity for the WAC. As Peterson explained to the SCWEE, "people see the surpluses; they know they are there; they see them moved away; they don't like it, and they assume the War Assets moved them."⁶⁷ Inversely, the bad publicity and public dissatisfaction could be aggravated if the surpluses, concentrated in a particular location by the declaring agency, remained trapped by the WAC's centralized practices and the CAAC's administrative bottleneck. This meant that the public could see large stocks of unused supplies and materials sitting on seemingly abandoned property or behind barbed wire fences, exposed to the elements, and further deteriorating in condition. The complaints of the Calgary General Contractors Association in August 1945 provide a typical example:

We are informed that there is a quantity of building materials of all kinds in storage at Currie Barracks and at No. 11 Equipment and Supply Depot here in Calgary that is not being used in any way. As you are no doubt aware, we are suffering from a serious shortage of supplies and we are at a loss to understand why this material is not being released to the trade.⁶⁸

Regardless of circumstances, the WAC was blamed even if the armed forces had yet to declare the items surplus as was the case at Currie Barracks.⁶⁹

On 23 October 1945, a follow-up report was submitted to the MGO and the Deputy Minister by Colonel R. McColm, Dailley's successor as Chairman of the AOSAC. In it

Story Alleging WAC Destruction," *Globe and Mail*, 24 July 1946; Ibid, Kenneth C. Cragg, "\$45,000 War Goods Cost Him Only \$900, Brown Tells Committee," *Globe and Mail*, 31 July 1946; "'R.C.A.F. Equipment Junked – I Bought Tons' Testimony," *Financial Post*, 10 August 1946; Ibid, Kenneth C. Cragg, "War Assets Has Many Problems," *Globe and Mail*, 19 August 1946.

⁶⁷ SCWEE, 27 November 1945 (No. 3, Book 2), 66.

⁶⁸ LAC, RG28, Vol. 342, File: 196-46-4 File Part 2, Calgary General Contractors Association to C. D. Howe, 13 August 1945.

⁶⁹ For example, see: Ibid, H. F. Gordon to Deputy Minister DMS, 4 September 1945. See other correspondence in this file: "Materials Sub-Committee Interdepartmental Housing Committee – WICB."

he indicated that the April report resulted in some improvements but that “a regular procedure for hastening War Assets Corporation” should be adopted. McColm suggested that each week the AOSAC prepare a list of overdue declarations and have the Deputy Minister transmit it to the WAC’s newly formed Supply Department. The gentle reminder would serve to “press the various Divisions of the Corporation for action.”⁷⁰ That McColm noted improvements in the WAC’s performance in October was significant given the increasing volume of materials declared surplus during that time and the fact that the WAC was only selling a fraction of what it took in from the MGO per month. According to the MGO’s monthly tabulations of declarations and sales (calculated in dollar figures) the WAC disposed of \$15,156,994.37 up to October 1945 out of a total of \$47,265,593.95 worth of surpluses. As an aggregate, the WAC sold about a third of all the MGOs surpluses, an accomplishment worthy of some merit, particularly given the discrepancy between the original value (calculated by the MGO based on what it paid to acquire the assets) and the WAC’s depreciated selling price (based on the going market rate and WPTB price ceilings).⁷¹

However, these figures do not indicate much about the rising volume of assets entering the WAC’s inventory at war’s end. Subtracting the totals for September from October, the WAC took in \$6,169,081.00 worth of new surpluses from the MGO Branch in October while disposing of \$1,127,294.95. Subtracting the totals for August from September revealed a similar disparity between input and output: \$5,204,069.53 worth of goods declared in September versus \$1,551,158.71 worth of goods sold.⁷² A few conclusions can be drawn from these statistics. First, by the fall of 1945, for every dollar the WAC made in sales it was taking in between five and six dollars’ worth of goods

⁷⁰ LAC, RG24, C-8432, File: 9106-5 Vol. 1, “Processing of Surplus Declarations,” R. McColm to D. M. G. O., 23 October 1945.

⁷¹ Berry explained, “in most cases the original cost data is of no value to the Corporation, there being no direct relation of the going market price to the original cost. This again is due in many cases to the articles being sold for uses other than for which they were made.” *SCWEE*, 22 November 1945 (No. 2, Book 2), 47.

⁷² Figures and stats were listed in memoranda sent to the Deputy MGO from McColm. LAC, RG24, C-8432, File: 9106-5 Vol. 1, R. McColm to D. M. G. O., 15 September, 9 October 1945, 8 November 1945.

from the MGO – a pattern that was surely replicated across all branches of the military.⁷³ Second, the increasing amount of items consigned to the WAC caused a natural lag in sales, so it is obvious that McColm adjusted the AOSAC’s expectations for immediate disposal action. A backlog in sales was impossible to avoid given the increasing volume of goods declared surplus, the administrative and operational procedures, the collection and inspection of goods, marketing requirements, and sales negotiations. Although it is conceivable that the WAC succeeded in selling \$6 million worth of goods (originally priced) for \$1 million (selling price) in the same month, there are no indications that any assets declared in September or October were actually sold in the same month.

	1944	1945	1946	1947	1948
January	1	430	2,472	805	256
February	9	416	2,483	723	266
March	46	559	2,862	749	365
April	45	984	2,737	615	-
May	59	1,216	2,486	652	-
June	165	1,692	2,001	502	-
July	194	1,330	1,784	719	-
August	175	1,593	1,325	529	-
September	180	1,767	1,016	370	-
October	242	1,064	1,014	443	-
November	469	1,520	996	352	-
December	277	1,487	668	293	-
Total	1,862	14,058	21,844	6,752	887

Source: *War Assets Corporation Fourth Annual Report* (April 1st, 1947 to March 31st, 1948), 7.

The situation with the MGO Branch was just the tip of the iceberg. When hostilities ended, the floodgates opened. Despite the early preparations and planning, the flood of surpluses was overwhelming and appears to have caught officials somewhat off guard. Before May 1945, few surpluses (except mainly obsolete kit) existed since bureaucrats were unsure about their future departmental needs and consequently they were loath to declare too much surplus too quickly. This was especially the case with the Army as relinquishing control and ownership of a significant quantity of assets was

⁷³ For instance see: CWM, Democracy at War, “Navy Declares Huge Surpluses,” *Hamilton Spectator*, 9 April 1946; Ibid, Warren Baldwin, “Navy Retains 61 Ships, Committee Is Informed,” *Globe and Mail*, 11 April 1946.

counterproductive, not only to winning the war, but also to legitimizing its sizeable and demanding postwar requirements. This reluctance to declare anything surplus no doubt played a major role in forming the massive waves of declarations towards the end of the 1945-1946 fiscal year.⁷⁴ Once hostilities ended and postwar budgets were settled in basic terms, most government departments and agencies (especially the Army) suddenly switched gears, from cautiously guarding inventories to rapidly defining and declaring surpluses to the CAAC.⁷⁵ Table 1 shows the acute and swift growth in surplus declarations from all departments (not just DND) from 1944 to 1948 – note the peak period from May 1945 to October 1946 and the fact that the two biggest months (March and April 1946) coincide with the end and start of the fiscal year.

A common refrain among CAAC and WAC officials, both in their records and their testimonies before the SCWEE, was the unprecedented nature of the task now facing them.⁷⁶ Of course there were vague notions of past failures and sweeping indictments of speculators following the First World War, but the liquidation of such a vast amount of government property had never been attempted before. Over a two-year period, from April 1945 to April 1947, more than 35,000 separate declarations were processed by the CAAC and consigned to the WAC. Keeping in mind that each declaration could contain as little as one item or, more likely, lists of hundreds if not thousands of items, the magnitude of disposal operations becomes more apparent. As the WAC's *Third Annual Report* stated, "one report of surplus may well cover a complete plant involving buildings, land, machine tools, etc., having an original cost of \$10,000 while another will cover one horse valued at \$25."⁷⁷ Unfortunately, the exact dollar values of all declarations are difficult to ascertain (given the discrepancy between the original and actual values), but since these declarations constituted the bulk of everything tagged for disposal, the total original cost was worth billions. Indeed, the flood of goods might be described as a tidal wave.

⁷⁴ *War Assets Corporation Third Annual Report*, 9-10.

⁷⁵ See for example: LAC, RG24, C-8432, File: 9106-5 Vol. 1, R. McColm to D. M. G. O., 15 September, 9 October 1945, 8 November 1945. See also: *SCWEE*, 22 November 1945 (No. 2, Book 2), 41.

⁷⁶ For example: *SCWEE*, 22 November 1945 (No. 2, Book 2), 48; LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 38.

⁷⁷ *War Assets Corporation Third Annual Report*, 9.

Since federal departments controlled the floodgates and opened them when they pleased, some friction between the disposal administration and declaring agencies resulted at the fringes of mandates and responsibilities. As a result, new problems started popping up everywhere. Some were well beyond the control of the WAC and CAAC. This was because departments were liable to renege on their surplus declarations if circumstances and forecasted budgets changed. Although it remains unknown how frequently this occurred, by January 1947 the CAAC had to address the issue at its monthly meeting since “government Departments were, in many instances, requesting the return of materials previously reported surplus” and doing so after the WAC had prepared its inventory reports. Since the inventory reports were “accountable documents” and subject to audit, the Committee determined that reporting Departments had to repurchase the assets in question (if they were not already sold).⁷⁸ In other instances where inventory reports were not prepared then it was possible to transfer the objects back to the Department but this entailed further correspondence and investigation.

One well-documented case involved the RCAF and its facilities at Debert, Nova Scotia. In April 1947, the RCAF declared surplus over a dozen airfields and facilities, but in doing so it also secured a special dispensation that froze final disposal indefinitely. Two years later, in February 1949, the RCAF had clarified its postwar requirements and released most of the property. However, it wanted to re-acquire some of the assets and real estate at five locations: Bowden, Alberta, Debert, Nova Scotia, Edenvale, Ontario, Jarvis, Ontario, and Souris, Manitoba.⁷⁹ In the case of the sprawling military facilities at Debert some serious postwar changes had occurred in the interim. Almost all of the Army’s buildings at Debert (about 443 in total) were dismantled but the RCAF’s buildings were spared and renovated by the WAC for use as a warehouse facility.⁸⁰ After the inventories dwindled in Debert, the buildings and surrounding property were

⁷⁸ LAC, RG28, Vol. 134, File: 3-C-34 File Part 7, CAAC Meeting Minutes 17 January 1947, 2

⁷⁹ LAC, RG24, Vol. 4809, File: HQ 122-D10, “Works & Buildings R.C.A.F – Disposal of RCAF Properties & Units – No. 16 ‘X’ Depot,” C. M. Drury to H. R. Malley, 24 March 1949; LAC, RG24, Vol. 8178, File: NSS 1813-1, H. R. Malley to A. Ross and attached memo “Properties Frozen By Department of National Defence,” 1 September 1948; CWM, Democracy at War, “443 Debert Army Buildings To Provide Housing Materials,” *Globe and Mail*, 5 October 1946.

⁸⁰ CWM, Democracy at War, “443 Debert Army Buildings To Provide Housing Materials,” *Globe and Mail*, 5 October 1946.

transferred to the Department of Transport in accordance with Cabinet's directives for BCATP airfields. Thus, in the spring and summer of 1949, the WAC had to reacquire the property from Transport so it could transfer it back to the RCAF.⁸¹ This type of situation illustrates the complexities and uncertainties of declaring surpluses. The postwar rush to downsize caused a logjam of paperwork, and if circumstances or budgets changed then sometimes departments wanted their stuff back. This meant forestalling final disposal so that assets and paperwork could reverse course against the prevailing flow of bureaucratic procedures.⁸²

In other cases, the WAC and CAAC shared the blame for delays and problems with the declaring departments. Perhaps, the biggest issue facing Canada's disposal administration resulted from insufficient details on surplus declarations and priority claims. This was a product of both inadequate instructions in the Standard Procedures and lackadaisical bureaucrats improperly filling out the paperwork. Quite often in the haste to complete the maze of forms for ridding themselves of unneeded assets or making as many priority claims as possible, officials did not fill in the paperwork correctly. It did not take long for Berry and his staff to discover this problem and make changes to CAAC 2 and 4 in several futile attempts at curbing this behaviour by eliminating vagueness in the instructions. However, because clarifications to the Standard Procedures only helped as long as other agencies played ball, the problem persisted. In doing so, further delays were caused when the CAAC was forced to track down and investigate the declaring agency or priority holder to determine exactly what was being declared or requested. After the tidal wave washed in this task became a real time-consuming impediment for processing declarations.

To illustrate this problem consider a hypothetical example: say the DMS declared a drill press surplus at the John Inglis Plant in Toronto and valued it at \$1,000. At first glance this "declaration" might seem sufficient, but how could the WAC market or sell the drill press without more information describing it and its features? And how could it

⁸¹ LAC, RG24, Vol. 4809, File: HQ 122-D10, "Works & Buildings R.C.A.F – Disposal of RCAF Properties & Units – No. 16 'X' Depot," Memo to Director of Lands and Buildings War Assets Corporation, 13 July 1949; LAC, RG28, Vol. 134, File: 3-C-34 File Part 7, CAAC Meeting Minutes 17 January 1947, 2.

⁸² Wakelam, *Cold War Fighters*, 27-33.

be differentiated from all the others, if one had to physically remove the drill without knowing its serial number? The plague of vague descriptions crippled disposal procedures at their very core. Without any information detailing the exact type of drill press (whether it was a bench, pillar, or radial) or its condition of use (worn out or new) or the exact size and capacity (whether it was hand-held, stationary, its features or limitations) or its component parts (such as power sources or drill bits) the declaration was virtually useless. Inversely, the vagueness of priority claims was equally troublesome. To simply request “a drill” without any further detail provoked similar questions: what type was required? How big and powerful? What parts were needed and for what purposes would it be used?⁸³ This type of information was critical because it enabled the CAAC to match items from the WAC’s inventory with a priority request. Keeping in mind this was long before computers and keyword searches, so each priority claim was matched by hand against the mountains of declarations. Even if the forms were filled in correctly, processing paperwork through the priorities took time and each vague declaration or request only added further delays.

Other issues and delays resulted entirely from the CAAC’s and WAC’s operational procedures since the tidal wave of declarations and priority claims turned the priorities scheme into a dam rather than a filter for the flow of goods. As the previous section explained, the priorities scheme called for negotiating sales directly with specific interests groups but this slowed sales and the problem quickly snowballed when the postwar rush brought in over 20,000 surplus declarations and 50,000 requests for priority allocation from April 1945 to March 1946 alone. This compounded the WAC’s centralized operational procedures and the “sieves” of the CAAC’s priority system. The sheer volume stalled disposal to the detriment of priority holders. One example, brought up by Peterson during his testimony before the SCWEE explained the situation quite succinctly. A few months after VE-Day, 174 pieces of construction equipment were declared surplus by the DND and brought back to Montreal from Goose Bay, Newfoundland. The WAC received 1,500 inquiries about them from both priority and non-priority holders. The equipment was second-hand and some of it was in “bad repair” but there was clearly an

⁸³ SCWEE, 22 November 1945 (No. 2, Book 2), 45-46.

interested market as many potential customers and construction companies inspected the gear. Yet in order to give priority claimants time to exercise their priority rights, sales to the public were “held up for three weeks” but priority claims were exercised on only twenty-two machines.⁸⁴ Clearly, the priorities were preventing the WAC from capitalizing quickly on sales of assets in high demand and left many customers frustrated.

The complaints that “you can’t buy from War Assets” started emerging out of a confluence of factors and events loosely connected by the media. On the heels of the Great Depression and war, severe material shortages continued throughout the transition period, fueling an increased demand and eagerness for goods of all types. With new goods especially scarce, the public expected second-hand government surpluses to be profuse and available. Perhaps conditioned by extensive wartime propaganda that glorified industrial productivity, there was a perception that somehow the WAC’s inventory was vast, infinite, and available immediately for public consumption.⁸⁵ However, this was at odds with reality. Moving assets through the CAAC priorities and the selling branches of the WAC took time. Moreover, the WAC could only sell what was consigned to it – a fact the public always seemed to misunderstand despite the continuous publication of pamphlets and newspaper advertisements.⁸⁶ Before the war ended, few surpluses existed anywhere, so there was actually little to buy from the WAC. It was only after VE- and VJ-Day that the WAC’s inventory grew substantially, but selling restrictions limited who could make purchases. Moreover, there were also no guarantees that the avalanche of declarations at war’s end contained things the public wanted or in quantities that could satisfy demand. Indeed, the WAC may have taken in a large amount of assets, but the most desired commodities represented only a small fraction of the total.

The priorities also caused frustration. For example, over the summer of 1945 the WAC and the Ontario Federation of Agriculture came to an agreement that allowed the

⁸⁴ *SCWEE*, 27 November 1945 (No. 3, Book 2), 66.

⁸⁵ *Ibid*, 65.

⁸⁶ The WAC published 110,000 pamphlets to educate the public and businesses about buying surpluses. They were circulated in February 1945. See: LAC, RG101, Vol. 1, File: R-1-1-9, *How to Buy War Surplus Materials: Outline of the Policy and Methods of War Assets Corporation*, (Montreal: WAC, 1945); *SCWEE*, 27 November 1945 (No. 3, Book 2), 63.

Federation to facilitate the sale of military-patterned trucks and field artillery tractors through a series of lottery-style auctions to bonafide farmers. Auctions took place across Southwestern Ontario in the late summer and early fall and the one in Markham received some media coverage. In late September, about 300 farmers gathered at the Markham Fair grounds for the lottery draw. Names were thrown into a hat and the lucky winners received the chance to purchase one of the available 125 military-patterned trucks and twenty-five artillery tractors (each valued at \$330 and \$280 respectively).⁸⁷ Sensing an opportunity mechanics ventured to the Markham Fairgrounds but they were turned away at the door by Federation officials who were stringently verifying the credentials of all attendees. Only farmers were allowed to purchase the machinery, and since the WAC did not waive the resale condition attached to all priority sales (this prevented the purchaser from legally reselling what had been purchased for 90-days) mechanics were completely cut out. “I can’t possibly see what use a tractor could be to a farmer” an exasperated “garage man” told the *Globe and Mail*, “the machines run only about four miles to the gallon. But they would be ideal for us for towing purposes.”⁸⁸ Out of luck, the mechanics could not buy directly from the WAC and instead had to wait to purchase vehicles and equipment through established dealers and at prices closer to the WPTB’s price ceilings.

The hierarchy of access and privilege created by the priorities also resulted in competition between and within each priority level. Those lower down the priority list were at an inherent disadvantage and were often unable to purchase assets even if they became available. For example, as Peterson explained to the SCWEE, by November 1945, “only seven buses in usable condition have been declared surplus” and since these were sold to the federal and provincial governments on priority claims, “the school boards throughout Canada who want buses must be given the unpopular and the unexpected answer.”⁸⁹ The school boards, being public bodies, were fourth in the priority scheme and could only get access to goods not purchased by the priorities above, to say little about the intense competition between school boards that would have resulted had

⁸⁷ CWM, Democracy at War, “Farmers Buy War Trucks but Garagemen Barred,” *Globe and Mail*, 20 September 1945; *SCWEE*, 27 November 1945 (No. 3, Book 2), 75-78.

⁸⁸ *Ibid*, “Farmers Buy War Trucks but Garagemen Barred,” *Globe and Mail*, 20 September 1945.

⁸⁹ *SCWEE*, 27 November 1945 (No. 3, Book 2), 67.

the small number of busses become available. Managing the competition for goods between organizations at all levels of the priority system became an additional burden of some complexity. In one instance, the CAAC got out in front of a potential fiasco when it negotiated an agreement between two international relief agencies that were requesting the same types of materials. In April 1945, the CAAC, the United Nations Relief and Rehabilitation Administration (UNRRA), and the Canadian United Allied Relief Fund (CUARF) agreed to distribute supplies on a percentage basis: UNRRA received 7/10 and CUARF 3/10.⁹⁰ Thus, the CAAC was able to accommodate both the large and small relief organizations and avoid additional public embarrassment.

The priorities scheme required more vigilance than originally expected. This was because the scheme was open to abuse and exploitation. Abuse of the priority system stemmed from the fact that some claimants made dozens of blanket requests at once or claimed more than they actually needed so they could resell for a profit after the 90-day resale restriction expired. In other instances, the abuses were less about volume and more about particular individuals trying to beat the system for their own selfish gains. Over the summer of 1945, staff in the WAC and the DMS started discovering large-scale abuses of the priorities system. According to Howe, veterans who received a priority certificate from the Motor Vehicle Controller were purchasing vehicles they did not require and reselling the cars for a tidy profit. The cheating was “on a colossal scale” as the number of priority certificates handed out by the DMS “exceeded available cars by some 60,000” and further solidified the WAC’s refusal to create a veterans’ priority since the cheating would inevitably spread to its inventory of vehicles and other commodities.⁹¹

In another incident the WAC discovered that members of the public could abuse the priorities system through misrepresentation. In August 1945, Louis Richard, an Audit Supervisor with the Auditor General of Canada (who later joined the WAC in 1947 as Treasurer and became President in 1954), was informed of one such instance by the Corporation’s then Comptroller, G. A. Cruickshank. According to Cruickshank, Montreal Sales Order 0087 dated 23 May 1945 was issued to approve a sale to the Unemployment

⁹⁰ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 20 April 1945.

⁹¹ CWM, Democracy at War, “Howe Sees ‘Colossal Cheating’ in Auto priorities System,” *Globe and Mail*, 27 June 1946.

Insurance Commission in Moncton for a “Ford car” valued at \$365.42. However, the car was paid for by a personal cheque from Mr. McBeath, an employee of the Unemployment Insurance Commission. On the surface everything looked normal, but the odd discrepancy between the priority claim and the actual purchaser raised a red flag. After looking into the matter, the WAC’s Priorities Division determined that Mr. McBeath had “used the name of the Unemployment Insurance Commission in order to obtain a priority which he could not obtain otherwise.”⁹² Upon discovering the scam, the Priorities Division cancelled the sale and refunded Mr. McBeath his money while the Moncton Branch repossessed the car.

Suffice to say, when the tidal wave of surpluses arrived, the priorities scheme turned into a major headache that fuelled increasing delays, bad publicity, and paperwork. Although officials were not overly concerned by the negative publicity, they did start debating the merits of abolishing the priorities scheme altogether in November 1945.⁹³ Clearly, things had hit a breaking point. A product of political pressure and a desire for strategically managing disposal, the priority system was well intentioned and worked best when there were fewer declarations and limited available surpluses. However, the flood of paperwork and assets was overwhelming and prevented any orderly liquidation. At a meeting with Howe several members of the Board of Directors called for the elimination of the priorities system “because first, they lead to abuse of the privileges, and second, they tend to bog down operations.”⁹⁴

On the matter of abolishing priorities, Berry disagreed with his colleagues. Given that the WAC sold surplus materials through established trade networks and not usually by direct transactions with end users, he recognized the importance of ensuring that public institutions and governments received some consideration in a system mainly conceived with business interests and economic stability in mind. To Berry, the priorities system had to continue, not only because their cancellation would cause unfavourable

⁹² LAC, RG58, Vol. 40, File: War Assets Corporation Head Office Correspondence, December 4, 1943 to March 31, 1947, “Memorandum to Mr. I. Stevenson,” by L. Richard, 17 August 1945; Ibid, G. A. Cruickshank to L. Richard, 13 August 1945.

⁹³ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 15 November and 13 December 1945.

⁹⁴ Ibid, 15 November 1945.

political fallout, but also because they reserved goods and assets for interest groups and public programs assisting with postwar reconstruction and rehabilitation.⁹⁵ Priorities served an important function, but Berry also recognized that they were slowing sales to the detriment of postwar prosperity. The solution, however, was not to eliminate the key cog in the disposal administration but to streamline the whole system around it and remove as many of the other bottlenecks as possible.

Overall, Berry felt that revisions to the priority system would become necessary in the future, but that the timing was not ideal. Without his support the priorities scheme was not abolished in 1945. However, over the following few years, Berry authorized several modifications that streamlined processing and selling efficiency. One particularly important change was the establishment of time limits for holding a priority request on file. At first they were set at thirty days and then lowered to ten days in mid-1946.⁹⁶ In January 1947 the time limit was abolished completely when the CAAC “relieved” the WAC “of the necessity of carrying requests on its records.”⁹⁷ This almost entirely eliminated the administrative bottleneck that had plagued the system from its inception. From January onwards, the WAC still continued making direct sales to priority holders but only if the materials requested were available in the Corporation’s inventories “at the time the request [was] received.”⁹⁸ There was now no responsibility for administering an institutional memory for the priorities system. Over the spring and summer of 1947, it was abolished completely in line with decreasing inventories and decreasing sales.

The Reorganization and Expansion of the WAC

The reason why Berry was reluctant to significantly change the priorities in November 1945 had a lot to do with the WAC’s restructuring and reorganization over the summer and early autumn. The changes were largely aimed at eliminating administrative bottlenecks and improving the Corporation’s selling efficiency, so he wanted to give them an opportunity to sort out the issues affecting disposal. At the time, making more

⁹⁵ Ibid, 15 November and 13 December 1945.

⁹⁶ CWM, Democracy at War, “WAC Revises Priority System,” *Globe and Mail*, 27 August 1946.

⁹⁷ LAC, RG28, Vol. 134, File: 3-C-34 File Part 7, CAAC Meeting Minutes, 17 January 1947.

⁹⁸ Ibid, 17 January 1947.

modifications that would eliminate part of the disposal process, especially one that fulfilled an important function, was not prudent. Besides, Berry shared some cautious optimism that a by-product of the reorganization would attenuate the priorities quagmire:

The reorganization deemed necessary had barely commenced when V-J Day brought an enormously increased volume of surpluses which had to be handled concurrently with the loss of existing personnel and the introduction of additional newly appointed personnel and substantial changes in procedure. This reorganization has made good progress, but I would ask the committee to keep in mind that while every effort will continue to be made to complete it as quickly as possible, there is necessarily much still to be done.⁹⁹

The first steps in the WAC's restructuring took place back in February 1945 when J. W. Horsey was hired as Executive-Vice President and added to the Board of Directors. Horsey was only on the WAC's payroll for less than twelve months, but his influence over the future shape, structure, and mandate of the Company was profound. As President of Dominion Stores, a very prominent supermarket chain founded in 1919, he had extensive experience in merchandising and sales and the Board of Directors gave him a free hand to review the Company's operations. Horsey's report was tabled in June and some of his ideas on selling strategies were published in the *Quarterly Review of Commerce* in January 1947.¹⁰⁰ Above all, his recommendations were designed to increase the selling efficiency, as he told Board members in March, "anything in the nature of a barrier to sales must be broken down."¹⁰¹

One of Horsey's biggest organizational changes was the implementation of a new regional focus. Over the summer and early autumn, the WAC (and CAAC) decentralized operations by dividing the country into five selling regions: Western, Prairies, Ontario, Quebec, and the Maritimes. Each region was controlled by a Branch Manager who oversaw all merchandising and supply operations in their respective jurisdictions. The five Branch Managers reported directly to the General Manager who remained headquartered in Montreal at the Head Offices, now located at 4095 Catherine Street

⁹⁹ SCWEE, 22 November 1945 (No. 2, Book 2), 41.

¹⁰⁰ LAC, RG101, Vol. 1, File: R-1-1-8, "Report to the Board of Directors of War Assets Corporation on Organization," J. W. Horsey, 8 June 1945; J. W. Horsey, "Developing the Motivating Force – Sales," *Quarterly Review of Commerce* Vol. 13, No. 1 (January, 1947), 23-30.

¹⁰¹ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 8 March 1945.

West in a building formerly used by Westmount Tool Works. The WAC's centralized organizational structure was similarly dispersed. Surplus declarations were still sent to the CAAC in Ottawa and tracking schedules were still passed on to the WAC's Head Offices, but in Montreal the schedules were now sorted by region and mailed out to Branch Managers. The priorities scheme was similarly decentralized and no longer totally contingent on the Head Offices and CAAC in Montreal and Ottawa. Instead, priority requests were mailed directly to the Regional Branches where they were assessed against and accommodated by the region's available inventories.¹⁰² If regional inventories could not accommodate a request, it was forwarded to Montreal and matched against the national inventory. The big advantage of this change was in dividing the size of



Photo 2 The WAC's Head Offices (circa. late-1945) located at 4095 Catherine Street West, Montreal. The building was formerly used by a DIL subsidiary, Westmount Tool Works. Source: LAC, RG101, R-1-1-9, History of War Assets Corporation Lt. and War Assets Corporation.

inventories and the number of priority requests across each region thereby cutting the administrative bottleneck into five manageable portions.

Because specific areas within regions were liable to have high concentrations of assets,

special branches were organized within the company's five regions. For example, Sub-Branches were opened in the Pacific Northwest in Edmonton and Whitehorse that handled and appraised all the American surpluses that accumulated along the Alaskan Highway, Northwest Staging Route, and the Canol pipeline. Given the significant amount of American surpluses located in Prince Rupert another Sub-Branch was opened there as well. To deal with specific disposal challenges in Ontario and Quebec, District Supply Managers were appointed to oversee the WAC's activities in Ajax, Ontario and Bouchard, Quebec. In Ajax, the Supply Manager handled the disposal of assets by

¹⁰² SCWEE, 22 November 1945 (No. 2, Book 2), 38-44; Ibid, 27 November 1945 (No. 3, Book 2), 67-69.

coordinating the sale of property, tools, and other assets to the University of Toronto and the CMHC. In Bouchard, the Supply Manager coordinated disposal operations between the Canadian Army and the WAC. In February 1946, a special Supply Department representative was also sent to Newfoundland as the Army, RCN, and RCAF were liquidating large amounts of equipment and facilities in this strategic location.¹⁰³ Thus, the WAC's new regionalization made the Corporation more proactive in the cleanup of wartime developments wherever they had occurred.

The regional decentralization required a corresponding change to the WAC's organizational structure. Therefore, Horsey rationalized the Corporation's various departments and divisions. Almost immediately after joining the WAC, he created a temporary "Services Division" and tasked it with various responsibilities crucial to a selling organization but virtually non-existent in the WAC: warehousing, shipping, and security. To improve the efficiency of the Head Office, Dominion Stores lent their secretary, A. A. Beevor, to help improve clerical practices.¹⁰⁴ Furthermore, to oversee the Corporation's accounts, internal audits, and handle its finances, Horsey formed a new Comptroller Department and appointed an accountant, L. A. Brooks, to manage it. An Educational Director (Harry Low) and a Personnel Director (Clarence Fraser, loaned from Bell Telephone Company of Canada) were hired for training new employees and also to ensure that the Corporation continued to recruit the most qualified and experienced personnel as possible. Harry Low was later given the additional task of coordinating sales with the needs of educational associations. Horsey also took issue with the Corporation's lack of publicity and public engagement. He did not like "the Corporation's past policy of 'Keeping Quiet'" and felt that "a series of constructive, positive statements should be made regularly to the population at large, to Industry and to employees...through news columns...and through convincing attractive advertising" in order to fight back against any bad publicity. As a result, he gave Herbert Lash, the

¹⁰³ *War Assets Corporation Second Annual Report*, 10-11.

¹⁰⁴ Horsey hired: J. P. Gledhill as "manager of sales," A. H. Evans as "manager of warehouses," J. T. Mackenzie as "traffic manager" and R. B. Early as "office manager." LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 8 March 1945.

WAC's Publicity Director, a more proactive mandate to monitor the press and publish positive news stories relating to the WAC's activities.¹⁰⁵

The Sales Department, with which Horsey constantly tinkered, was eventually disbanded and replaced by two separate Departments: Supply and Merchandising. H. R. Malley was put in charge of Supply, which took over all procurement, categorization, and warehousing responsibilities. The Supply Department was also subdivided into several Divisions: Procurement, Clearance, Warehousing, Traffic, Security, Reclamation, and Surplus Property. The Merchandising Department, headed by E. R. Birchard, took over all duties relating to marketing, pricing, and sales. It was also subdivided into several Divisions: Pricing and Distribution, Sales, Priority, Export, and Direct Sales.¹⁰⁶ Several other Departments were created by the end of the summer. The Organization and Personnel Department (formed by merging the Educational and Personnel portfolios) was responsible for human resources, payroll, administration, records management, and investigations. The Lands and Buildings Department, headed by G. H. S. Dinsmore, handled the immense task of real estate sales across the whole country.¹⁰⁷ Tying in with the emphasis on regional decentralization, each Department and Division was divided by region so representatives were stationed at every Branch.

The organizational changes coincided with the growth of the WAC's operations in the fall of 1945 and with the rapid expansion of the Corporation's workforce. As the Tables below demonstrate, the number of employees grew sharply immediately following the war and as the mountains of surplus declarations and assets began overwhelming the CAAC and WAC. However, it must be noted that the expanding labour force was never conceived of as a permanent development. Everyone understood that the decentralization and expansion was a short-term contingency, and that when the Corporation's inventories dwindled so too would its workforce. The WAC was redesigned to expand and contract

¹⁰⁵ Quote from: LAC, RG101, Vol. 1, File: R-1-1-8, "Report to the Board of Directors of War Assets Corporation on Organization," J. W. Horsey, 8 June 1945, 9; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 8 March 1945. See: CWM, Democracy at War, "War Assets Corporation Would Appreciate a Correction," *Toronto Telegram*, 16 July 1946. The request for a correction was not very welcomed in this instance, as the reporter pointed out several things that the WAC "official" did not request corrections on.

¹⁰⁶ *War Assets Corporation Second Annual Report*, 12.

¹⁰⁷ *Ibid*, 15-19.

with the flow of goods. The decentralization accommodated the steep postwar expansion but as inventories depleted over time, the Corporation could close down its regional operations and revert to its centralized practices. This is exactly what happened and it is certainly evident in the precipitous drop in employment numbers as the WAC wound up operations from 1948 to 1950.¹⁰⁸

Reliable employment statistics are not available prior to June 1945, but the WAC's *First Annual Report* indicated that in March 1945 there were 571 employees working for the Corporation, mostly in Montreal. This number is at odds with the *Second Annual Report* as it appears to have only counted "administrative" employees and not those working in the "field" (the *Second Annual Report* put the total figure at 1,557 in June

Table 2: Number of Employees in the WAC in March, 1945-1950	
Year	Employees
1945	931
1946	6,074
1947	9,919
1948	3,527
1949	284
1950	120
Source: LAC, RG101, Vol. 1, File: R-1-2-4, Organization of the Crown Assets Disposal Corporation; Ibid, File: R-1-1-9, "History of War Assets Corporation" 15 July 1950, 20.	

1945 and an unpublished history put the total at 931 in March 1945).¹⁰⁹ Aside from discrepancies in tabulation and classification, there is one other major limitation to the statistics. Unless otherwise noted, the numbers are aggregate figures based on the last month of the fiscal year and do not provide much indication on the substantial monthly fluctuations experienced by the Corporation. As the *Second Annual Report* stated after noting the number of new hires (4,790) and the number of "separations" (1,156) between June 1945 and March 1946, any review of

the employment statistics should bear in mind "that they represent net increase and do not give any indication of the large number of appointments necessary to offset the heavy rate of staff turnover."¹¹⁰

¹⁰⁸ LAC, RG101, Vol. 1, File: R-1-1-9, "Statement prepared for the House of Commons Special Committee on War Expenditures and Economies," 2 April 1946; Ibid, "History of War Assets Corporation," 15 July 1950, 5-6; CWM, Democracy at War, Warren Baldwin, "How's Big Department Preparing for Fadeout Around Mid-Summer," *Globe and Mail*, 5 April 1947.

¹⁰⁹ LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 20; *War Assets Corporation First Annual Report*, 6; *War Assets Corporation Second Annual Report*, 18;

¹¹⁰ *War Assets Corporation Second Annual Report*, 18.

Regardless of these discrepancies, the employment statistics indicate that from June 1945 to June 1947 the WAC’s workforce expanded substantially from 1,557 to 8,501 – an increase of 545 percent. During that period the Corporation hired more than 15,000 new employees while about 8,000 were terminated. In January 1947, the expansion peaked when 10,371 employees were on the payroll, an increase of 666 percent over June 1945.¹¹¹ Moreover, the WAC was meticulous about employing veterans. Not only was a veteran’s hiring preference the law, but it also helped offset the fact that the WAC had not provided veterans with a special priority. When the SCWEE grilled Berry and other officials about the lack of a veterans’ priority, they relied on employment statistics to partially defend their policies while also demonstrating how the Corporation supported veterans in other ways. As Table 3 illustrates, at the peak of the

Table 3: Employment Trends in the WAC, 1945-1949

Year	Total Number of Employees		Percent of Males to Total Staff	Percent of Veterans to Total Male Staff
	Lowest	Highest		
1945-46	944	6,074	73	53
1946-47	6,074	10,371	71	71
1947-48	3,527	9,919	68	70
1948-49	294	3,527	57	70

Source: *War Assets Corporation Fifth Annual Report* (April 1, 1948 to 31 March, 1949), 11.

WAC’s growth, and even as its workforce declined, veterans accounted for 70 percent of all male employees and most were hired on short-term contracts to work in the Supply Department. Although the vast

majority of the WAC’s employees were temporary workers who were paid lower salaries, had limited benefits, and no pensions, most employees accepted these provisos as they saw the job as a temporary paycheque while they searched for permanent employment elsewhere.¹¹² To accommodate the substantial turnover of personnel the Corporation’s Organization and Personnel Department “worked closely with the various employment offices and agencies” and became “instrumental in placing an appreciable number in positions of more permanency.”¹¹³

¹¹¹ See various Annual Reports: *War Assets Corporation Annual Reports* (1944-1949).

¹¹² LAC, RG101, Vol. 1, File: R-1-1-9, *Welcome to War Assets Corporation*, (Montreal: Organization & Personnel Department, February 1947), 10.

¹¹³ LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 22.

While it is uncertain how many employees were former war workers or female veterans, the hiring of veterans definitely allowed the Corporation to double up on the experience and training of the country's ex-soldiers, thereby improving the overall quality of its workforce and, perhaps, lowering training costs in some cases. In other words, hiring veterans (and war workers) meant that the WAC was gaining employees who had some practical experience in the use, manufacture, components, and capabilities of the objects entering its custody. Moreover, veterans also made excellent security guards. In February 1945, the WAC entered into an agreement with the Canadian Corps of Commissionaires to provide security, fire detection, and supervision of visitors at all its facilities. Throughout the fiscal year of 1946-1947, the number of Commissionaires working for the Supply Department nearly doubled from 661 to a peak of 1,116.¹¹⁴ Since the Commissionaires were overwhelmingly composed of veterans, the WAC further boosted its employment statistics and helped counter the backlash against its unfavourable policies towards veterans.¹¹⁵

Decentralizing the organizational structure also helped increase sales. To accommodate the new regional focus, Horsey had the regulations governing signing authority on sales below \$25,000 loosened. This allowed greater autonomy to the Corporation's salesmen and Branch Managers across the country, as it eliminated some of the incumbent processing delays by removing the need to communicate with the Head Offices. Before this change every sale – no matter how big or small – had to be approved by the Board of Directors in Montreal. Furthermore, a new selling mantra was adopted: “as is, where is” meaning that surpluses declared in a particular area were sold there so that the Corporation could save on the cost of shipping and handling the surpluses. This policy was ideal for making quick sales because it privileged local interests and it became increasingly important as inventories expanded.

One of the biggest barriers to sales and a source of many bureaucratic problems had been the WAC's lack of storage space and custodial arrangements. In order to overcome

¹¹⁴ *War Assets Corporation Third Annual Report*, 22.

¹¹⁵ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 8 February 1945. See also: John Gardam, ed. *The Commissionaires: An Organization with a Proud History, 1925-1988*, (Burnstown, ON: General Store Publishing House, 1998).

these issues, Horsey enacted a significant change to the WAC's mandate and purpose by instituting a new supply and logistical apparatus. This was an essential element of all merchandising businesses and it was clearly lacking in the early part of the WAC's history. In creating the Supply and Merchandising Departments, Horsey split the logistical tasks from the selling, thereby instituting a significant operational shift by adding the collection and storage of surpluses to the WAC's mandate. The following chapter will discuss this important change in more detail, but it is important to realize that from October 1945 onwards the WAC largely abolished its custodial arrangements and only used them when absolutely necessary, such as with ammunition storage. Until inventories were depleted, the Supply Department's two most important divisions, Clearance and Warehousing, handled the tasks of collection and storage.

These organizational changes paved the way for a period of rapid expansion. Up to October 1945, \$40,133,166 worth of goods were sold by the WAC in 42,161 separate transactions from its establishment in late 1943.¹¹⁶ With each passing month those numbers increased significantly. In November 1945 the WAC hit the \$10 million mark in monthly sales and in January 1946 monthly sales topped \$14 million. In March 1946, the WAC hit its high water mark as monthly sales reached the astounding total of \$42,830,725.34, doubling the totals from January 1944 to October 1945 in just 31 days. In April, the slow decline in sales began as the total dropped to just over \$21 million and by September 1946 sales dipped back below the \$20 million mark.¹¹⁷ By the end of 1948, the WAC had made over 306,014 separate transactions and recouped \$427,246,250.81.¹¹⁸

During this postwar selling frenzy, the volume of sales was not the only thing overwhelming Canada's disposal administration. Word got out quickly that the WAC was open for business and that the items and materials in short supply might be available in its inventories. As a result, the Corporation was blindsided by a huge influx of inquiries from the public that grew to such astounding proportions that the Corporation's Central Registry struggled to keep up. In October 1945, 28,113 letters reached the WAC, a

¹¹⁶ *SCWEE*, 27 November 1945 (No. 3, Book 2), 73.

¹¹⁷ *War Assets Corporation Second Annual Report*, 14; *War Assets Corporation Third Annual Report*, 6.

¹¹⁸ LAC, RG101, Vol. 1, File: R-1-1-9, "Crown Assets Disposal Corporation," May 1950, appendix.

staggering monthly total to say the least, yet it was dwarfed by the 96,481 letters received in March 1946. That amounted to an average of 3,112 letters arriving at the WAC every day that month.¹¹⁹ Clearly, the public was interested in acquiring surplus assets! Yet it was also equally clear that the WAC's organizational changes were working. Even under the immense strain, the Corporation's operations bent but they did not break. The delays, administrative bottlenecks, and various other problems facing the WAC in 1945 might have prompted critical media reports and questions from politicians, but the reorganization and expansion had a positive effect. When confronted by the SCWEE about delays and complaints, Berry used the sales data to defend his organizations. Although he recognized that some delays and problems still plagued the system, he usually attributed them to the priorities scheme.¹²⁰

Berry may have downplayed some of these problems, as many new ones started emerging as the flood of surpluses came in and the reorganization took effect. The two most pressing problems facing the WAC after October 1945 were the increased operational costs and decreasing sales revenue. The increasing size of the WAC's workforce and the number of warehouses in operation steadily increased expenses beyond forecasted budgets. However, getting extra money from the DMS (and later the DRS) was not a guarantee, so the WAC was constantly looking to save money and cut costs. This fact overshadowed its expanding logistical operations and added an additional limitation to how effectively it could adapt to its new custodial responsibilities. PC9108 granted the Corporation a \$5 million start-up investment and Section 15 of the *Surplus Crown Assets Act* allowed the WAC to keep a percentage of profits to cover operating expenses. This percentage was originally set at three percent by Howe in December 1944 and required a Privy Council order to change. In April 1945, an increase to five percent was authorized and this proved adequate once the postwar rush commenced since the frequency and size of sales increased the actual dollar value of that five percent.

However, as the sale of big ticket items dwindled and the frequency of smaller and less valuable sales picked up throughout 1947, the WAC's operational costs ate away at

¹¹⁹ *War Assets Corporation Second Annual Report*, 18.

¹²⁰ For example see: *SCWEE*, 27 November 1945 (No. 3, Book 2), 65-69.

profits. The problem was that the administrative and supply costs inherent to every sale did not fluctuate dramatically, but the profits recouped per sale did. So as the big ticket items were sold off, the WAC was left with less valuable assets and as a result the cost of each sale increased as a percentage of the total profits earned. Furthermore, the higher costs of sale on less valuable goods was compounded by other expenditures that the WAC was required to pay out of its operational budget. In 1946-1947, the WAC funded the completion of several war contracts for ships and other materials for the British and placed with Wartime Shipbuilding Ltd. through Mutual Aid.¹²¹ Apparently, the Corporation had little say in this arrangement but it cost the WAC an additional \$3 million. As a result, a last-minute 2.5 percent increase was made in March 1947 and approved by PC1115 and in April the percentage was adjusted to ten percent. However, administrative expenses in 1947-1948 eclipsed the ten percent margin and additional money had to be withdrawn from sales revenue.¹²²

Keeping sales revenue high and operational costs low was a constant preoccupation because every dollar earned was remitted on a yearly basis to the Receiver-General of Canada to help pay down the country's war debts. Quoting Carswell at his first press conference in January 1944, the *Toronto Star* reported that, "every dollar will be turned over to the receiver-general and every dollar turned in will mean a decrease in the war debt of Canada and a lessening of the amount of taxes the government will have to levy."¹²³ Utilizing the money in this manner was a policy choice that was widely supported. However, in practice, Carswell's promise was somewhat empty. Remitting "every dollar" back to the government was not possible since the WAC had to cover some of its operational costs with the proceeds of sales. Overall, operational expenses accounted for an average of about 17½ cents of every dollar sold. In other words, that meant 82½ cents on every dollar sold "was returned to the Canadian tax payer."¹²⁴

¹²¹ Ibid, 27-28; LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 27.

¹²² LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 9 November 1944, 7 December 1944, 12 April 1945, 10 April 1947; LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 27-28.

¹²³ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, "'No Fire or Auction Sales' of War Goods – Carswell," *Toronto Star*, 6 January 1944.

¹²⁴ Ibid, "History of War Assets Corporation," 15 July 1950, 37-38.

Another problem developed out of the new selling mantra. Although the “as is where is” policy generally cut overall operational costs, it could also have the opposite effect. This was because the policy required greater measures for monitoring the amount and distribution of surpluses in every region and resulted in the creation of the WAC’s Pricing and Distribution Division inside the Merchandising Department. Monitoring the distribution and price of goods was necessary given the regional disparities of wartime investments and the fact that surpluses tended to be concentrated in Central Canada. Therefore, “as is where is” put some regions at a disadvantage, either because other areas had more materials available or, inversely, there were too many assets available so local markets became saturated. As Berry stated rhetorically to the SCWEE in response to some skepticism from an Alberta politician about the WAC’s redistribution efforts, “if 200,000 spark plugs were reported surplus in Ontario and that was the total surplus that had been reported across the dominion, you would not suggest that all those spark plugs should be sold in Ontario?” The answer was, of course, a resounding no. So Berry’s point was clear: in order to mitigate some of the regional disparities a redistribution program had to occur and did. Furthermore, redistribution also ensured that “as is where is” did not result in a flood of similar goods overwhelming a local or regional economy and if that danger existed then national distribution was required.¹²⁵ To follow Berry’s hypothetical spark plug example, if the 200,000 plugs declared in Ontario saturated the spark plug market and lowered prices in the province, then it was necessary to redistribute them to prevent a collapse in Ontario’s spark plug economy.

Material shortages and limited declarations of items in high demand added further complications to this new selling strategy, but the WAC made the effort to redistribute goods from region to region as equitably as possible. Although its efforts never seemed to impress political leaders from the Maritimes and Prairies, they did help ensure that some of the items in high demand were available at practically every Branch.¹²⁶ Thus, the real emphasis of the new selling policy was the “where is” rather than the “as is” since the

¹²⁵ *War Assets Corporation Third Annual Report*, 8. For example see: *SCWEE*, 22 November 1945 (No. 2, Book 2), 38-44; *Ibid*, 27 November 1945 (No. 3, Book 2), 67-69; *Ibid*, 4 December 1945 (No. 5, Book 2), 144.

¹²⁶ LAC, RG 2, Vol. 12, File: W-45, T. C. Douglas letter to W. L. Mackenzie King, 12 October 1944; LAC, RG19, Vol. 387, File: 101-102-34-1, G. B. Isnor to Ilsley, 19 January 1945.

Table 4: Distribution of Motor Vehicle Sales (all types) by Province and Vehicle Registration 1944-1945			
Province	Vehicles	WAC Sales (%)	National Registration (%)
British Columbia	435	8.95	8.37
Alberta	356	7.33	7.91
Saskatchewan	360	7.41	8.52
Manitoba	298	6.13	6.27
Ontario	2,133	43.90	47.26
Quebec	767	15.79	14.74
Nova Scotia	307	6.32	3.82
New Brunswick	144	2.96	2.57
Prince Edward Island	59	1.21	0.54
Source: <i>SCWEE</i> , 27 November 1945 (No. 3, Book 2), 67.			

policy could create artificial shortages in one area to lessen an actual shortage elsewhere. Take the sale of motor vehicles as an example. Although the postwar demand for vehicles of all types far outstripped the supply reaching the WAC, the “as is where is” policy was adapted to meet the public’s expectations that at least some vehicles would be available in their region. Table 4 indicates that the WAC redistributed

and sold vehicles throughout the country according to the percentage of vehicle registrations in each province and it appears that these efforts continued in later years. In regards to other assets requiring redistribution, the WAC relied heavily on the 1941 census records.¹²⁷

Conclusion

The early plans and preparations for the inevitable consequences of victory had given the CAAC and WAC a head start on the disposal problem. By the time the war ended, they had established and tested administrative systems for managing the flow of goods and paperwork. They had also formed a priority system for strategically allocating materials, made contact with particular individuals inside the whole bureaucracy, and were able to find capable people for important positions in the CAAC and WAC despite the heavy turnover in staffing. These arrangements certainly helped mitigate a postwar disaster but they were devised well in advance of the war’s end. Thus, when the “valves”

¹²⁷ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 28 November 1946; *War Assets Corporation Third Annual Report*, 13.

opened to release the flood of objects and paperwork, officials discovered just how unprepared they actually were. With the tidal wave of 35,000 Surplus Declarations, 50,000-plus priority requests, and billions worth of assets descending on Canada's disposal administration from 1945 to 1947, just staying afloat during the flood was no small achievement.

In light of past experience, the variety of problems and inefficiencies that surfaced, and the need for adjusting procedures to deal with such tremendous inventories, the CAAC and WAC (especially) revised and reformed their operational procedures, mandate, and structure. To divide the workload and better accommodate the collection, storage, and sale of surpluses, both organizations regionalized and decentralized operations. The Corporation was redesigned to expand and contract with the flood of assets and in doing so it took on a larger and more proactive role in the collection and storage of surpluses. In order to cope with increasing responsibilities, the WAC also underwent a period of significant expansion within its newly restructured organization. The two areas that accounted for the majority of this expansion included the Supply Department's Clearance and Warehousing Divisions. This study now turns to the operations and impact of these two important divisions.

Chapter 3

Bursting at the Seams: Clearance and Warehousing Operations

The job will be the biggest piece of merchandising ever attempted in Canada. How big, may be illustrated by the fact that in one ordnance depot alone there are, at this moment, military stores having an investment value larger than was our entire National debt in 1914.¹

C. D. Howe, Minister of Munitions and Supply and Reconstruction, 23 October 1944

Introduction

Under the crushing pressures of a surging inventory, expanding workforce, and continuing public criticism, Canada's disposal administration bent but did not break. Instead, the CAAC and WAC adapted their operations to supply Canada's political, economic, and social reconstruction with the required materials. This adaptation was all the more remarkable considering how the WAC implemented changes on the fly from August to October 1945. In reorganizing operational practices the Corporation better positioned itself to assist with the country's postwar transition and effectuate the cleanup. Two of the most significant changes were the formation and operation of the Clearance and Warehousing Divisions inside the Supply Department. These divisions allowed the WAC to physically control the flood of surpluses through onsite collection, shipping, handling, storage, and maintenance. Although operations were far from perfect, Clearance and Warehousing provided a critical bridge between war and peace since they removed and relocated the assets and materials that were physically obstructing the return of peacetime operations on factory floors, military bases, or anywhere else that surpluses existed. This chapter examines the scope and scale of clearance and warehousing operations, their contribution to reconversion and demobilization, the challenges encountered, and the things that were abandoned.

Through the collection and storage of assets, the WAC positioned itself to absorb the "shocks of transition" by gathering, managing, and facilitating an object's transition

¹ LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 1.

into new and sometimes different peacetime applications.² Therefore the WAC facilitated a process of removal and renewal that was closely associated with the demobilization and reconversion of Canada's wartime political economy. In doing so, the Corporation influenced how objects and resources were redeployed and reused in postwar Canada. In fact, without the WAC's collection and storage operations, the war's materiel might never have been reused or redistributed to the civilian economy on such a large scale or without a coherent strategy in mind. As a result, the WAC's clearance and storage capacities helped preserve the residual value and utility of assets by maintaining custody and regulating the supply. This process was the stewardship of objects and it boosted marketability, stabilized prices, increased sales, and turned the WAC into the largest merchandising company in Canadian history.

Yet the removal and renewal of assets did not always yield positive and useful outcomes. Instead, the war's materiel legacies also created less productive, dangerous, and problematic situations that lingered long after hostilities ended. For every valuable asset there were piles of obsolete and derelict items that required disposal. Therefore, Clearance and Warehousing personnel were often occupied sifting through and sorting out the gems from the junk. Moreover, since Canada's vast tracts of under-populated space were ideal for creating large training and testing grounds for Allied military personnel and weapons systems, significant amounts of unexploded ordnance and surplus kit littered areas across the country. Chemical residues from munitions factories polluted surrounding landscapes and impregnated all the production equipment and buildings. Large scale cleanup operations involving decontamination, garbage collection, and environmental remediation were required but these efforts were severely limited by the incumbent financial costs, the permanency and composition of military facilities, and their remoteness and geographic dispersion. Faulty clearance operations and the abandonment of assets created a materiel legacy that influenced the surrounding social and spatial environments in uneven patterns of utility and danger.

² Quote from: Ibid, Newspaper Clippings, "Move to Cushion the Shocks," *Montreal Gazette*, 3 December 1943.

Clearance operations could never have existed without the expansion of storage capacities. After all, the war's materiel did not simply disappear once its primary utility was usurped. Objects continued occupying a physical reality: when Clearance teams removed something from one place, it required storage somewhere else before final disposal was arranged. This is why the WAC's Warehousing Division was so critical. During a time of severe accommodation shortages and expensive rental costs, the WAC rapidly expanded its warehousing operations to include fifty-one warehouses, totalling over six million sq. ft. of indoor storage space at its peak. This significant amount of stowage space allowed the WAC to build up its inventories that were later sold to support economic and social reconstruction. In effect, the Corporation's warehouses allowed it to absorb the war's materiel legacies and guard against any major economic dislocation caused by government surpluses. However, just as with clearance operations, warehousing came with some serious challenges. The huge volume of assets entering the WAC's custody caused major problems that related to cataloguing, screening, tracking, processing, and sales. This resulted in an attrition rate through clerical errors, breakage, and theft. Most troubling of all, assets could fall through the cracks by either entering or exiting warehouses without any receipts or proper inspections.

The Cleanup Crew: Clearance and Materiel Legacies

The creation of the Clearance and Warehousing Divisions signalled a significant organizational change designed to cope with the flood of surpluses after the war. Predictably, the Supply Department's workforce grew in proportion to its surging workload. Over the fiscal year of 1946-1947, Malley's Supply Department accounted for the vast majority of the WAC's payroll: roughly 74 percent of all employees worked in Supply. In March 1947, the Department employed 7,314 of the 9,919 workers on the WAC's entire payroll, while the Clearance Division alone employed 1,899, down from its peak of 1,970 in December 1946. By contrast, the entire Merchandising Department employed 1,544 (or about 16 percent of the total workforce) and all other Departments accounted for the remaining 1,061 workers (or 10 percent).³ These employment statistics indicate much about the changing nature of the WAC's operational practices, the

³ *War Assets Corporation Third Annual Report*, 22.

quantities entering its possession, and the urgency of clearance and warehousing duties in supporting the transition from war to peace.

Clearance was one of the WAC's most important contributions to Canada's postwar reconstruction. On the government's dime and time, almost every single facility or factory that had produced or housed munitions and supplies was cleared by the WAC. The Clearance teams (or private contractors hired in some cases) were also responsible for collecting surplus assets from military installations, airfields, shipyards, or bases. By March 1947, the WAC had received a total of 40,428 requests for clearance operations across the company's five regions and Newfoundland. This was an astounding figure that could have easily crippled operations, yet the teams moved quickly. Of the 40,428 requests about 27,800 or 69 percent were completed by March 1947. A year later, the total number of clearance requests reached 44,399 while 41,285 or 93 percent was completed, leaving only 3,114 outstanding in March 1948.⁴ Indeed, operations progressed so rapidly that by August 1947, Malley started pressing his deputy, C. E. Elliot, to get Regional Supply Managers to cut staff as quickly as possible. Malley was concerned about reining in salary and wages which accounted for "approximately 75% of our total expenses" and this had to be "vigorously attacked in order that our overall expenses are commensurate with the Corporation's earnings" (which were decreasing from the previous year due to the shrinking number of big-ticket items in the WAC's inventories).⁵

The efficiency of Clearance teams depended on carefully controlling operations and closely cooperating with other organizations and stakeholders. The Clearance teams operated on strict "controlled lines" that allowed inspectors to triage assets quickly according to several categories: capital assets (anything in saleable condition), tools and gauges (production equipment and precision instruments), and aircraft. Everything that did not fall into these categories, was worn out, or considered dangerous was categorized

⁴ *War Assets Corporation Third Annual Report*, 10; *War Assets Corporation Fourth Annual Report*, (April 1, 1947 to March 31, 1948), 7.

⁵ LAC, RG101, Vol. 1, File: R-1-1-7, "Re: Plant Clearance," H. R. Malley to C. E. Elliot, 18 August 1947. See other correspondence in this file on the organizational consolidation and reduction of staff.

as scrap.⁶ Triaging assets depended on close collaboration between the Clearance teams and declaring agencies. In regards to the armed forces, special sections were established to process stores originating from each Service. The formation of specific army, navy, and air force sections greatly streamlined a large portion of the Clearance Division's work, as each section processed only clearance requests from the corresponding Service. This also ensured that close liaison and familiarity developed between the WAC's inspectors, the various disposal officers from each Service, and those personnel stationed at the locations where surpluses were declared.

Largely a product of necessity and experience, the close coordination between clearance teams and declaring agencies was essential for the proper handling of all surpluses and ensuring that only dangerous items without peacetime applications were singled out for destruction. Clearance inspectors and service personnel relied on each other to inspect and categorize items. For instance, Clearance teams and RCAF maintenance personnel jointly inspected surplus aircraft and their component parts in order to consider their "airworthiness" so that no dangerous or jerry-rigged items were sold on civilian markets.⁷ Furthermore, the disposal of secret technologies and equipment required special care, not only to ensure that the objects were mutilated to preserve their secret nature, but also to limit the amount of personnel gaining familiarity with designs, features, and purposes. In the case of ASDIC, the codename for the first generation of SONAR, the Navy took the precaution of removing the equipment before declaring vessels surplus.⁸

Clearance teams also cooperated closely with the DMS and war contractors when entering their facilities and factories. In all cases, the Clearance teams were preceded by

⁶ LAC, RG101, Vol. 1, File: R-1-1-9, "Clearance Division Procedures," 19 November 1945, 1-9; *War Assets Corporation Third Annual Report*, 8-9.

⁷ LAC, RG101, Vol. 6, File: 9-5-2, "Aircraft Material to be Sold as Pedigreed Stock for Air Use," Merchandising Department Procedure No. 7.01, 4 March 1946; Ibid, "Aircraft, Aero Engines, and Aeronautical Equipment For Air Use," Merchandising Department Procedure No. 4.01, 23 May 1946; Ibid, "Obsolete, Non-Flyable Aircraft," Merchandising Department Procedure No. 7.04, 20 December 1946.

⁸ LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 14; Ibid, "Statement Prepared for the House of Commons Special Committee on War Expenditures and Economies," 14 May 1946; Ibid, "Clearance Division Procedures," 19 November 1945, 5-6; LAC, RG24, Vol. 11121, File: 70-2-5B Vol. 1, "Disposal of Surplus Vessels – ASDIC Equipment," Secretary of Naval Board, 24 May 1945.

three different groups of inspectors and technicians. Employees from Canadian Arsenals Ltd. (CAL), a new crown company established in September 1945 to maintain a postwar government-run munitions industry, and personnel from the Plant Decontamination Committee (PDC) inspected all facilities and factories in conjunction with the contractor's employees. Together they decided what was surplus to their needs, what needed decontamination, and what was required for postwar munitions production. CAL inspectors used a colour-coded tagging system to easily sort and separate the assets. Green tags indicated that the item was surplus and in saleable or good condition. Yellow or blue tags indicated that the equipment was government property required by CAL and it would handle removal. Red tags meant that CAL inspectors considered the assets surplus and scrap materials.⁹ However, to guard against the needless scrapping of items with residual value, clearance inspectors did not simply rely on the declaring agency's classifications and tagging. Instead, they made their own judgments through onsite inspections. To determine an item's reusability, they appraised its salvageable materials and component parts. Therefore, Clearance inspectors became the primary filters for disposal, as they evaluated the condition of assets and whether they were suitable for sale, storage, or destruction.¹⁰

Once the tagging process was finished, the PDC moved in to decontaminate the facilities and equipment. The PDC was established by the DMS over the summer of 1945 to undertake extensive cleanup operations at munitions factories and proof ranges. At many of these factories the volume of production, especially of explosive compounds, had been so great that particles and residues had impregnated everything (the walls, roof, floors, uniforms, machinery etc.) at facilities and even polluted the surrounding landscapes.¹¹ These sites required remediation because the public's general safety was at

⁹ LAC, RG101, Vol. 1, File: R-1-1-9, "Clearance Division Procedures," 19 November 1945, 3-4; LAC, RG101, Vol. 4, File: 5-6-1, "Canadian Arsenals Limited – Terms of Reference," Berry to Malley, 8 September 1945, 1-3; Ibid, "Supply Department Procedure, Canadian Arsenals Limited," 14 August 1946, 1-2.

¹⁰ LAC, RG101, Vol. 1, File: R-1-1-9, "Clearance Division Procedures," 19 November 1945, 1-9; *War Assets Corporation Third Annual Report*, 8-9.

¹¹ LAC, RG28-A, Vol. 156, File: 3-P-13, Plant Decontamination Committee, various meeting minutes and correspondence, August-October 1945; Archives of Ontario (AO), F 2082 General Engineering Company (Canada), Box 3, F 2082-1-1-7 "Decontamination and Desensitizing," 1945-1946; Ibid, Box 3, F 2082-1-1-

risk. As Howe stated in a 9 October 1945 radio speech announcing the creation of the PDC (which had been active since July), “following the First Great War a number of accidents, some of which were fatal resulted from careless disposal of plants and equipment used for making explosives and filling shells.”¹² Under the supervision of a variety of experts from the DMS’s ammunition, weapons, and explosives branches, the PDC was assigned “the duty and responsibility” to investigate and decontaminate all munitions plants “which have become dangerous by reason of impregnation with explosives” and, in the cooperation with the contractor, render the facilities as safe as possible so they could be dismantled or reconverted or sold. Eventually the PDC was transferred into the WAC in August 1946.¹³

While the WAC’s Clearance teams had little to do with the actual desensitization or decontamination work, its employees entered problem areas relatively quickly after the PDC finished or even as the work was progressing. Dangers lurked everywhere, especially at the larger chemical and explosive factories like the DIL plant in Nobel or the various surplus proof ranges utilized by the DMS and DND to test weapons and ammunition or train soldiers in their use. Despite proper safety precautions and experienced workers, decontamination and clearance could be dangerous, not only because explosive compounds and poisonous chemicals permeated everything in munitions factories, but the job also required the movement of heavy machinery or the dismantling of entire facilities. In late November 1945, one fatality occurred at the DIL plant in de Salaberry when a worker fell off a ladder while dismantling part of the plant for the PDC.¹⁴

Once the PDC finished its work, the WAC was informed and a Clearance team was dispatched. At the facilities Clearance teams re-inspected and categorized everything in conjunction with the declaring agency. However, they did not immediately remove assets

8 “Desensitizing Scarboro Plants,” ca. 1945; Ibid, Box 3, 2082-1-1-9 “Disposition of Records – Drawings & Specifications,” 1945; Ibid, Box 3, F 2082-1-1-10, “Disposition of Records,” 1946.

¹² LAC, RG28-A, Vol. 156, File: 3-P-13, Radio Speech by C. D. Howe, 9 October 1945.

¹³ Ibid, “Re: Plant Decontamination Committee,” G. K. Sheils, 20 July 1945; Ibid, Radio Speech by C. D. Howe, 9 October 1945; Ibid, H. R. Malley to Lt.-Col. G Ogilvie, 12 August 1946. See also: Ibid, Plant Decontamination Committee – Meeting Minutes, various minutes 1945-1946.

¹⁴ LAC, RG28, Vol. 156, File: 3-P-13, “Minutes of the Meeting of the Committee Dealing with the Decontamination of Buildings and Equipment,” 4 December 1945, 4.

from the factories. After making their initial assessments, inspectors had to file their reports with the Warehousing Division in order to confirm if storage space was available nearby. In the interim, the equipment was usually tucked away in an empty portion of the contractor's facility, unless a special request was made for immediate removal because the facility was too small. When surpluses were removed inspectors issued receipts to contractors. Quite often contractors, who had assisted with the surveys and decontamination, wanted to purchase green-tagged items or other materials for use in their factories. In these cases, the WAC's Clearance teams noted the contractor's requests on the proper forms and representatives from the Merchandising Department followed up to negotiate the sale.¹⁵

This practice was common and the WAC's preferred "Plan A" method for clearing plants. The "Plan A" scheme was configured specifically for either the objects already considered surplus crown property or items not yet declared surplus but the government was willing to sell them anyway. Under the procedures of "Plan A" contractors made an inventory of all tools, products, and materials left over in their factories. This inventory was then reviewed with the CAL, PDC, and WAC during their onsite inspections. After determining ownership and what was surplus, a time-line for the physical removal of assets was established based on the contractor's requirements. At that point contractors identified which assets they wanted to purchase from the government through the WAC.¹⁶ Provided that there were no priority requirements, the WAC was happy to oblige contractors with onsite sales since it saved the additional logistical and marketing costs while also ensuring the most direct route for reuse.¹⁷

The "Plan B" method for plant clearance was slightly different. It was reserved for situations in which the contractor wanted reimbursement for work (completed or

¹⁵ LAC, RG101, Vol. 1, File: R-1-1-9, "Clearance Division Procedures," 19 November 1945, 9-17.

¹⁶ Ibid, "Clearance Division Procedures," 19 November 1945, 9-17. See also: LAC, RG28, Vol. 213, File: 196-2-54, *Manual of Procedure on Termination of Contracts*, (Ottawa: Department of Munitions and Supply, February 1944).

¹⁷ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 23; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 9 November 1944. See also: LAC, RG28, Vol. 21, File 70, "War Contracts Depreciation Board Confidential Narrative of its War Activities," 32; LAC, RG101, Vol. 1, File: R-1-1-9, "Clearance Division Procedures," 19 November 1945, 11; *War Assets Corporation Third Annual Report*, 8.

incomplete) or if the assets and materials tagged as surplus were not already crown property. “Plan B” took more time to resolve as the Contract Settlement Board became involved and the inventory lists were heavily scrutinized since they were now entwined with the formal settlement of cancelled war contracts.¹⁸ “Plan B” scenarios developed out of situations where companies had taken advantage of accelerated depreciation (or the other fiscal measures enacted for industrial mobilization) to make private purchases of, for instance, single-purpose machine tools for ammunition production. These assets were not required by private firms after the war but they were not crown property, so an exchange of title and financial settlement had to take place before they were removed by Clearance teams.¹⁹

The disposal of machine tools and equipment exemplifies the clearance process. When Canada went to war in 1939, the previous decade of economic turmoil and idle industry had left the country with a desperate shortage of machine tools. In 1939 Canadian industries possessed about \$58 million worth of machines tools or roughly 30,000 individual units, two-thirds of which were estimated to be at least thirteen years old.²⁰ This shortage of machine tools was rectified by the DMS when it created a crown company, Citadel Merchandising, in June 1940 to control, purchase, and distribute machine tools for the war effort. In just four years, Citadel spent \$160 million purchasing tools in the United States and it authorized roughly \$92 million in additional purchases by war contractors through the War Industrial Expansion Program (\$60 million) or from the contractor’s own accounts (\$32 million). This brought the total wartime expenditures on machine tools to about \$250 million for the purchase of approximately 45,000 new units. Adding those figures to the existing totals and accounting for the scrapping of some derelict machinery, by 1944 there were about 70,000 machine tools in the country worth around \$300 million.²¹

¹⁸ LAC, RG101, Vol. 1, File: R-1-1-9, “Clearance Division Procedures,” 19 November 1945, 9-17.

¹⁹ Ibid, “Clearance Division Procedures,” 19 November 1945, 11-12.

²⁰ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 23 February 1944, Schedule G.

²¹ Canada, the UK, and the US all doubled the number of machine tools in their respective countries. Citadel Merchandising gave birth to the machine tool industry in Canada. In 1942, it banned the importation of machine tools from the US in order to help foster the growth of Canadian firms producing this precious machinery on contracts with the federal government. As a result, employment boomed in the

The increasing involvement of the state in acquiring machine tools meant that by 1945 most of the most advanced and newest machinery was owned by the government. Moreover, the DMS had also kept machine tools as mobile as possible during the war since shortages of production machinery often followed the distribution of war contracts. As a result, the DMS resorted to moving them from factory to factory so companies could meet their contractual obligations. Naturally, businesses were apprehensive about the government's disposal plans and eager to acquire the tools for peacetime production before it removed them. Even before the Allies had landed in Normandy on D-Day, businessmen were anticipating peace and "thinking of their post-war situation and their desire to get into peacetime production at the earliest."²² As early as February 1944, officials in the DMS and CAAC began forming a plan, but they discovered that – much like with other commodities – the disposal of machine tools was fraught with difficulties. Since the armed forces needed an industrial base for future defence procurement, it was difficult to forecast how many tools would be surplus. Moreover, a third of all types (about 82\$ million worth) were single-purpose machines that "were chiefly for turning out special war work such as shells and ammunition."²³ Aside from defence procurement this machinery was worthless to the peacetime economy, while a large portion of multi-purpose machines would be worn out from continuous operation.

Out of these developments and considerations emerged the disposal and clearance strategy for machine tools. The CAAC and WAC worked with CAL, Citadel Merchandising, and the Machine Tool War Service Committee to set prices, inspect machines, and maintain custody of those tools needed for future munitions production. The CAAC and WAC used "Plan A" and "Plan B" methods to meet their obligations for disposal and clearance. In general, the two plans were very flexible and worked well in almost all situations. In regards to machine tools specifically, both plans contained special provisions that balanced the pressing need for strategically allocating surpluses to educational institutions with the expediency of kick-starting postwar production at the

machine tool industry from virtually zero to 2,500 workers in 1942, but it settled around 750 in 1944. LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 23 February 1944, Schedule G.

²² Ibid, 23 February 1944, Schedule G.

²³ Ibid, 23 February 1944, Schedule G.

contractor's factory. Although priority holders were technically entitled to the machinery before contractors, Canada's disposal administration understood how important machine tools were for all types of businesses, large or small. In particular, the CAAC recognized that the "small machine shop operators" needed special assistance in acquiring modern models to replace their old or worn out machines because "without new equipment they would have difficulty in surviving financially in peace time."²⁴ Largely based on the recommendations and input of individual businesses, the flexible approaches of "Plan A" and "Plan B" helped cater clearance operations to the needs of industry and onsite sales of machine tools were conveniently exempted from priority claims.²⁵

As the graph below indicates, the bulk of machine tools declared surplus were sold in the three fiscal years immediately following the war. According to the WAC's annual reports, sales were primarily concentrated in 1945 and 1946, and few were sold before April 1945 or after March 1948. It is possible that sales took place before and after this period since the annual reports only listed sales over \$5,000 (so any sale under that threshold was not recorded), but in these cases sales would have been for small quantities of useable machines in good condition or for worn out machines at seriously depreciated values and with limited remaining life spans.²⁶ The postwar market for machine tools was competitive. From April 1945 to March 1946, the total value of machine tool sales by the WAC (\$18,835,041.07) ranked third behind only ships (\$31,970,437.42) and trucks (\$21,453,787.64), but by the fall of 1946, the Merchandising Department's Machine Tools Direct Sales Section was discontinued while the volume of sales dropped off as the number of available and useful machines shrank.²⁷ For the following fiscal year the total value of all machine tool sales dropped to \$12,500,586.35, ranking as the sixth-highest

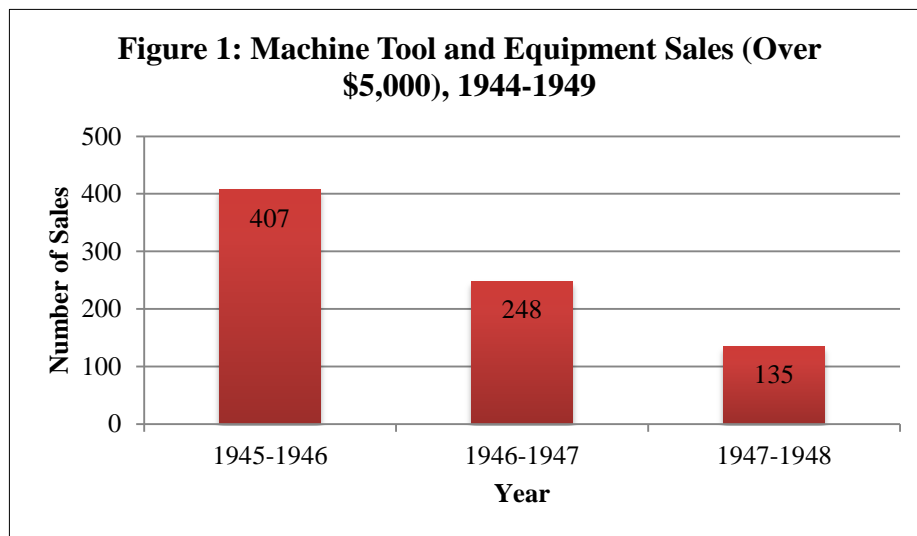
²⁴ Ibid, 23 February 1944, Schedule G.

²⁵ *SCWEE*, "Disposal of Surplus Material and Equipment to Educational Institutions," 20 June 1946, (No. 24, Book 3), 775.

²⁶ The scale of depreciation was: 68.2 percent of the Canadian cost (of the machine tool) less a further rate of 0.9 percent per month of operations with a minimum floor of 25 percent of original cost. Ibid, 23 February 1944, Schedule G; *SCWEE*, 20 November 1945 (No. 3, Book 2), 13; PC 7909, 10 October 1944.

²⁷ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database; *War Assets Corporation Third Annual Report*, 15; *War Assets Corporation Second Annual Report*, 14.

commodity behind ships, vehicles, textiles and boots, complete plants with equipment, and vehicle parts and equipment.²⁸



The war's materiel (in this case, machine tools) could be a very useful starting point for peace, so it is no coincidence that the bulk of machine tool purchases were made by private companies immediately following the war. Public organizations, schools, and government departments purchased machine tools for educational purposes, but the volume of sales was dwarfed by private firms especially during the peak selling phase.²⁹ Machine tools were crucial to any postwar production and business interests eagerly sought to acquire the most useful tools before they were relocated by Clearance teams. It is worth noting that a similar pattern was also found in the sale of industrial floor space as roughly 43 percent of war contractors that operated facilities owned by the government purchased them after the war.³⁰

The glut of machine tool sales, tightly focused around the timeline of plant clearance operations, is not all that surprising. Given the substantial wartime investments, subsidies, and contracts from the federal government, war contractors were facing a unique situation when the war ended: they did not own much of the machinery (or even

²⁸ *War Assets Corporation Third Annual Report*, 16-17.

²⁹ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports (1944-1949)* compiled in author's Sales Database.

³⁰ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 23.

some of new plant extensions and production lines) they were operating. Moreover, contractors had also faced heavy wartime taxes and regulations and as a result many businesses lacked the necessary capital to reinvest in reconversion, plant clearance, and product innovation. Thus, with the government funding clearance through the WAC, it provided a valuable service to contractors by saving them the cost of clearing out unneeded materials, machines, and unfinished or finished products cluttering the factory floors and physically impeding the return of peacetime operations.³¹

Thus, the WAC's Clearance teams played an important role in facilitating the transfer of publicly-owned goods to private interests. Immediately following the war, Clearance teams fanned out across the country and tabulated inventories, inspected items, filled out paperwork, helped settle war contracts, and removed any remaining government property to warehouses. In doing so, they protected government interests and investments, while also accommodating private corporations as glorified repo men. Fielding the clearance teams was a vital element of the state's reconversion program. In taking on the responsibility for clearing plants of the unneeded materials, the government ensured that it maintained ownership of assets that were purchased or fabricated with public money. While some contractors tried to swindle the government, it appears that most assisted WAC inspectors and clearance teams in good faith.³² When coupled with the WAC's expanding warehousing capacity, this meant that the government was reimbursed for all its property and ensured it maintained greater control over the redeployment and reuse of the war's materiel legacies.

³¹ *War Assets Corporation Third Annual Report*, 13. The government also started helping companies with research and development. The DRS's Research & Development Branch provided private industry with free access to technical and scientific data generated at universities and research institutions in Canada and around the world. LAC, RG28, Vol. 859, File: "Staff Meetings with Deputy Minister," *Reconstruction Research and Development: Questions and Answers for Manufacturers*, (Ottawa: HMSO, n.d). See also: Department of Reconstruction and Supply, *Research and Scientific Activity Canadian Federal Expenditures, 1938-1946*, (Ottawa: HMSO, 1947) or Andrew Godefroy, "Wartime Military Innovation and the Creation of Canada's Defence Research Board," in Geoffrey Hayes, Mike Bechthold, and Matt Symes, eds., *Canada and the Second World War: Essays in Honour of Terry Copp*, (Waterloo, ON: Waterloo University Press, 2012), 199-218.

³² LAC, RG58, Vol. 16, File: War Assets Corp. Special Sales – Correspondence, "Re: War Assets Corporation, Special Sales Division, Ottawa, Discrepancy Investigation Committee," by J. G. Lumsden, 16 April 1948, 1-6.

Cutting Losses: Abandoned Materiel Legacies

Given the volume of sites requiring clean up after the war many problems surfaced. As much as clearance helped with reversion, a variety of factors – geography, budget cuts, public criticism, the volume of goods, and the extent of environmental damage – affected cleanup operations. Despite Canada’s distance from the fighting fronts, the Second World War left behind materiel legacies that were not always positive, sustainable, or useful. Although the PDC and WAC did their best to remediate problematic materiel legacies, the scope was beyond their resources. In order to keep up with the workload they adopted some pragmatic and crude tactics often borrowed from the DND. Upon entering former munitions plants or surveying proof ranges, inspectors quickly realized that certain sites or buildings were beyond saving. In these cases, explosive compounds were too deeply saturated in the building’s constituent materials and production equipment, so they would never be safe for reuse. Moreover, at proof ranges the amount of unexploded ordnance (UXO) was plentiful and complicated by the various depths at which shells were buried in the ground. This rendered many explosives invisible or inaccessible to the technicians clearing ordnance. To keep pace with the immense workload, sites were often quickly decontaminated or demolished by setting fires, thereby completely destroying the dangerous substances and the materials they permeated. At proof ranges, fires were set in the hope that the heat would ignite any ordnance buried near the surface. It also appears that the PDC took other crude shortcuts that usually involved dumping the contaminated equipment or materials into the nearest body of water. This strategy was adopted by the military during the cleanup after the Bedford Magazine Explosion in July 1945 and, in all likelihood, at the north end of Parry Sound and Simmes Lake when the PDC dismantled the DIL plant in Nobel.³³

Ironically, despite the fact that decontamination was designed to protect public safety, the destruction of contaminated sites faced public opposition. To the media and the public, who were not aware of the contamination’s extent, the demolition process looked like a deliberate waste of public money. To outsiders it appeared as though

³³ LAC, RG24, Vol. 8070, File: 1270-41 Vol. 1, “Ammunition Disposal Committee, Bedford Basin,” Memorandum to the Minister, 28 August 1945.

valuable building materials – from door and window frames, to nails and lumber – were literally going up in smoke, while the marketplace was clearly starved of those and other desperately needed materials.³⁴ In late September 1945, the Deputy Minister of the DMS, G. K. Sheils, was informed by Lud Hawkins, a member of the Department’s Publicity Branch, that “unless proper publicity steps” were taken, “misinformation concerning the necessary destruction of buildings formerly used in the manufacture and handling of high explosives will result in unsatisfactory reflection on the government’s action in this regard.”³⁵ Hawkins relayed a suggestion from Gordon Garbutt, DIL’s Publicity Director, that would allow them to “invite local newspapermen to visit these plants and see for themselves why it is necessary that these buildings should be destroyed.”³⁶ The reporters would then be able to explain the necessity of the PDC’s demolition activities, since “highly inflammable and explosive materials have permeated the wood and timber of these buildings, with the result that they are of no further use, and in fact would be highly dangerous if they were released to the general public.”³⁷

Sheils liked the idea but believed that this publicity was better handled by the PDC. As a result, the PDC’s chairman, Lt-Col. G. Ogilvie, was ordered to prepare publicity materials that would fight off “any suspicion that we were unnecessarily destroying valuable property” and a tour for reporters and interested government officials was organized.³⁸ On 10 October 1945, a bus was chartered from the DMS’s Montreal offices to tour the Bouchard plant in Ste. Therese, Quebec. Reporters observed all the decontamination and salvage efforts in action. Coming on the heels of Penhold and the continuing public criticism about the willful destruction of government property, Howe explained to Parliament that this tour was designed to “forestall charges that more war

³⁴ LAC, RG28, Vol. 156, File: 3-P-13, Lud Hawkins to G. K. Sheils, 26 September 1945; *SCWEE*, 20 November 1945 (No. 3, Book 2), 18-19.

³⁵ LAC, RG28, Vol. 156, File: 3-P-13, Lud Hawkins to G. K. Sheils, 26 September 1945.

³⁶ *Ibid*, Lud Hawkins to G. K. Sheils, 26 September 1945.

³⁷ *Ibid*, Lud Hawkins to G. K. Sheils, 26 September 1945.

³⁸ *Ibid*, G. K. Sheils to G. Ogilvie, 27 September 1945; *Ibid*, G. Ogilvie to G. K. Sheils, 3 October 1945.

equipment was being destroyed instead of sold.”³⁹ Unfortunately, these publicity efforts did not provide a long-term solution to “forestall” the public’s criticism which continued throughout the transition period.

Other problems surfaced when the financial costs of clearance operations were excessive. This was especially the case if private contractors and permanent structures were involved. After facilities were inspected and all government property removed, sometimes the buildings required demolition not only because of contamination but also because of wartime lease agreements. To meet the needs of mobilization, the federal government and military had acquired considerable amounts of land during the war, either through expropriation or leasing. For the land it leased, the government and military were contractually obligated to return the property to its original state if there was no interest in purchasing it. When the land was declared surplus, fulfilling these lease conditions became the responsibility of the WAC. To keep its own costs down, the Corporation contracted this job out to private firms that wanted to purchase and relocate whatever was constructed on the land. In most cases, contractors purchased buildings for component parts or raw materials. In other cases, the structures were kept intact and moved to new places. If no contractor was found for this job, the WAC’s Clearance teams did the demolition work.⁴⁰

One relatively well-documented example involved Joseph Sasseville, a Montreal-based firm that purchased many buildings and installations at several former Canadian military bases in Newfoundland. Having purchased well-over 100 different structures from the WAC at Botwood, Philip’s Head, Wiseman’s Head, Cape Spear, and several other places, the firm took over clearance and cleanup operations at those locations in 1946 and 1947. Given that the buildings were all constructed on land leased to the Canadian government by Newfoundland, Sasseville was contractually obligated to

³⁹ CWM, Democracy at War, “Asks Group View Decontamination To Dispel Rumors,” *Globe and Mail*, 12 October 1945; *SCWEE*, 20 November 1945 (No. 3, Book 2), 18-19; LAC, RG28, Vol. 156, File: 3-P-13, G. K. Sheils to G. Ogilvie, 27 September 1945; *Ibid*, G. Ogilvie to G. K. Sheils, 3 October 1945.

⁴⁰ Companies were awarded contracts to either dismantle sites or purchase the facilities to demolish them. Yager Construction Company and Atlas Construction Company also won several contracts in early March, April, and July 1946. See: LAC, RG101, Vol. 7, WAC – Board of Directors Meeting Minutes, 10 October 1946, “Schedule A.” See also: Warren Baldwin, “War Assets Operational Costs Cut,” *Globe and Mail*, 18 March 1946.

demolish the buildings or remove them and restore the properties to their original states as reasonably as possible.⁴¹ By 24 November 1947, Sasseville had finished its work and the Newfoundland government released the WAC and the Canadian government “from any further responsibility for the restoration of these areas.”⁴²

At the time, however, there were some unresolved questions about the concrete gun emplacements that remained at Cape Spear and Wiseman’s Head. Sasseville considered the cost of removing the guns and their mountings prohibitive and the WAC (which was also unwilling to spend the money) “granted permission to leave the guns and mounting” in place.⁴³ However, Newfoundland’s Department of Natural Resources could not “ascertain definitively” if the WAC had the right to do this since the original leases were not available, so it added a caveat to its communiqué and reserved the right to request their removal at a later date.⁴⁴ In the context of the postwar rush to clean up several thousand sites and an inability to track down the terms of the original leases, all the stakeholders involved were able to evade an expensive cleanup operation. As a result, the concrete emplacements and 10-inch guns were simply abandoned and left to decay.

The situation remained unchanged for two years until inquiries began arriving at DND in March 1949 about purchasing the guns as scrap. It was then that Ottawa took action to address the oversight, as officials became aware that some of the guns were not mutilated properly while others had simply disappeared. Moreover, the sites and installations were deteriorating rapidly.⁴⁵ At Cape Spear “the underground magazines, control room and tunnels connecting the two positions were not filled and [were] now in

⁴¹ LAC, RG24, Vol. 35506, File 6418-1, Secretary for Natural Resources to F. S. Munn, 24 November 1946; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database.

⁴² LAC, RG24, Vol. 35506, File 6418-1, Secretary for Natural Resources to F. S. Munn, 24 November 1946.

⁴³ *Ibid.*, Secretary for Natural Resources to F. S. Munn, 24 November 1946.

⁴⁴ *Ibid.*, Secretary for Natural Resources to F. S. Munn, 24 November 1946.

⁴⁵ *Ibid.*, Gordon B. Isnor (on behalf of R. F. Gough) to C. M. Drury, 7 March 1949; *Ibid.*, C. M. Drury to Isnor, 22 March 1949; *Ibid.*, Maj-Gen N. E. Rodgers to C. M. Drury, 22 March 1949; *Ibid.*, “Old Coastal Guns at Newfoundland,” H. R. Malley to C. M. Drury, 1 June 1949; *Ibid.*, “Costal Guns – Newfoundland,” Major-General H. W. Foster to Army Headquarters, 13 October 1949; *Ibid.*, “Army Message,” NDHQ to Eastern Command, 18 October 1949; *Ibid.*, “Army Message,” Eastern Command to NDHQ, 3 November 1949.

a very dangerous condition” as the tunnels were collapsing and “constitute[d] a public hazard.”⁴⁶ Fortunately, only the lighthouse-keeper’s family lived in the immediate vicinity and they were aware of the dangers but still allowed their livestock to graze in the area. After making a reconnaissance tour of several installations in the summer, the Army declared eight guns surplus: two each at Chain Rock, Cape Spear, Bell Island, and Fort Amherst.⁴⁷ Most were later disposed of as scrap by the WAC and the sites were cleaned up by the end of 1950 thus resolving a lingering problem caused by financial constraints. Today, a tourist can visit these and other locations and view the abandoned materiel legacies firsthand as the concrete emplacements at Cape Spear were never demolished and some of the mutilated guns are still there.⁴⁸

The geographic dispersion of surpluses also complicated disposal and cleanup operations. Because strategic imperatives dictated the *when* and *where* of wartime expenditures and the movement of military resources, the war effort sometimes spawned large-scale development in areas of Canada that would become uneconomical and unsustainable after victory. In some places, new patterns of development resulted where virtually none had existed before.⁴⁹ Prince Rupert, a town on the northern British Columbia coast, exemplifies this boom-bust nature of defence spending, since its short-term importance to the war effort meant unparalleled expansion, funding, and infrastructure development all out of proportion to the population size and local pre- and postwar economy.⁵⁰ A local newspaper, the *Prince Rupert Daily*, noted some of these changes in the wake of VJ-Day celebrations:

⁴⁶ Quotes from: Ibid, “Old Coastal Guns at Newfoundland,” C. M. Drury, 18 May 1949.

⁴⁷ Ibid, Maj-Gen N. E. Rodgers to C. M. Drury, 9 April 1949; Ibid, “Coastal Guns, Newfoundland,” Major-General H. W. Foster, 9 May 1949.

⁴⁸ “Cape Spear,” Google Street View, (47°31’25”N, 52°37’10”W).

⁴⁹ Scholars have termed this type of economic development “defence dependency.” Although this theory is most commonly associated with the end of the Cold War, it does have some historical roots going back to the Second World War. See: Markusen and Yudken, *Dismantling the Cold War Economy*, xv-xvii, 1-11; Gordon Gauchat et al., “The Military Metropolis,” 25-48.

⁵⁰ For more on the North and the Second World War, see: K. S. Coates and W. R. Morrison, *The Alaska Highway in World War II: The U.S. Army of Occupation in Canada’s Northwest*, (Norman and London: University of Oklahoma Press, 1992); Kenneth Coates, ed. *The Alaska Highway: Papers of the 40th Anniversary Symposium*, (Vancouver: University of British Columbia, 1985); K. S. Coates and W. R. Morrison, “Tourism Shaped by War: The Unusual Evolution of Tourism in the Far Northwest of North

Carried along by the impetus of wars emergent requirements, Prince Rupert during the past two or three years has had an era of activity that almost overwhelmed the city and its facilities and capacity, bringing about what some considered an unhealthy, artificial prosperity. We might as well admit that things are going to be difficult soon. After having been carried along, we are going to be on our own now.⁵¹

For much of the war, Prince Rupert was an important supply facility for the Pacific Theatre. It was the closest port to the Aleutian Islands, a key stop on the supply run to Alaska, and eventually a terminus for the Alaskan Highway. As a result, it became a focus of American and Canadian funding and wartime development. According to a *Valuation Report of U.S. Army Facility, Prince Rupert and Port Edward, British Columbia* co-authored by American and Canadian appraisers in December 1945, Prince Rupert had not enjoyed much prosperity until the Second World War when its population nearly quadrupled in size. The town was incorporated in 1910, had a population of 6,555 in 1939, peaked in 1943 at 21,500 residents, and was expected to drop to 7,500-8,000 by 1947.⁵² During the war, there were so many people in Prince Rupert that all amenities were strained under the immense demands for water, electricity, fuel, and alcohol. If someone wanted a shower they had to go to the Exhibition Building, wait in line, and pray for warm water and good pressure.⁵³ This situation, however, would not persist. The experienced appraisers writing the *Valuation Report* figured that the town's isolation, the lack of industrial or agricultural economies in the region, and the projected decreases in population and defence spending after 1945 would doom the area. They also concluded that Prince Rupert could not absorb all the facilities, equipment, and other materials built on war contracts and destined to be declared surplus and sold.⁵⁴

America,” in Richard Butler and Wantanee Suntikul, eds., *Tourism and War*, (New York: Routledge, 2013), 77-91.

⁵¹ As quoted in: Sue Harper Rowse, *In Times of War: The Story of Prince Rupert During World War II*, (published by author, 2005), 147.

⁵² The 21,500 people were divided as follows: 900 Canadian Navy Personnel, 1,300 Canadian Air Force Personnel, 2,600 Canadian Army Personnel, 14,000 civilians (many US contractors), 2,700 US Army personnel. LAC, RG101, Vol. 3, *Valuation Report of U.S. Army Facility, Prince Rupert and Port Edward, British Columbia* (Dec. 1945), 14 (hereafter *Valuation Report*).

⁵³ Rowse, *In Times of War*, 121.

⁵⁴ LAC, RG101, Vol. 3, *Valuation Report*, 18-19.

After VJ-Day there were too many buildings left over and not enough people remaining in Prince Rupert. During the war, the Canadian government had invested \$1.8 million dollars in the city, while Wartime Housing Ltd. built at least 151 temporary dwellings. A major hospital was also constructed but never used and it was eventually turned over to the Department of Indian and Northern Affairs for use as a tuberculosis sanatorium. On the other hand, the Americans invested \$17 million dollars to construct new roads, a mess hall, several barracks, a hospital, four entertainment clubs, a theatre, gym, library, chapel, and barber shop. They also built a 53,776 sq. ft. administration facility for the Prince Rupert dockyards, which were also expanded. Down the road in Port Edward, 180 temporary buildings were erected, the port facilities were improved, a 400,000 sq. ft. ammunition magazine was constructed, and in 1944 they completed work on an underground storage tank that could hold over 93,000 barrels of fuel.⁵⁵

However, without the threat of Japanese invasion there was simply no need for a continuing military presence or such large-scale infrastructure in the postwar period. Although some of the larger buildings with communal and social significance were purchased by local interests, the conclusions of the *Valuation Report* proved accurate. The sales of the military hospital wing at the Prince Rupert General Hospital, the U.S. gymnasium building, and the YMCA war services building were straightforward, since the Prince Rupert General Hospital Association, the City of Prince Rupert, and the Civic Centre Association (respectively) purchased these properties.⁵⁶ But finding other local purchasers was difficult. As a result, assets were removed either by the withdrawing Americans or by the WAC which redistributed them to more populated regions of the country. Furthermore, many surplus facilities sold by the WAC as “buildings without land” were purchased by southern interests from Vancouver, Victoria, Ottawa, Seattle, Portland, and Tacoma.⁵⁷ These types of purchases (especially to private companies) often signified that the structures were valued for their materials and immediately demolished or relocated elsewhere. Considering that most of the facilities in Prince Rupert had been

⁵⁵ Rowse, *In Times of War*, 34, 115-127.

⁵⁶ See “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database; Rowse, *In Times of War*, 147-156.

⁵⁷ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database.

hastily constructed without meeting the town's building codes, demolition or complete abandonment was a fate bestowed upon these wartime investments.⁵⁸

The abandonment of assets and property was quite common across Canada particularly if the structures were permanent or if moveable assets were located in remote places (like the sub-arctic). So while the government took in a great deal of property after the war, lots of items and objects were intentionally left behind. The abandonment of assets was not just confined to Prince Rupert either. It happened frequently in the Pacific Northwest along the Alaskan Highway and Canol Pipeline routes as the Americans left behind a great deal of assets that remained too expensive to return home or too worn out to keep. This practice had tacit approval from Washington, as one report to Congress explained: "every effort has been and is being made by responsible officials on the spot to segregate and return to the United States material worth returning, abandoning only that not worth the cost of evacuation."⁵⁹ It was also a practice the Americans adopted in other parts of the world, especially the Pacific where munitions and supplies were stretched out across numerous tiny islands. In an effort to encourage local purchases of American surpluses, the American Senate added an amendment to the *Surplus Property Act* that provided "intangible benefits" for unsalable surpluses, such as funding an educational exchange program named for the senator who wrote the amendment, J. William Fulbright.⁶⁰

Although the Canadian government avoided paying for much of this northern wartime development, after the war it took possession of the Northwest Staging Route and the other American construction initiatives as part of its obligations under the 33rd Recommendation of the Permanent Joint Board of Defence (PJBD). The 33rd Recommendation was the product of months of negotiations throughout 1943 and 1944 and formed the basis of the disposal agreements between Canada and the US. In practice though, the 33rd Recommendation was preceded by a "Gentlemen's Agreement" that Carswell and his American counterpart, Will Clayton, negotiated in early 1944. This type

⁵⁸ LAC, RG101, Vol. 3, *Valuation Report*, 23; Rowse, *In Times of War*, 147-156.

⁵⁹ As quoted in: CWM, *Democracy at War*, "Finds Diligence Used in Dumping Supplies," *Globe and Mail*, 26 August 1944.

⁶⁰ Lebovic, "From War Junk to Educational Exchange," 280-312, quote from 281.

of informal accord was common to most international arrangements and helped build a practical framework for the formal agreements that followed in March 1946. The “Gentlemen’s Agreement” was a reciprocal promise made by both governments to “not offer Government-owned surpluses” for sale in the other country.⁶¹ This meant that the WAC could not sell Canadian surpluses in the US, but more importantly, the agreement prevented the US from dumping their vast amounts of surpluses in Canada. Although some exceptions were made for agents acting on behalf of either government and there were limited controls on the cross-border resale by third parties, the agreement worked well until it was replaced by the 33rd Recommendation, approved by Canada and the US

in September and November 1944 respectively.⁶²



Photo 3 Abandoned Trucks on the Canol Heritage Trail, near Mile 222. Source: Anthony DeLorenzo, 31 July 2012 Available at: https://commons.wikimedia.org/wiki/File:Abandoned_trucks_on_the_Canol_Heritage_Trail.jpg

The 33rd Recommendation was a very practical document. Under its terms each country was allowed to withdraw from the other whatever moveable property it owned and wished to keep within one year of the termination of the war. After that point, anything remaining automatically exchanged hands free of charge. Immovable property was dealt with by a

separate provision that allowed the US to submit a list of all surplus property in Canada for which it wanted financial reimbursement. The list was delivered in February 1945 and joint valuation reports (such as the *Valuation Report* for Prince Rupert) were arranged so the Americans received the going market rate according to the appraisers’ findings. The WAC, acting as the Canadian government’s disposal agent, was heavily involved in

⁶¹ United States Senate, *Hearings before the Surplus War Property Subcommittee of the Special Committee to Study and Survey Problems of Small Business Enterprises*, 79th Congress, First Session, Part 63: Machine Tools Industry, “Statement of J. B. Carswell President, War Assets Corporation, Ltd. Montreal, Canada,” 27 April 1945, 7590.

⁶² *SCWEE*, 2 April 1946 (No. 1, Book 2), 13-14.

almost every aspect of this disposal operation. This was not only because it hired the Canadian appraiser for each valuation report, but also because the Recommendation contained provisions requiring both countries to abide by the other's laws governing surplus disposal. The Canadian government had insisted upon this clause because of the large volume of American surpluses in Canada. All American property not returned to the US and not required by the Canadian government had to be sold through the CAAC and WAC, while the proceeds of sales were turned over to American accounts.⁶³

However, after hostilities ended, the Canadian government wanted to expedite the financial settlement with a comprehensive agreement before the end of the fiscal year. On 30 March 1946, the two governments agreed on a set price for all remaining American property in Canada and the Canadian government paid the United States \$12 million for the defence facilities, leftover equipment, and infrastructure that had originally cost about \$59 million USD (there were separate agreements for the Alaskan Highway and Canol Pipeline). According to Stanley Dziuban, the deal was mutually beneficial to both sides as Canada received airports and infrastructure while the US received cash in return.⁶⁴ However, the usefulness and practicality of the remaining facilities and infrastructure was questionable as a large portion of the leftover equipment was war junk not worth the cost of repatriating back to the US and technological advances in aircraft designed rendered the series of air bases obsolete. Indeed, a cynic might conclude that the Canadian government paid the Americans to leave their garbage behind.

Such a situation was compounded by the attitude of Canadian political leaders toward northern developments. In general, Ottawa was indifferent toward the Alaskan Highway, Northwest Staging Route, and the Canol Pipeline from the beginning – officials even called the highway “a most dubious egg” at one point.⁶⁵ The government

⁶³ Stanley Dziuban, *Military Relations between the United States and Canada, 1939-1945*, (Washington: Office of the Chief of Military History, 1959), 320-331; LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 25-26.

⁶⁴ Dziuban, *Military Relations between the United States and Canada*, 320-331; LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 25-26. See also: LAC, RG25, Vol. 3731, File: 5979-F-40 “Surplus Canadian War Materials in the United States and Surplus United States War Material in Canada – Disposal of,” various correspondence and paperwork, April 1945 to April 1949.

⁶⁵ As quoted in: M. V. Bezeau, “The Realities of Strategic Planning: The Decision to Build the Alaska Highway,” in Coates, ed., *The Alaska Highway*, 32.

was even less enthused about having to maintain the new infrastructure coming under federal jurisdiction and clean up all the war junk that remained in the surrounding areas. Therefore, the remoteness of the area, the amount of territory requiring clean up, and the continuing costs of maintenance were prohibitive. It was simply easier and more cost effective to follow the American example and abandon what could not be salvaged, relocated, or sold locally.

As a result, the Pacific Northwest became littered with abandoned relics from the Second World War that were not worth the cost of disposal. These relics and materials became entwined into the social and spatial identities of the region and have had a residual impact on the local inhabitants and the tourist industry more generally.⁶⁶ The Canol pipeline is an example. It was crash-built by the Americans in the wake of the Japanese invasion of the Aleutian Islands so that oil from Norman Wells in the Northwest Territories could be transported to refineries in Whitehorse. Over the winter of 1943-1944 approximately 2,650 km of four and six inch piping was laid across the rugged landscape, in addition to 1,600 km of telephone lines and a service road. Amazingly, the first oil reached Whitehorse in April 1944 but the project was abandoned a year later since it was incredibly expensive and impractical as oil production in Whitehorse was four times the world price and the threat of further Japanese advances had passed.⁶⁷

In 1944, the Americans arranged for the pipeline's sale to Imperial Oil and the company demolished large portions and removed whatever else it considered valuable. However, there was little oversight and Imperial Oil left behind considerable amounts of materials and worthless equipment. Whatever remained came under the WAC's jurisdiction in 1946 and some sales did occur in 1947, but everything else was abandoned

⁶⁶ Donovan Webster, *Aftermath: The Remnants of War*, (New York: Pantheon Books, 1996) 160-217; Paola Filippucci, "Postcards from the Past: War, Landscape and Place in Argonne, France," in Saunders and Cornish eds., *Contested Objects*, 220-236.

⁶⁷ See: Coates and Morrison, *The Alaska Highway in World War II*, 3-69, 218-242. For more background and tourist information, see: "Tourism at Norman Wells" (Accessed 4 January 2015) <http://www.normanwells.com/lifestyle/tourism-norman-wells>; "Canol Heritage Trail," Norman Wells Historical Society, (Accessed 4 January 2015) <http://www.normanwellsmuseum.com/the-sathu/canol-heritage-trail>; "The Canol Road," Sights and Sounds: Yukon Point of Interest Signage, (Accessed 1 February 2015) <http://sightsandsites.ca/central/site/the-canol-road>; "Canol Trail Finally Marked" *North News Services Online*, 21 October 1996, (Accessed 1 February 2015) http://www.nnsl.com/frames/newspapers/1996-10/oct21_96trail.html; "Canol Heritage Trail," *Wikipedia* (Accessed 4 January 2015) http://en.wikipedia.org/wiki/Canol_Heritage_Trail.

once again.⁶⁸ In the 1950s and 1960s renewed federal investment in the north improved the road networks and spurred a mild increase in adventure tourism, but little was done to clean up the Canol pipeline and the large amounts of remaining materials. In October 1996, the Canol Heritage Trail was officially opened at a plaque ceremony in Tulita and according to a 2012 article by *Maclean's* the 355km hiking trail ranks as the most challenging in Canada.⁶⁹

Aside from the rugged Canadian wilderness and breathtaking scenery, the other tourist draw is the leftover materiel dotting the area. Against the backdrop of a northern



Photo 4 Group of Inuit with housing made from American military supplies, Fort Chimo, QU. 1948. Source: S.J. Bailey/LAC/PA-167628

landscape, the derelict remains of pumping stations, road camps, bridges, trucks, and other rusting equipment are strewn along the Canol trail. For tourists these are some of the highlights of the hiking experience. As Wendy Cecil, Chancellor of Victoria University, described in a commercial for Northwest Territories Tourism, the Canol Trail was just like “a living museum” because visitors can “see remnants of when it was constructed...you can see where bridges got swept away; you can see

some of the old buildings; there’s still lots of the old trucks, all stripped of their rubber tires and motors and everything but the shells...it’s a bit like walking through a ghost town.”⁷⁰ However, for the locals, the material legacies of abandoned military equipment

⁶⁸ Dziuban, *Military Relations between the United States and Canada*, 330-331.

⁶⁹ “5 Most Challenging Hiking Trails in Canada,” *Maclean's*, 10 August 2012 <http://www.macleans.ca/society/life/5-most-challenging-hiking-trails-in-canada/> (Accessed 1 February 2015); Coates and Morrison, “Tourism Shaped by War,” 80-88.

⁷⁰ “Hiking the NWT’s Historic Canol Trail” Youtube Video, 1:28, Posted by spectacularnwt’s channel, 2 March 2012, (Accessed 4 January 2015) <https://www.youtube.com/watch?v=ZAVPMxxLxQk> (Accessed 4 January 2015). For other examples see: “Canol Heritage Trail: Doomed to Fail They Said,” *MEC Blog*, 5 October 2012, (Accessed 4 January 2015) <http://blog.mec.ca/2012/10/05/canol-heritage-trail-doomed-to->

were more than just parts of the landscape. In some cases, the leftover objects were integrated into their lives to bring some meagre improvements to living conditions in the north. As Photo 4 demonstrates, local populations often appropriated leftover military supplies to improve their housing needs, as these Inuit did in Fort Chimo (present day Kuujuaq) along the northern tip of Quebec on the coast of the Ungava Bay.

Yet the leftover materiel is not always welcomed. Even today it poses some challenges and dangers for both humans and wildlife. In July 2014, during the ninth annual Canol Youth Hike, Norman Yakeleya, the now former MLA for the Northwest Territories' Sahtu region, discovered around mile 170 of the hike that the old communication wires installed by the Americans were hanging dangerously low. The



Photo 5 A set of moose antlers tangled in telephone wires found at Mile 170 on the Canol Trail. Source: “WWII-era Telephone Lines Snag N.W.T Moose, Caribou” *CBC News*, 8 July 2014 <http://www.cbc.ca/news/canada/north/wwii-era-telephone-lines-snag-n-w-t-moose-caribou-1.2700166> Credit: Norman Yakeleya.

group found moose antlers tangled up in the telephone wire and as Yakeleya told the CBC, “it really breaks your heart when you see those antlers all tangled up in those wires. The poor animals suffocated in that state.”⁷¹ While the scars of the Second World War are most often associated with far off battlefields, destroyed

landscapes, and the immaculate cemeteries of the Commonwealth War Graves Commission, other forms of materiel legacies and pollution still remain and require continuing expenses and maintenance decades after its conclusion. In 2009, the federal government paid to clean up the wire along the first 80km of the Canol trail and added

fail-they-said/; “Canol Heritage Trail: Itinerary,” *Canoe North Adventures*, (Accessed 4 January 2015) <http://canoenorthadventures.com/adventures/upcoming/canol-heritage-trail/>.

⁷¹ “WWII-era Telephone Lines Snag N.W.T Moose, Caribou” *CBC News*, 8 July 2014 <http://www.cbc.ca/news/canada/north/wwii-era-telephone-lines-snag-n-w-t-moose-caribou-1.2700166> (Access 4 January 2015)

the pipeline to its list of contaminated sites since roughly 20 percent of the oil it transported never arrived in Whitehorse.⁷²

The issue of UXO located around the country also continues to cost Canadians. Since Canada's vast expanse of land was perhaps its greatest contribution to the Allied cause, the country was used extensively for training soldiers and testing weaponry during the war. As a result, large numbers of sites became so contaminated with unexploded ordnance, that an overworked and underfunded PDC and WAC could not possibly remediate everything. Moreover, jurisdictional limitations also plagued their operations since they were only responsible for clearing proof ranges operated by the DMS or those declared surplus by the DND. Facing drastic budget cuts in 1945, the DND had little incentive to clean up the testing and training ranges it planned on maintaining, while postwar exercises only added more UXOs to these properties. Over time, however, geological processes push shells closer to the surface, while Canada's population growth has put more land into development. This has resulted in more frequent encounters with UXO. For instance, in 2005 the DND started collecting data on UXO locations and in 2013 officials speculated that there are more than 860 "legacy sites" across Canada and at least another 1,100 sites off the Atlantic coast.⁷³ Since 1927 unexploded ordnance has killed 15 people and injured another 20 across the whole country. In Vernon, British Columbia alone, between 1944 and 1973 at least nine people were killed in accidents, including two Boy Scouts named Grant Morgan and Don Hope who died when a buried mortar exploded in 1963. As of 2013, the last known injury was in Lethbridge, Alberta when a farmer ran over a buried pyrotechnic device in 2007.⁷⁴

⁷² Ibid.

⁷³ These numbers, especially for the Atlantic Ocean, are conservative estimates. See <http://www.forces.gc.ca/en/business-unexploded-ordnance/uxo-sites.page> for a list of confirmed UXO sites in Canada.

⁷⁴ Julian Sher et al. "Unexploded bombs, ammo in 150 possible Ontario Locations: DND Report," *The Toronto Star*, 12 August 2013, (accessed 7 April 2014) http://www.thestar.com/news/world/2013/08/12/-bombs_in_your_backyard_ontario_home_to_150_possible_locations_of_unexploded_bombs.html; Zoe McKnight, "Feds spend \$70M to clean up unexploded ordnance across Canada," *The National Post*, 6 August 2013, (accessed 7 April 2014) <http://news.nationalpost.com/news/canada/feds-spend-70m-to-clean-up-unexploded-ordnance-across-canada>.

“A Solid Big Gob”: The Challenge of Managing Large Inventories

Despite lingering problems, cleaning up contaminated sites and clearing out surplus property from military and industrial sites was a crucial element of the state’s disposal efforts. This act made way for the return of peacetime operations and materially aided postwar reconstruction and reconversion programs. However, it was only half of the story. Without a place to store all the items, objects, and materials collected by the WAC, clearance operations were impossible to sustain. Therefore, the Supply Department’s Warehousing Division was an essential element of clearance operations. Once Clearance teams did their work, the assets not purchased by the contractor on site and not required by CAL or the armed forces were collected and transported to one of the WAC’s warehouses to await final disposition.

The Warehousing Division allowed the WAC to control the flood of surpluses entering the economy and testimony before the SCWEE explained this important function, “Canada cannot absorb in a short period the huge stocks made surplus and means must be found to properly warehouse them” so they would not flood markets and depreciate prices for new goods.⁷⁵ These comments were echoed by an unpublished history of the WAC. Since private industry, the armed forces, and federal departments relied on the Corporation to remove and dispose of surpluses as quickly as possible, it was not feasible or advisable to “sell the surplus in time to meet the removal demands without flooding the market.”⁷⁶ The best option was “to remove such surplus to warehouses” where they would be stored until sold or, if no sale could be arranged, destroyed.⁷⁷ However, the storage and maintenance of all merchandise reclaimed by the government was no easy feat. The Warehousing Division faced some significant challenges related to the volume of goods entering its custody and this section will examine these problems in relation to the expansion of storage capacities and the stewardship of objects.

⁷⁵ SCWEE, 4 December 1945, (No. 5 Book 2), 121.

⁷⁶ LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 30.

⁷⁷ Ibid, “History of War Assets Corporation,” 15 July 1950, 30.

The toughest initial task was finding space for everything. In December 1945, just a few months after being created, the Warehousing Division boasted eighteen warehouses spread across the country: eight in Ontario, seven in Quebec, and one each in the Maritimes, Prairies, and BC. The eighteen warehouses amounted to roughly 1.735 million sq. ft. (or 39.8 acres) of indoor storage space. To put this early amount of storage space into perspective: it was almost twice the size of Parliament Hill which occupies 952,390 sq. ft. in downtown Ottawa. Yet this space was not nearly enough. In January 1946, the first month that Surplus Declarations topped 2,000, the fifteen warehouses in Ontario and Quebec (totalling 1.435 million sq. ft. combined) were reaching full capacity, as 65 percent of Ontario's and 75 percent of Quebec's warehouses were filled. Similar issue occurred in other regions as well. In the Maritimes, 60 percent of the available 140,000 sq. ft. was occupied, while 35 percent of the 125,000 sq. ft. serving Manitoba and Saskatchewan and 80 percent of 35,000 sq. ft. serving British Columbia and Alberta was occupied.⁷⁸ With the flood of surplus declarations and clearance requests increasing each month, it was obvious that more warehouses were required, especially in the west and east. As a result, the Warehousing Division expanded rapidly to operate a peak of 51 warehouses, totalling more than 6 million sq. ft. of indoor storage space by March 1947.

The expansion of the WAC's storage capacity was a remarkable achievement considering how expensive real estate and rental charges were in a country plagued by severe accommodation shortages during and after the war. Acquiring new buildings or facilities was very expensive and yet the WAC managed to find more than six million sq. ft. of indoor space without going bankrupt. How did that happen? Malley's Supply Department came up with an ingenious and cost effective solution: the WAC would repurpose the facilities already owned by the Crown and declared surplus through the DMS or DND. Berry's testimony before the SCWEE confirmed this policy which was implemented wherever possible. However, he also indicated that as of December 1945, the armed forces were still closely guarding their storage capacities, so the repurposing of existing spaces was not a straightforward process: "I believe we possibly use [vacant airport buildings or army buildings for storage], but in certain cases we have not been

⁷⁸ SCWEE, 4 December 1945, (No. 5 Book 2), 121.

able to organize to the point where we can take over existing buildings which have surpluses in them from the present custodians; namely, the air force, the army, and the navy.”⁷⁹

Since the WAC usually did not construct any warehouses, its storage facilities came from two general sources. First, a portion of the warehouses taken over by the WAC were formerly Crown-owned plants (or sections thereof) that were already closed down and declared surplus. After some renovations, the Corporation gained plenty of space that was often in the general vicinity of where assets were declared and already located near good transportation networks since factories were constructed along rail lines wherever possible.⁸⁰ Rather than rushing to sell the real estate, the WAC reused it temporarily and once the warehouse’s inventory was depleted, the building(s) were put on the market and sold as the WAC reverted to its centralized operational procedures.⁸¹ According to the pamphlet *Disposal and Peacetime Use of Crown-Owned Plant Buildings*, at its peak the WAC warehouses occupied roughly 4-5 million sq. ft. of floor space at thirteen former crown plants. But by 1948 the Corporation occupied only 1.1 million sq. ft. and there were few indications that storage space would be required much longer.⁸²

The second source of warehousing was the space commandeered at military bases across the country. This cut down on expenses especially if the materiel was located on the same base, as it only required transportation to the WAC’s buildings or the assets could be left in place to avoid double handling. This policy was not always welcomed by the military because it took up valuable space on bases at a time when the postwar storage problem was most acute, but over time the WAC and military found ways to cooperate. To supervise the storage, handling, and maintenance of assets on military bases, the Supply Department assigned personnel and hired security guards. This particular arrangement worked extremely well in several places, especially in Montreal at

⁷⁹ Ibid, 123.

⁸⁰ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 27-31. See also: Forbes, “Consolidating Disparity,” 14, 16-19; Pritchard, *A Bridge of Ships*, 96-98.

⁸¹ LAC, RG101, Vol. 1, File: R-1-1-9, “Statement Prepared for the House of Commons Special Committee on War Expenditures and Economies,” 2 April 1946.

⁸² LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 20.

the Longue Pointe Ordnance Depot. The 210-acre depot was Canada's "Valcartier" of the Second World War. Crash-built on the outskirts of Montreal very early in the war, by 1944 it was the central logistical hub of Canada's entire war effort. Practically all munitions and supplies produced by Canadian industries were shipped overseas or returned home through its sprawling facilities, railways, and dock yards. After the war, the WAC used Longue Pointe as its central shipping hub for many international sales and some local ones as well.⁸³

The amount of outdoor storage space used by the Corporation was probably larger



Photo 6: A rare picture of decommissioned ships at the graveyard near Sorel. Source: LAC, RG101, Vol. 1, File: R-1-1-9 History of War Assets Corporation Ltd. and War Assets Corporation, Newspaper Clippings, *The Standard*, 15 September 1945, 3.

than the indoor space, but it is harder to quantify because the square footage was not recorded and because it is more difficult to define. For instance, assets could be stored directly outside the doors of warehouses permanently or temporarily. They could be put in sheds without walls adjacent to military bases or left in open-air depots behind barbed wire fences. Additionally, the remote areas where surpluses were abandoned could be labelled as a form of outdoor storage space. Assembled aircraft posed a special storage challenge due to their size and numbers. As a result, they were often left at RCAF bases or aircraft

factories until a sale or destruction could be arranged.⁸⁴ If the planes were in saleable condition but the logistics of storage proved too problematic or the space did not exist, then the planes were "cocooned" (wrapped in plastic) and left outdoors. Cocooning became a very common practice during the war. Just before its outbreak Dow Chemical

⁸³ LAC, RG24, Vol. 16171, WD – LPOD, Log Entries, April 1945 to December 1946; "Longue Pointe Ordnance Depot Supplies Stream of War Goods," *The Montreal Gazette*, 22 March 1944, 16.

⁸⁴ LAC, RG101, Vol. 6, File: 9-5-2, "Aircraft, Aero Engines and Aeronautical Equipment for Air Use," Merchandising Department Procedures No. 4.01, 23 May 1946, 1-3.

invented a thin plastic wrap (it was green and smelled bad) that it called “Saran.” Originally, Dow Chemical was unsure about its potential applications until munitions shipments had to be packaged and protected from dust, moisture, salt water, air, and damage.⁸⁵

The largest outdoor storage space utilized by the WAC was a part of the St. Lawrence River on the “leeward side of Isle de Grace” north of Sorel, Quebec. It was here that the WAC established its largest ship graveyard for Canada’s surplus naval and cargo vessels. The WAC paid about \$100,000 to set up the site and under the joint command of the WAC’s Fred Hamilton and the Navy’s disposal officer at Sorel, Lt- Cmdr. J. Hodgkinson, a veteran of the Battle of the Atlantic and former commander of the corvette HMCS *Morden*. *Morden* was one of roughly 100 corvettes sold from the Sorel graveyard, which could hold up to 150 vessels at any given moment.⁸⁶ Flower and Castle-class corvettes were joined by several other types of vessels common to Canada’s wartime navy, as fairmiles, frigates, destroyers, and the Fort and Park cargo vessels were also moored at Sorel.⁸⁷ The WAC also maintained two other ship graveyards in cooperation with the Navy, one on either coast. The graveyard at Shelburne, Nova Scotia, handled surplus ships on the Atlantic coast, storing primarily minesweepers, harbour craft, and any overflow from Sorel. Surplus vessels on the Pacific coast were moored at Bedwell Bay before final disposal.⁸⁸

⁸⁵ See: Herman, *Freedom’s Forge*, 219

⁸⁶ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 21 June, 12 July, 13 September, 18 October 1945; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database; Ron Marsh, “Fight with Hun and Storm is Done, 74 Corvettes Sail to Graveyard,” *The Montreal Gazette*, 21 July 1945, 11-12.

⁸⁷ LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 11.

⁸⁸ The Navy handled all its de-ammunitioning at Sydney. See: DHH, 81/5200/8000-8000, Box 242, File: 10, “Statement on War Assets Corporation Operations in the Disposal of Marine Craft,” by John Berry, 7 May 1946, 1-11.

Region	Warehouses Operating March 1947	Total Occupied Area (Sq. Ft.)	Total Personnel	Approx. Tonnage Received 1946-47	Approx. Tonnage Shipped 1946-47	Sales Orders Handled
Maritimes	6	614,381	304	10,852	8,192	8,657
Quebec	11	1,555,913	761	30,583	28,151	20,202
Ontario	12	2,338,964	873	27,625	32,026	19,649
Prairies	8	578,608	156	12,237	12,147	14,285
Western	14	1,163,699	417	25,960	19,386	14,167
Total	51	6,251,565	2,511	107,257	99,902	76,960
Source: <i>War Assets Corporation Third Annual Report</i> , (April 1, 1946 to March 31, 1947), 11						

As sales peaked over the 1946-1947 fiscal year, the number of items entering and exiting the WAC's warehouses grew to staggering proportions. As Table 5 indicates, the WAC's 51 warehouses shipped 99,902 and received 107,257 tons of materials that year. The roughly even split between shipping and receiving occurred because the WAC reached the peak of its clearance, warehousing, and selling operations: the volume it took in started equaling what it shipped out. This allows us to interpret the WAC's disposal operations in three phases chronologically defined by the annual reports. The first period, 1945-1946, was dominated by the intake of surpluses into warehouses during which some sales occurred (particularly onsite to contractors) but the tonnage entering warehouses was much larger than what was leaving. Unfortunately, statistics for 1945-1946 are not available, but they should mirror (in reverse) the trends in Table 6. The second or middle period, 1946-1947, was characterized by roughly equal levels of shipping and receiving, whereas the first and third phases were characterized by an imbalance in intake and output. During the last phase, 1947-1948, the number of warehouses was drastically reduced in line with the liquidation of inventories and this is reflected in the major imbalance between the shipping and receiving and the higher rate of sales orders handled over the previous years.⁸⁹

⁸⁹ *War Assets Corporation Fourth Annual Report*, 6-14.

Region	Warehouses Operating March 1948	Total Occupied Area (Sq. Ft.)	Total Personnel	Approx. Tonnage Received 1947-48	Approx. Tonnage Shipped 1947-48	Sales Orders Handled
Maritimes	2	456,505	82	9,097.81	12,524.01	11,860
Quebec	3	427,639	117	8,349.66	33,973.26	26,559
Ontario	2	993,262	217	8,688.19	59,577.88	26,278
Prairies	2	109,808	26	4,146.28	18,834.67	9,288
Western	3	391,714	106	14,587.28	26,353.26	18,740
Total	12	2,378,928	548	44,869.36	151,263.08	92,725

Source: *War Assets Corporation Fourth Annual Report*, (April 1, 1947 to March 31, 1948), 8

The volume of assets entering and exiting warehouses brought a whole host of new problems. Perhaps the biggest challenge was keeping track of the ballooning inventory. As Berry explained to the SCWEE, some of his divisions had seen significant increases in their business after V-J Day. Referencing the sale of machine tools as an example of the problems caused by the sudden surge, Berry stated that over the six-month period following Germany's surrender, sales of machine tools tripled from an average of \$300,000 per month to \$1 million a month:

Up to that time we had a flow of X machines coming in per week or per month. On V-J Day it was not a flow of machines of X per month, it was a solid big gob of machines which descended on us. I cannot possibly have the administrative machinery to catalogue all these machines; as to what they are, where they are – we have to sell them openly. It may take me 12 months to get all these machines sold properly. It may take me two years.⁹⁰

That the WAC sold the “solid big gob” of machine tools roughly in accordance with Berry's two-year estimate was remarkable given the diversity and sheer volume of everything else descending on the Corporation. After the war, the WAC received solid big gobs of every imaginable category of goods!

Cataloguing such a large inventory was not easy or, as it turned out, even desirable. As Ken Johnstone explained in the September issue of *The Standard*, “the country's largest department stores may stock up to ten thousand different items. War Assets Corporation lists something like two hundred and fifty thousand items in its

⁹⁰ SCWEE, 22 November 1945 (No. 2, Book 2), 53.

inventories.”⁹¹ Given the volume of declarations and the number of objects entering and exiting the WAC’s warehouses every day, compiling a comprehensive inventory of 250,000 different categories was impractical since it would be immediately out-of-date and too large for quick reference. As Berry explained in another description of the inventory problem, “to catalogue the variety of goods and material disposed through the sales forces of the Corporation would require a large [book]. For example, a breakdown of material and components cleared through the Aircraft Section alone entails the enumeration of approximately 20,000 items. The section devoted to Radar and Radio lists 5,000 separate classifications of items dealt with.”⁹² Moreover, the stock of items in each category was constantly fluctuating, and since every change had to be done by hand and without the help of microprocessors, inventory management software, or the internet, it was administratively impossible to keep a running tab.⁹³

In addition to the diversity and volume of items, creating a comprehensive catalogue was further complicated by the wide geographic dispersion of surpluses, the difficulty of combining into one master list all the various regional inventories, and the freight charges for mailing what was a heavy stack of paper to all interested customers. For these reasons the WAC was never able to circulate lists or catalogues of its entire inventory, much to the dissatisfaction of its customers and inquiring politicians. As DeRoche stated to the SCWEE in response to a question about why air raid precaution equipment was not included on the catalogue submitted as evidence, “this inventory is just one month. The total thing stands about that high (indicating) off the floor.”⁹⁴ In this case, the air raid equipment had not been declared surplus that month and as a result was still in the Director of Civilian Defence’s possession and therefore not included in DeRoche’s briefing.

⁹¹ LAC, RG101, Vol. 1, File: R-1-1-9, Ken Johnstone, “War’s Waste,” *The Standard*, 15 September 1945, 2.

⁹² *SCWEE*, 22 November 1945 (No. 2, Book 2), 48.

⁹³ Peter J. Bentley, *Digitized: The Science of Computers and How it Shapes Our World*, (Oxford: Oxford University Press, 2012), 1-12.

⁹⁴ *SCWEE*, 20 November 1945 (No. 1, Book 2), 25.

The procedures and practices for tracking inventories within the WAC were imperfect and overwhelmed by goods and paperwork. This made the Auditor General's job more difficult. Because of Diefenbaker's vocal criticism and questions in the House of Commons when the *Surplus Crown Assets Act* was debated, an amendment was added that required the Auditor General of Canada to investigate the WAC's operations and accounts. As a result, dozens of auditors and supervisors fanned out across the country each year in order to inspect the WAC's Head Office, Regional Branches, and all its warehouses. What they found raised eyebrows. Overall, most of the surviving auditor reports indicate that the records management at warehouses were adequately organized and maintained given the circumstances, although there were some systemic discrepancies between the paperwork and actual stocks available in the inventory.⁹⁵

As a result, the Auditor General continuously appended a caveat to its yearly reviews. While sympathetic to "the tremendous amount of paper work required in this company by the nature of its operations" as well as "the very great amount of clearance work" that "took place in a relatively short time," the Auditor General qualified its report by stating that "the procedures and practices of the Corporation were not of such a nature as to permit establishing by examination of records maintained that all assets received for disposal had been fully accounted for."⁹⁶ The Auditor General's remarks were a serious charge against the WAC, especially considering all the organizational and administrative preparations. Apparently, it had all been insufficient. Yet, remarkably, the comments did not yield any significant changes for two reasons. First, it appears as though auditors understood that clerical issues were impossible to avoid given the amount of assets and paperwork at hand. They were therefore willing to work with the existing system by limiting the discrepancies as much as possible. Second, Berry and his fellow executives believed it was impossible to alter the WAC's practices and procedures to better serve the needs of auditors or create a detailed inventory. If this were to happen then operations "both as regard to taking over surplus and the sale of surplus" had to be "stopped for a

⁹⁵ For example see: LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head Office Year-end Test Audits 31 March 1948, "Final Audit – Warehouse No. 47, Montreal Que.," S. R. E. Jolley, 8 June 1948, 7.

⁹⁶ LAC, RG58, Vol. 17, File: War Assets Corp. Working Papers Ontario Region 1947-1948, "Memorandum to Mr. Adamson, Re: War Assets Corporation," no author, 24 January 1948, 2; *War Assets Corporation Second Annual Report*, 23.

considerable period (estimated to be two months).”⁹⁷ As the *Second Annual Report* stated after the Auditor General’s critical remarks:

The Corporation feels that a stoppage of operations by the Corporation would be entirely unjustified as the safeguards that have been instituted to protect the Crown-owned property in its custody are of such a nature that only minor losses of property are likely, and the necessity for accepting surplus so that the original custodian departments may demobilize their personnel or, alternatively, contractors may clear their plants and return to civilian production are of paramount importance.⁹⁸

The difficulty in tracking such large inventories with even more paperwork was a product of many issues incumbent to the WAC’s operations and identified by auditors. It all started with the fact that the CAAC and WAC used different procedures and forms. The two separate administrative practices resulted in the provision of different file numbers for each declaration. This resulted in misfiled paperwork, much to the dismay of officials in the MGO Branch who discovered that some files were lost at the WAC’s Head Office in April 1945.⁹⁹ Operating two administrative systems simultaneously was necessary given the different responsibilities of each organization. As Chapter 2 explained, the CAAC’s Standard Procedures were issued to ensure consistency in filling out Surplus Declarations and also to ensure that a clear link was maintained between the items, their condition, the declaring agency, and location. These details allowed the CAAC to screen assets through the priorities and, when necessary, facilitate an inter-departmental transfer or recommend a direct sale on the tracking schedules.

However, once the assets entered the custody of the WAC a new set of administrative procedures existed, designed specifically for the physical task of inventory management. When Clearance teams acquired assets on site they were less concerned about where the objects originated, what they had been used for, or their original cost.

⁹⁷ *War Assets Corporation Second Annual Report*, 23.

⁹⁸ *Ibid*, 23.

⁹⁹ One instance, documented by the AOSAC in April 1945, noted that the WAC’s Head Office had lost the file declaring \$478.39 worth of spare parts for the army’s Simplex Servi-Cycle. Upon further review, the AOSAC found a clear paper trail that indicated when the declaration was made to the CAAC (21 June 1944) and when it was transferred to the WAC (23 June 1944), but the trail went cold after that. As a result, no disposal action had been taken. LAC, RG24, C-8432, File: 9106-5 Vol. 1, “Notes on W.A.C. Disposals,” Colonel E. D. James, Director of Mechanization, April 1945.

Instead, they were most interested in the object's condition, dimensions, component parts, weight, features, availability, quantities, location, and warehousing requirements. The WAC therefore relied on a separate set of procedures and forms denoted by the prefix "S.D." to track assets and sales through the provision of receipts and forms for contractors, declaring agencies, transfers between Departments or Divisions, and eventually, customer sales.¹⁰⁰

Internally, the Clearance and Warehousing Divisions used several imperfect methods to help keep track of items and paperwork. The Clearance division maintained an inventory of codes and abbreviations that helped them fill out forms for the Warehousing Division and Merchandising Department. However, this catalogue was over 300 pages long, constantly changing as stocks were accrued or diminished, and largely generic since little information about the quality and quantity of each item could not be maintained.¹⁰¹ Inside warehouses, bin tags were used so personnel could easily navigate aisles and locate objects. Staff kept tags up-to-date by editing them with markers as items were removed. Warehouse supervisors kept track of stocks by inspecting availability reports (issued when items entered warehouses), sales forms (issued when items left warehouses), and discrepancy reports (issued when items went missing). However, as auditors discovered, this could be a cumbersome system to navigate since there was no general index for the forms, only stacks of paper that had to be cross-referenced by hand at each warehouse office.¹⁰²

As a result of these practices, the identity of assets in relationship to the declaring agency and the CAAC's Standard Procedures was "naturally lost" once in the WAC's

¹⁰⁰ LAC, RG101, Vol. 1, File: R-1-1-9, "Clearance Division Procedures," 19 November 1945, 1-22.

¹⁰¹ Ibid, "History of War Assets Corporation," 15 July 1950, 5.

¹⁰² LAC, RG58, Vol. 17, File: War Assets Corp. Working Papers Quebec Region 1947-1948, "War Assets Corporation – Report on Warehouse 55," no author, no date, 1-2; Ibid, "War Assets Corporation – #14 Warehouse," no author, 22 September 1947, 1-2; LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head office Year-end Test Audits 31 March 1948, "Audit of Warehouse No. 41, Debert N. S. for the period July 8, 1946 to June 23, 1947," L. E. L. Harvey, 7 August 1947, 1-2, 5; Ibid, "Audit of Warehouse No. 41 Debert, N. S. Period 18th July 1947 to 16th August 1948," Mr. G. C. Sircom, 26 April 1948, 1-5; Ibid, File: War Assets Corporation Ltd. Head Office Working Papers 1947-1948 File AII, "Plant and Warehousing Operations No. 1 Reclamation Depot – Valleyfield," H. R. Stephenson, 23 July 1948, 1-3.

custody.¹⁰³ This was an inevitable consequence of the Corporation's storage and handling procedures, but frustrated auditors attempting to track the flow of specific goods from intake to output. Due to the sheer volume of assets entering the WAC's possession, it was necessary to adopt storage and sorting practices that were as pragmatic as possible. Maintaining the identity of an object in relationship to the original surplus declaration was an impractical basis for arranging warehouses and processing sales. In other words, it made no sense to store all radios declared surplus by the DND or the DMS in separate places. Rather it was more convenient to store all radios in the same bins regardless of

origin and divided by condition, type, or manufacturer.¹⁰⁴



Photo 7 John Brocklehurst checking a pile of khaki uniforms at No. 1 Reclamation Depot, Valleyfield, Quebec. This rare photo from inside a WAC warehouse was taken from a badly deteriorating issue of *The Standard*, 15 September 1945, 4. Source: LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation Ltd. and War Assets Corporation," Newspaper Clippings.

The identity problem is best illustrated by the WAC's No. 1 Reclamation Depot located in Valleyfield, Quebec. The Reclamation Depot handled the storage, processing, and sale of all surplus clothing, textiles, bedding, blankets, boots, and shoes. Valleyfield became a very important feature of the WAC's support for postwar relief and rehabilitation across the world. Yet the flow of clothing and textiles posed a problem for auditors

because it was impossible to track an incoming shipment through its delivery, inspection, storage, processing, and sale. When a shipment first arrived at Valleyfield it was measured by total weight (not by the quantities of each item) and then transferred to another room (with all the other new shipments) for inspection. Inspectors sifted through each shipment and removed insignias, sorted contents by type, and folded articles for storage in the Depot's 50-plus huts and buildings.

¹⁰³ LAC, RG101, Vol. 1, File: R-1-1-9, "History of War Assets Corporation," 15 July 1950, 30.

¹⁰⁴ *Ibid*, 30.

Eventually, once a sale was made, the purchased items were all washed and dyed (to meet military policies governing the sale of old uniforms) before leaving the Depot.¹⁰⁵ Not only would the items look physically different, but it was impractical to sort and store each type by their original shipments or owners. Rather, it was more feasible to store all the pants, all the tunics, and all the blankets separately, regardless of where they originated, and subdivide them by condition.¹⁰⁶ As a result, it was impossible for an auditor to determine if the 100 lbs. of pants sold on a Friday were all or part of Monday's 100 lbs. clothing shipment from, say, the Department of Labour.

Given the intake of such large quantities, it was not uncommon for Clearance inspectors to simply leave assets in warehouses with the intention of screening them later but never getting the chance. This occurred often and was documented at Warehouse 55 by an auditor who discovered that a large amount of material and equipment had not been screened by Clearance or Warehousing staff and simply left in open boxes on the warehouse's floor "for as long as ten months."¹⁰⁷ Moreover, warehouse staff also had to deal with a steady stream of returned materials, either because the customer was unhappy with the shipment or because the Corporation had over-shipped. This happened with some regularity and increased workloads since goods had to be rescreened, new forms had to be filled out, and the assets had to be physically returned to bins or, more often, sent to the scrap heap because the items were unacceptable to the buyer. In one case, Garsons Scrap Yard in Nova Scotia actually refused to purchase the scrap consigned to it by the WAC as it was "useless scrap."¹⁰⁸

¹⁰⁵ Regulation 38B of the Defence of Canada Regulations prohibited the sale of military uniforms. However, the CAAC secured an exemption provided that "[the uniform was] processed, dyed or treated so that it is not likely to be mistaken for any naval, military, air force, police, special police, fire brigade, or auxiliary fire service uniform, or portion thereof." LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 20 April 1945.

¹⁰⁶ LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head office Working Papers 1947-1948 File All, "Plant and Warehousing Operations No. 1 Reclamation Depot – Valleyfield," H. R. Stephenson, 23 July 1948, 1-3.

¹⁰⁷ LAC, RG58, Vol. 17, File: War Assets Corp. Working Papers Quebec Region 1947-1948, "War Assets Corporation – Report on Warehouse 55," no author, no date, 1.

¹⁰⁸ LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head Office Year-end Test Audits 31 March 1948, "Audit of Warehouse No. 41, Debert N. S. for the period July 8, 1946 to June 23, 1947," L. E. L. Harvey, 7 August 1947, Appendix "Unfilled Sales Orders as at 10th July 1947."

Compounding this problem was the eagerness of Clearance inspectors to close files quickly. During the peak of clearance operations, overworked inspectors hastily filled in forms with insufficient information or, more problematically, they would close files before warehousing receipts were included. This loop-hole was discovered first by the WAC's Comptroller Branch and confirmed later by reports to the Auditor General in November 1947. As a result, by February 1948, steps were taken by "the internal audit staff at Ottawa" to review "some 50,000 plant clearance files with the objective of ascertaining whether or not materials intended to be taken over by War Assets Corporation have actually been received and that materials received and no longer on hand have been disposed of legitimately."¹⁰⁹ Although the Discrepancy Investigation Committee never appears to have reviewed all 50,000 files (this would have entailed reviewing every clearance request handled by the WAC) they did investigate some of the larger discrepancies at several meetings in March and April. They concluded that in most cases the Crown was partly or totally responsible for the discrepancies. This was either because of "clerical errors on the part of the corporation" or long delays in the inspection and repossession of inventories when contracts were terminated and the "desire of contractors to obtain full use of their premises with minimum delay" which could result in the materials being used illegitimately in peacetime production, resold by the contractor, or scrapped before the government could collect them.¹¹⁰

Improper or delayed screening by clearance and warehousing staff was a fairly serious problem since assets could fall through the cracks. Judging from surviving evidence, this occurred with some regularity and, in the end, made for some uncomfortable and even dangerous situations. In one case, a "serious accident" occurred at Sorel when a hand grenade, left onboard HMCS *Sherbrooke*, exploded after the ship's

¹⁰⁹ LAC, RG58, Vol. 17, File: War Assets Corporation Working Papers 1947-1948 Ontario Region, "Memorandum to Mr. Cassidy," A. O. Adamson, 14 February 1948. See also: LAC, RG58, Vol. 16, File: War Assets Corp. Special Sales – Correspondence, "Re: War Assets Corporation, Special Sales Division, Ottawa, Discrepancy Investigation Committee," by J. G. Lumsden, 16 April 1948, 1-6.

¹¹⁰ LAC, RG58, Vol. 16, File: War Assets Corp. Special Sales – Correspondence, "Re: War Assets Corporation, Special Sales Division, Ottawa, Discrepancy Investigation Committee," by J. G. Lumsden, 16 April 1948, 1-6, quote from 2.

commanding officer signed the ship's "explosive free certificate."¹¹¹ As a result, orders were reissued to officers instructing them to make a "thorough search of the ship" after de-ammunitioning took place and before the ships were transferred to the WAC.¹¹² However, as George E. Irving later discovered, these inspections could be somewhat porous. In November 1945, Irving, a retired captain from the Royal Canadian Naval Volunteer Reserve, purchased Hodgkinson's old ship HMCS *Morden* from the WAC and had it transported from Sorel to Port Dalhousie, Ontario. Sales records indicate that Irving may have misrepresented his intentions for purchasing the ship since the sale was listed as a "corvette for scrap" and therefore came with a slightly cheaper price tag. But Irving had other plans for the decommissioned vessel and started rebuilding it as a lake freighter over the spring of 1946.¹¹³

On 29 April Irving made an unexpected discovery while removing ammunition racks from inside the ship's aft magazines. To his surprise, he found "a 4-inch Corvette Shell Mk VIII No. 497, without nose cap" wedged behind the racks that the WAC's staff had missed when they were preparing the ship for sale.¹¹⁴ In what must have been a nervous few moments, the retired sailor telephoned the RCMP's Niagara Falls Detachment around 1pm and Constable J. Brucker arrived shortly thereafter. Brucker removed the shell to Queenston Quarries "pending further instructions as to the disposal."¹¹⁵ Final disposal took a few months to coordinate with officials from the Department of Mines and Resources and the RCN, but the shell was eventually dumped in Lake Ontario in June.¹¹⁶ Although the shell's detonator (nose cap) was removed, making it safe for handling, such a situation was an obvious symptom of how

¹¹¹ LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1, "Disposal on Demobilization – Ammunition and Explosives," Naval Message, 30 June 1945.

¹¹² Ibid, Naval Message, 30 June 1945.

¹¹³ See "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports (1944-1949)* compiled in author's Sales Database; LAC, RG24, Vol. 34394, File: 5130-2, "Mr. George E. Irving – Port Dalhousie, Ont.," by Cst. J. Brucker, 29 April 1946; Ibid, various correspondence May-June 1946.

¹¹⁴ LAC, RG24, Vol. 34394, File: 5130-2, "Mr. George E. Irving – Port Dalhousie, Ont.," by Cst. J. Brucker, 29 April 1946.

¹¹⁵ Ibid, "Mr. George E. Irving – Port Dalhousie, Ont.," by Cst. J. Brucker, 29 April 1946.

¹¹⁶ Ibid, "Mr. George E. Irving – Port Dalhousie, Ont.," by Cst. J. Brucker, 29 April 1946; Ibid, various correspondence May-June 1946.

overwhelmed the WAC's clearance and warehousing operations were after the war. The explosive, hidden from plain sight, was missed when the boat was inspected by both its former crew and WAC personnel. That Irving decided to retrofit the vessel proved fortunate since scrapping ships requires ferociously hot liquid-oxygen torches and heavy machinery for dismemberment. His decision probably prevented an oversight in Sorel from turning into a devastating accident in Port Dalhousie.

Improper screening and inspections also resulted in defective tabulations. This meant that, at any given moment, the WAC's actual stocks could be much larger or smaller than officially recorded. This resulted in over-shipments or under-shipments to customers or in sales occurring for assets that had not officially entered the WAC's custody or in assets taking up storage space without anyone knowing they were there. A field audit of Warehouse 48 in Dartmouth, Nova Scotia, from 11 February until its closure in July 1947 revealed several discrepancies in shipments from the warehouse. In one instance, involving the shipment of canned food to the British Food Mission, "it was found that a shortage occurred between the Warehouse and the purchaser's destination."¹¹⁷ While theft at any point in the logistical arrangements was a distinct possibility, it was also likely that warehousing records were inaccurate. The records may have either over-estimated the amount of canned food actually available for sale or packages containing a portion of the cans purchased were not located in the warehouse at the time the order was filled.

The issuing of Discrepancy Reports to account for the difference between the tabulations on paper and actual stocks of materials in the warehouse became a common practice that varied in severity from warehouse to warehouse. At Warehouse 14, adjacent to the Crown Industrial Building in Villeray, over 4,000 discrepancy reports were on file when auditors reviewed the facilities in 1947. By contrast, Warehouse 48 and Warehouse 41 at Debert had very few discrepancy reports on file, allowing auditors to conclude these

¹¹⁷ LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head Office Year-end Test Audits 31 March 1948, "Final Audit of Warehouse No. 48, Dartmouth, N.S. for period Feb. 11th to July 31st, 1947," O. P. Quinn, 15 August 1947, 2.

warehouses were well managed.¹¹⁸ Discrepancies between the paperwork and actual stocks available in warehouses originated mainly from three sources. The improper or delayed screening of incoming materials has already been mentioned, but this and inaccuracies on the original Surplus Declarations to the CAAC or clearance receipts accounted for a large portion of the problem. The other two sources involved breakage and theft. Just like personnel from the Clearance Division were liable to abandon objects and materials onsite by purpose or accident, a natural attrition rate developed inside the warehousing facilities – either on purpose or by accident – that affected the availability of assets. Many of the objects entering the WAC’s custody were already worn out, obsolete, or otherwise unwanted, so breakage happened constantly in warehouses as assets were damaged or destroyed when handling them. As a result, warehouse supervisors wrote off assets in what amounted to a wastage rate.

The tight third-party security provided by the Commissionaires at warehouses made it difficult to steal large quantities of assets without a sizable number of co-conspirators. Although surviving evidence is silent on this issue, it does not appear that any large or organized rackets developed inside the WAC. Yet small-scale thefts were a systemic problem that occupied the Investigations Division of the Organization and Personnel Department with several dozen cases each year. For instance, during the fiscal year of 1946-1947, the Investigations Division kept busy with 161 cases of which sixteen resulted in prosecutions and convictions “involving 20 persons, mostly Corporation employees, and 20 other cases which were completed by the dismissal of 31 employees.”¹¹⁹ In comparison to the Corporation’s total employment statistics over the same period, these numbers are miniscule. However, this does not mean that thefts were uncommon. In fact, it seems that only the most serious incidents were passed on to the Investigations Division since warehouse supervisors were more likely to write off the losses after conducting their own investigations. As an auditor noted in his review of

¹¹⁸ Discrepancy Reports were common at Warehouse 14 and there were even more at Warehouse 22. LAC, RG58, Vol. 17, File: War Assets Corp. Working Papers Quebec Region 1947-1948, “War Assets Corporation – #14 Warehouse,” no author, 22 September 1947, 1-2; Ibid, “Discrepancy Reports Raised in Quebec Region,” 10 November 1947; LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head Office Year-end Test Audits 31 March 1948, “Audit of Warehouse No. 41, Debert N. S. for the period July 8, 1946 to June 23, 1947,” L. E. L. Harvey, 7 August 1947, 7.

¹¹⁹ *War Assets Corporation Third Annual Report*, 23.

Warehouse 14, there were thirty-seven Discrepancy Reports issued throughout the year because of “pilfering” and only “about one half” were sent to the Investigations Division while no records of the warehouse supervisor’s investigations were available and no staffing changes happened because of the shortages.¹²⁰

At Warehouse 14 thefts included the disappearance of some flashlights from a storage bin and “three aircraft type, eight day clocks removed from the manufacturer’s case and the cases refilled with pieces of scrap.”¹²¹ In another instance, a security guard thwarted the theft of an electric motor found “behind the driver’s seat in the warehouse truck outside the warehouse.”¹²² At Valleyfield, auditors discovered when checking the discrepancy reports that the warehouse supervisor had simply written off a number of thefts. Given the nature of Valleyfield’s inventory and the fact that it was during the dead of winter (January and February) 1948, the missing items were understandable, as they included: five pairs of leather women’s shoes, 61 satin brassieres, 58 small and medium waistcoats, 10 pairs of woollen gloves, and five pairs of leather mitts.¹²³

Although most were small in nature, some serious thefts were committed. For instance, on 14 October 1946, the RCMP was notified by the WAC that a large centrifugal water pump powered by a General Electric motor was stolen from its warehouse at Watson Lake in the Yukon. The water pump was heavy and big (4m x 1.5m x 1m) so a group of people and a vehicle were involved. Upon making their inspection, constables found the locks on the warehouse doors were broken and tire tracks from a truck equipped with “mud grip” tires in the immediate vicinity.¹²⁴ WAC maintenance personnel were interviewed but no one knew anything about the robbery so the unsolved case remained opened until 25 February 1947 when it was cancelled. Since nothing was

¹²⁰ LAC, RG58, Vol. 17, File: War Assets Corp. Working Papers Quebec Region 1947-1948, “War Assets Corporation – #14 Warehouse,” no author, 22 September 1947, 1-2.

¹²¹ Ibid, “War Assets Corporation – #14 Warehouse,” no author, 22 September 1947, 1-2.

¹²² Ibid, “War Assets Corporation – #14 Warehouse,” no author, 22 September 1947, 1-2.

¹²³ LAC, RG58, Vol. 40, File: War Assets Corporation Ltd. Head Office Year-end Test Audits 31 March 1948, “Final Audit – Warehouse Operations #1 Reclamation Depot – Valleyfield, Quebec,” S. R. E. Jolley, 5 July 1948, 1-4 and especially Schedule B.

¹²⁴ LAC, RG85-C-1-a, Microfilm Reel: T-13988, Vol. 1007, File: 17051 “Investigation Report,” 14 October 1946.

ever found in the region by police, it seems likely that the water pump was stolen by someone heading south, perhaps enterprising American soldiers or civilian contractors returning home with equipment that their government had declared surplus.¹²⁵

Fraud was another type of crime associated with the WAC, especially given the severe material shortages across Canada. As Warren Baldwin reported in the *Globe and Mail* on 3 March 1946, WAC officials in Ottawa were confronted by “three very indignant young men” who demanded the immediate delivery of the trucks they had supposedly purchased from the Corporation.¹²⁶ After calming down, they explained that four months earlier an acquaintance had put them in touch with a man who had pull with the WAC and could get them the trucks despite the priority restrictions. The men were directed to “a business address, where business-like negotiations regarding type, size and price were carried out, and where the men finally parted with their cash deposits.”¹²⁷ Of course, this was not legitimate and the three men were swindled out of about \$1,200. When the case was turned over to the WAC’s Investigations Division, eighty-nine similar scams involving “gullible purchasers” and motor vehicles were found and the RCMP was brought in to conduct further criminal investigations.¹²⁸

In another incident, a young man explained to his landlady that he was an official with the WAC and could get her furniture “at bargain prices” and when she invested \$250 with him, he disappeared. “It was left to War Assets officials to explain to the landlady that the young man wasn’t and never had been an employee of War Assets.”¹²⁹ Taking advantage of a materially-starved marketplace and a backlog of consumer spending power, scammers and fraudsters capitalized on the public’s knowledge of the WAC to misrepresent themselves and swindle money. As the newspaper article

¹²⁵ Ibid, “Theft from War Assets Corporation Warehouse – Watson Lake, 1946-1947,” various reports and correspondence.

¹²⁶ CWM, Democracy at War, Warren Baldwin, “War Assets Discovers Slickers Using Its Name,” *Globe and Mail*, 3 March 1946.

¹²⁷ Ibid.

¹²⁸ Ibid.

¹²⁹ Ibid. For another example, see: LAC, RG19, Vol. 387, File: 101-102-34-1, “Memo for Miss Bentley,” B. G. McIntyre, 3 November 1947 and Charlotte MacKie to Douglas Abbott, 23 October 1947 and 14 October 1947. Similar rackets seemed to pop up elsewhere and disproportionately involve furniture, see: Neary, *On to Civvy Street*, 195-197.

concluded, making special reference to the very popular and coveted Jeep, “one other warning. If anyone tries to sell you a War Assets jeep, don’t bite. War Assets Corporation hasn’t yet seen a jeep, and doesn’t expect to for a long time, if ever.”¹³⁰ Fraud would remain a constant companion of the WAC’s operations, well into the postwar period. In 1973, a group of men misrepresenting themselves as salesmen for the WAC’s successor agency, the Crown Assets Disposal Corporation (CADC), travelled around Kingston, Napanee, and Brockville “offering jeeps at \$100.00 cash, brand new, in crates” and when they collected the money they advised the purchasers that the CADC would make the delivery later. Of course this was not the case and, amazingly, “when apprehended they had collected in excess of \$28,000.00”¹³¹

Conclusion

While the WAC held little influence over how objects were used once in the hands of new owners, its clearance and warehousing operations played an important role in controlling the fate of an object’s transition into peacetime. For the most part, the WAC controlled access to government surpluses as well as the types of objects made available for redistribution in the civilian economy. This is why the clearance of both military and industrial facilities was so important, not only to public safety, but to economic renewal and reconversion. In clearing the 40,000-plus sites and collecting the surpluses located at each, the government ensured that it would be reimbursed for its property and create a large inventory of assets for redistribution. Moreover, in clearing unwanted objects from factories, the government helped private industry make room for new machinery and different peacetime operations. This was a prerequisite for any postwar development and expansion since the assets cluttering factory floors, military bases, or office buildings would no longer impede reconversion or postwar production. Clearance and warehousing constituted an important mechanism for absorbing the shock of peace through a process of stewardship.

¹³⁰ CWM, Democracy at War, Baldwin, “War Assets Discovers Slickers Using Its Name,” *Globe and Mail*, 3 March 1946.

¹³¹ LAC, RG101, Vol. 1, File: R-1-3-1, “Subject: Jeeps,” P. A. Chamberlain to E. A. Booth, 17 December 1973.

However, the shock absorbers did not always accomplish their objectives. Financial and geographical obstacles, as well as the profuse quantities of objects involved, frequently scuttled clearance and warehousing operations. If the clearance and remediation of sites was too expensive or if the assets were located in remote areas, then they were often abandoned or only partially cleaned up, thereby leaving a materiel legacy for future generations. Furthermore, the sheer volume of assets entering and exiting warehouses left personnel in a constant uphill battle to keep up and ensured that the storage system broke down periodically. This resulted in assets slipping through the cracks by either entering or exiting a warehouse without an associated paper trail or without being properly inspected. These discrepancies resulted from numerous sources and illuminate the operational conditions inside warehouses, the nature of the Auditor General's criticism, and the wider challenges faced by the Corporation while ushering objects through the transition from war to peace.

Chapter 4

“The Wonderland of War Assets”: Selling, Scrapping, and Salvaging Value

*In the operations of War Assets Corporation there arises the responsibility of protecting the public against its own enthusiasms. No matter how much people may covet military equipment, it may not always be suitable for civilian use. Therefore, much military equipment may not be offered for sale at all.*¹

C. D. Howe, Minister of Munitions and Supply and Reconstruction, 23 October 1944

*First we must give away all the assets of the war:
Stores, trucks, equipment, goods of every kind,
And all the factories built with public money.
These must be channelled toward monopolies,
Who will most surely exploit them.
This we shall call restoring free enterprise.*²

F. R. Scott, “Orderly Decontrol 1947”

Introduction

Although clearance and warehousing were very challenging aspects of disposal operations, they were also effectively redundant if nothing left the WAC’s possession. After all, the chief purpose of the WAC was not to hoard surpluses but to dispose of them in the best interests of the national economy, employment, and the taxpayer. There were only two avenues for accomplishing this divestment: selling or destroying. In general terms, the selling option was preferred over destruction since it allowed the WAC to recoup some of the asset’s original value. However, this did not mean that the Corporation charged head-on into the postwar period by selling everything it could all at once. Rather, it had to liquidate assets in a rational and stable fashion so that surpluses would not precipitate an economic crisis by lowering prices for new goods and harming employment. Therefore, in many cases – especially those involving lethal assets or items without civilian applications – destruction was the preferable option. To help guide the Corporation’s work, sometime in early 1944 the WAC’s Board of Directors, in consultation with the CAAC and Howe, devised a selling strategy based on “nine cardinal

¹ LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 5.

² As quoted in, McInnis, *Harnessing Labour Confrontation*, xi.

points” that were outlined in the Corporation’s first few annual reports and communicated to the public in Howe’s October 1944 speech on the CBC.³ The cardinal points served as the basis of all the WAC’s operations (see page 189 for list).

One theme that connected all nine cardinal points related to the fears of reliving another postwar depression. In the 1940s many people feared that another Great Depression was unavoidable and would be worse than the economic collapse of 1929 and its decade-long fallout. As Cyril James, a respected economist and President of McGill University, stated to the House of Commons Committee on Reconstruction in August 1942 “there will inevitably be a post war depression, either immediately after the war or after a brief period of prosperity.”⁴ James was not alone in raising the alarm, as his comments reflected a broad sense of apprehension about a future postwar experience that might replicate the prolonged turmoil following the Great War. Those planning disposal operations shared some of James’s doom and gloom, though it also served as motivation to get things right the second time around. The cardinal points were designed to regulate the circumstances in which surpluses were sold and restrict the WAC’s clientele so they would not upend the normal economy. In doing so, the points helped contain any disruptive conditions arising from the influx of such large quantities of government assets

Above all else the nine cardinal points formed a disposal strategy that blatantly favoured corporate interests. However, this strategy was rationally conceived and largely based off the First World War experience when speculators – someone who purchases goods for resale below market value but possessed no capacity for producing those goods or any connection to the industries concerned – had been the government’s primary customers. Instead of facilitating another deflationary economic cycle by flooding markets with inexpensive goods, the government decided to bring business interests into disposal operations. The WAC hired agents to help broker sales, commissioned prominent businessmen to help direct policies and practices, and most importantly, it set up its organization to sell surpluses only through established businesses and trade networks. In other words, the WAC did not sell direct to the public. Instead, it only sold

³ *War Assets Corporation First Annual Report*, 3, 27-28; *War Assets Corporation Second Annual Report*, 5; LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 2-3.

⁴ As quoted in: Broad, *A Small Price to Pay*, 183.

surpluses through manufacturers, wholesalers, and dealers who then resold to end users. Thus, the WAC devised a selling strategy that expressly included a middleman, but instead of some reckless speculator who cared little about long-term stability, that middleman was established business.

Although the WAC devised a rational selling strategy, its policies and procedures were criticized by the public, journalists, and politicians. By controlling prices and the flow of goods through established businesses, the WAC was forcing end users to pay more for surplus goods, as the costs of reconditioning, transportation, and commissions were built into the final price. In the immediate postwar period Canadians faced severe material shortages but expected to use second-hand government property to offset the dearth of goods and materials in order to fulfill their postwar plans. Unfortunately, the WAC's policies did not always cooperate, leaving many frustrated. As one vocal critic wrote in a scathing review of the WAC's operations, "for the last year of my two and a half years of exploration through the gloomy Wonderland of War Assets, I admit I had no real hope of doing business with the Corporation. But I kept trying, partly from a sense of frustrated amusement, partly because the more I saw of War Assets, the more bizarre its business techniques seemed to be, and the more they seemed to call for enquiry."⁵

The public's frustration grew most acute whenever reports surfaced about the WAC's destruction programs. Contrary to the public's assumptions, the WAC operated an efficient destruction program that progressively *reduced* items to components or basic materials before permanent elimination. Although it was not a flawless process, at each stage the WAC repeatedly tried marketing the items or selling them piecemeal before starting a new round of reductions and salesmanship. However, the public only saw waste, negligence, and profligacy. The assets being destroyed had cost taxpayers billions when they were acquired or manufactured during the war, but now the agency tasked with recouping that investment was destroying perfectly useable items at a time of severe shortages. To add insult to injury, the surpluses were only available through established businesses and sold at the WPTB's price ceilings. It did not seem to matter to anyone outside the WAC that it possessed substantial stocks of things that required destruction,

⁵ J. J. Brown, "Assets to Ashes," *Maclean's*, 15 July 1946, 9.

such as war junk that no one wanted or tactical assets without civilian utility. Instead, people expected surpluses to be cheap, available in vast quantities, and be exactly what they wanted. Of course, this was not always the case. War was incredibly wasteful.

Although the WAC did its best to sell everything it could, what was not sold had to be destroyed to save on storage and labour costs. Unfortunately, this meant that the arsenals, so revered by the glories of war and victory, would not survive in peacetime. Instead, they became victims of financial and storage constraints, dubious civilian applications, political and economic considerations, a lack of commercial interest,



Photo 8 These corvettes, docked at Sorel, Quebec, soon to be sold for scrap, attest to the scale of postwar demobilization and the sadness felt by many sailors at the decommissioning of their ships. Painting by Tony Law, CWM, Artifact Number: 19710261-4075.

depreciated values, and obsolescence. The scrapheap was an inglorious end for the implements of war. Perhaps the painting by a former navy officer, Tony Law, encapsulated the public's mood about the depressing fate bestowed upon the war's materiel. The nostalgic veneration of corvettes, moored together in gallant rows stretching far into the horizon as if they were marching into battle once again,

sharply contrasts the cold reality of their impending doom. The corvettes were stored at Sorel where they awaited scrapping or conversion into other purposes. Ron Marsh, a reporter for *The Montreal Gazette*, felt the same way. In July 1945, Marsh called Sorel “a grim place” for “fighting ships.” “Not so long ago,” he wrote, Hollywood “produced an exciting moving picture” about these “gallant little” vessels, but now they were “dead ships” forgotten and tossed aside.⁶ Indeed, the dark colours and long shadows reflecting

⁶ Ron Marsh, “Fight with Hun and Storm Is Done, 74 Corvettes Sail to Graveyard,” *The Montreal Gazette*, 21 July 1945, 1 and 12.

off the water in Law's painting visualize Marsh's remarks by communicating a deep sadness and frustration at the ships' unceremonious end.

Corporate Dividend: Established Businesses and Selling Restrictions

When the Second World War ended in May and September 1945 it capped off a decade and a half of depression and war. The prevailing economic conditions – first rampant unemployment and economic dislocation, followed by wartime restrictions on the production of civilian goods – forced most Canadians to put off purchasing new homes and durable goods. Although booming wartime production ushered in an era of full employment and increased income, from 1941 onwards civilian goods were not considered a priority for resources or manufacturing. Instead, Canadians continued sacrificing and made do with the materials and household goods left over from the 1930s. However, as Graham Broad has shown, Canadians found other ways to spend their new earnings (on entertainment and movies, for instance) during the war, while they also paradoxically accrued savings that they hoped to expend once the war was over.⁷

Most Canadians looked forward to the opportunities of peace, a time when they could pursue their own postwar plans and increase their living standards. In 1945, Canadians had more money to spend and a backlog of needs built up over the previous fifteen years of scarcity. This fostered, as Doug Owram described, “a more unabashed pride of ownership” amongst the generation that lived through the depression and war.⁸ However, as Joy Parr explained, the expectations for immediate relief and gratification were thwarted by postwar developments, labour strife, delays in production, economic policies, material and housing shortages, and wide-spread unemployment.⁹ As a result, frustration and anger brewed in many quarters, particularly among returning veterans and labour unions, since the government appeared indifferent and unresponsive to a serious crisis threatening everyone's postwar ambitions. In October 1945, one of the Army's

⁷ Broad, *A Small Price to Pay*, 12-14, 156-181.

⁸ Doug Owram, *Born at the Right Time: A History of the Baby-Boom Generation*, (Toronto: University of Toronto Press, 1996), 3-19, quote from 6.

⁹ Parr, *Domestic Goods*, 21-39, 61-70; McInnis, *Harnessing Labour Confrontation*, 87-112.

Rehabilitation Officers recounted the dissatisfaction in a report on a meeting with one of Calgary's local Rehabilitation Committees:

While the matter of violence is to be strongly deplored, experience shows unfortunately that this is about the only method of obtaining quick and decisive Government action even in a democratic country. Surely it is too much to expect that the men who did not fail in their job are going to stand placidly by when they find that the people have failed in their promises of employment for all, houses for everyone, in fact a regular Garden of Eden... These men are on the whole deep thinkers, they know what can be done under emergency; there is an emergency right now. They are used to action and they want some kind of definite action right now.¹⁰

However, government officials – many of them businessmen-turned-bureaucrats – were not aloof or unsympathetic to the situation. In fact, many were keenly aware of the dangers caused by the accumulation of consumer spending power mixing with a sudden ferocity in demand for new products. Therefore, instead of working to facilitate the surging demand and meet the public's expectations for new goods, policymakers and their corporate allies preached caution and restraint.¹¹ As inconvenient and infuriating as the postwar shortages were, perhaps they were serving a useful purpose in a broader sense? After all, something had to be done to protect the public from its own enthusiasms, lest that eager demand and increased spending power be wasted on the promise of immediate gratification, impulse buying, and short-term prosperity instead of long-term growth. In regards to the disposal of government surpluses, this was a particularly pressing issue since everyone expected them to be available for purchase at cheaper prices and in large quantities. To policymakers it was as if a perfect storm brewed on the postwar horizon, where cheaper goods would mix with a ferocious demand to usher in some long overdue prosperity but at the expense of sustainable growth.

This was a potent mix because the disposal of superfluous military and government property was a double-edged sword. On one hand, used and second-hand goods were a cheaper alternative to new ones and generated considerable interest from consumers, businesses, and entrepreneurs. For consumers and the general public, cheaper prices

¹⁰ LAC, RG24, Reel: C-5196, File: HQC 8350-51-13, "Rehabilitation Officer's Report, Month of October," Major E. A. W. Miles, 27 October 1945, 2.

¹¹ Parr, *Domestic Goods*, 64-70.

meant saving money while purchasing items that would increase living standards after years of shortages. For businesses, cheaper goods and raw materials meant lower production costs and potentially higher profits from increased productivity, factory expansion, and the resale of assets that had already been paid for during the war. For entrepreneurs, cheaper goods and materials meant low-risk start-up costs and the potential for cornering a market if one could purchase the entire stock of an item or resource. On the surface, the influx of cheaper goods appeared to provide some tangible opportunities that, at least over the short term, stood to benefit everyone.

On the other hand, a glut of cheap goods and resources was not that advantageous or profitable. In fact, over the long term, the disposal of government surpluses was more of a curse than a gift. For consumers, cheaper goods meant sacrificing quality since used items usually have shorter shelf lives. Depending on how worn out they were by wartime usage, surplus assets were more liable to break down frequently and increase repair costs over time. Although policymakers did not ignore the shelf-life issue, their main concerns were focused on the threat that surplus goods posed to employment and corporate profits because the liquidation of surpluses had potentially catastrophic deflationary consequences. Second-hand goods are usually less expensive than new ones and therefore they threaten prices for new goods of similar types. This is particularly the case if the costs of production (having already been paid during the war) are not reflected by the selling price and if a flood of second-hand goods enters the marketplace all at once. Moreover, some industrious customers were liable to buy surpluses from the government on a speculative basis, meaning that their purchases were motivated by the opportunity for resale at slightly higher prices but still well below market value. Therefore, liquidating the vast stocks of government-owned property without any restrictions or controls created informal economies that further undercut the prices of new products and threatened employment, all while creating illegitimate sources of supply that manufacturers might increasingly rely upon to cut costs and increase profits. Over time this situation would hit the primary and secondary industries especially hard. When

speculators stepped into regular supply channels to sell their materials, they did so at unsustainably low prices that in no way reflected the costs of extraction or manufacture.¹²

Experience after the First World War and the subsequent economic turmoil of the Great Depression enlightened concerns in the 1940s. This experience strongly indicated that the government had to enact a proper disposal strategy so that it would not sponsor the creation of an economic bubble that could sabotage the principles of the *White Paper* and the promises for high and stable employment.¹³ A proper disposal strategy was embodied in the WAC's nine cardinal points:

1. To sell all saleable surpluses at going market prices but within ceilings set by the Wartime Prices and Trade Board;
2. To control the flow of surpluses so as to create the least possible disturbance to the normal economy of the nation;
3. At all times to make every effort to control the price to the user and to reach the user by the shortest feasible route;
4. To keep out of unfair competition with established business;
5. To see expert advice from industry on price levels and marketing methods but not to act on such advice to the expense of public interest;
6. To distribute sales uniformly across Canada;
7. To sell abroad in harmony with other governments everything that becomes available abroad and that can be sold there;
8. To keep out the speculator;
9. To recover for the taxpayers, the original investors in these goods, the largest possible cash return.¹⁴

Thus, a proper disposal strategy controlled the flow of goods entering markets and stabilized prices in line with market values. It sought input from established businesses on policies and practices, while also adequately investigating potential clients. Above all, the disposal strategy was intended to limit the deflationary conditions that occur when

¹² Kaplan, *The Liquidation of War Production*, 20-25; CWM, *Democracy at War*, Kaplan, "Taking War Surplus in Stride," 27 and 60; House of Commons, *Debates*, 19th Parliament Vol. 4, 8 June 1944, statement by J. R. MacNicol, 3645.

¹³ H. F. Gordon, the Deputy Minister (Air), stated in a memo to the Minister of National Defence: "It is suggested, therefore, that consideration be given immediately to putting a halt to the sale of these second-hand items within the Canadian borders, if we are to avoid a depression worse than that which followed the last war." LAC, RG 2, Vol. 12, File: W-45, Memo to Minister, "Full Employment, High National Income and Social Security – The Gordon Plan!!!," H. F. Gordon, 2 June 1944; Howe, "Canadian White Paper on Employment and Income," 536-549.

¹⁴ *War Assets Corporation First Annual Report*, 3, 27-28; *War Assets Corporation Second Annual Report*, 5.

supplies and speculators are plentiful. In doing so, a proper disposal strategy guarded against the economic conditions that might undermine future prosperity.

In regards to disposal, the chief concern was always the meddling speculator. Following the First World War, Allied governments paid very little attention to their customers and, in the case of the United States which waited six months after November 1918 to start selling surpluses, delays and ad hoc plans characterized most disposal efforts.¹⁵ As one journalist wrote in the *Financial Post* in December 1943, after the First World War surplus materials were “forced onto markets that were already full of these materials” despite vigorous protests from American industry and labour.¹⁶ Instead, military and government officials chose not to listen. Devoid of much experience in business matters or appreciation for the postwar value of surplus assets, these mandarins never thought to implement restrictions or controls, nor did they perform any “investigations and background checks” on their clientele to see if they were “responsible and acceptable buyers.”¹⁷ The article continued:

As a result, many fly-by-night firms sprang up [in the US] for the sole purpose of operating in government surplus merchandise. Many of these individuals and firms had unsavory business records and were undesirable speculators...since many such transactions were surrounded with suspicion, legitimate businessmen were reluctant to compete with such irresponsible individuals.¹⁸

During the Second World War, a consensus emerged among Canadian bureaucrats and politicians that blamed the pesky speculator and their fly-by-night companies for contributing to, if not causing, the economic collapse in 1929. As they saw it, speculators had purchased surpluses from governments dominated by non-business types interested in a return to *laissez-faire* policies and then resold those inventories throughout the

¹⁵ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, “Bungling to Avoid,” *Financial Post*, 11 December 1943. See also: Ibid, “Assets or Liabilities,” *The Standard*, 8 January 1944; Kaplan, *The Liquidation of War Production*, 20-22; CWM, Democracy at War, Kaplan, “Taking War Surplus in Stride,” 27 and 60.

¹⁶ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, “Bungling to Avoid,” *Financial Post*, 11 December 1943. The article is quoting from Charles Lipsett’s review of American disposal arrangements in the *Daily Metal Reporter* of New York.

¹⁷ Ibid.

¹⁸ Ibid.

1920s. This created a booming supply of materials that fuelled mass production. However, the speculator's "unsavoury" practices lowered prices, which in turn killed profits and employment, thereby initiating a deflationary cycle that eventually led to the Great Depression. In Parliament, J. R. MacNicol spoke about this prevalent practice:

I remember clearly what happened after the last war, when the business with which I was associated bought many steel boilers which were used in this plant...and afterwards sold them at prices below those for which boilers of a similar capacity could be purchased from the home manufacturers. That must have had an effect on boiler production and naturally on employment in our boiler plants.¹⁹

Whether or not this causal assumption was an accurate explanation of the Great Depression's origins is less relevant here than what policymakers believed to be true in the 1940s. When looking back at 1918-1919 for lessons on how to dispose of surplus war assets in 1945-1946, the lens of the 1930s shrouded everything in failure. The mistakes – real or imagined – served as lessons for the future and provided justification for making changes in the present. Indeed, on the issue of surplus disposal, both sides of the political spectrum recognized the dangers, vilified the speculator, and agreed that government had to do something, though they disagreed on what that "something" meant.

In Parliament, concerns about surplus sales and speculators were voiced by the Conservative Opposition. In a speech debating the *Surplus Crown Assets Act* in June 1944, R. B. Hanson stated:

Above everything else I warn the minister [Howe]...against sales to promoters or speculators. The minister will find the thrifty, the wide-awake man who will care more about making money than winning the war, ready to purchase these goods, and having in mind the scavengers in this country who are always looking for this sort of thing, he will find the man who will be out to buy these stocks on a speculative or promotion schemes.²⁰

In private correspondence similar issues were raised by the left-wing social democrats. A concerned Tommy Douglas, the newly elected Premier of Saskatchewan and leader of the CCF, wrote Mackenzie King on 12 October 1944:

¹⁹ House of Commons, *Debates*, 19th Parliament Vol. 4, 8 June 1944, statement by J. R. MacNicol, 3647.

²⁰ House of Commons, *Debates*, 19th Parliament Vol. 4, 12 June 1944, statement by R. B. Hanson, 3721.

I think you can understand that after the experience following the last war most people are apprehensive lest these stocks of equipment and supplies for which the Canadian people paid, should fall into the hands of speculators who would sell them at a handsome profit...I am therefore, writing to you in the hope that the whole situation can be clarified because I greatly fear that it holds the possibility of dangerous repercussions unless attended to immediately. I know that you are very busy, but I would urge that some action be taken in this regard lest the situation get out of hand.²¹

If the interwar experience was to be avoided, preventing sales of government surpluses to the pesky speculator became the rallying cry. As Berry told the SCWEE in November 1945, no doubt with the Great Depression in mind, “as regards to this slowing up [of sales], I personally think that if we are to dispose of our domestic surplus to the best advantage of the public, we must sell now while the market is starved, so that when normal manufacturing gets under way, the sale of surplus will not compete with new goods and so with employment.” The merits of this strategy were plainly obvious to Berry, who concluded that it “will help to fill the vacuum in the supply situation and so assist in preventing a false boom and its subsequent evils.”²²

Avoiding sales to speculators – the WAC’s eighth cardinal point – was a sacrosanct policy, but it could not exist on its own. The cardinal points were designed to work together to prevent that “false boom and subsequent evils.” In order to limit the influence of speculators on the normal economy, controls over the flow of goods and prices had to be maintained (cardinal points 1, 2, 3, 6, and 7). Moreover, these controls also had to be supported by business interests, so as to ensure that they were practical, helpful, and fulfilled their intended purposes. As a result, the WAC immediately seized upon the utility of pre-existing trade and distribution networks commonly maintained by manufacturers and private companies (cardinal points 4 and 5). Therefore, in order to ensure that the national economy was not heavily disrupted by a flood of surpluses or meddling speculators, and also to “keep out of unfair competition with established businesses” the WAC operated only through established business and trade networks.²³

²¹ LAC, RG 2, Vol. 12, File: W-45, T. C. Douglas letter to W. L. Mackenzie King, 12 October 1944.

²² SCWEE, 22 November 1945 (No. 2, Book 2), 46; LAC, RG101, File: R-1-1-9, “Brief to the Special Committee on War Expenditures,” 20 November 1945.

²³ *War Assets Corporation First Annual Report*, 3, 27-28.

As the WAC's *Second Annual Report* clearly stated: "wherever possible, the Corporation places itself in the position of the manufacturer of goods which it has to dispose of and routes them to the retail purchaser through the channels the manufacturer usually employs in his commercial operations."²⁴

This policy had a sweeping impact on how the WAC sold its surpluses. Rather than turning into a retail chain where the public could purchase government surpluses, the WAC never sold directly to end users. Instead, the Corporation grafted its operations into the pre-existing channels used by established manufacturers, dealers, and retailers for marketing and distribution. This was done usually at the wholesale level, unless the item needed reconditioning. Although there were a few exceptions to this rule, mainly in the sale of ships or aircraft and when priority claims were exercised on goods that required no repair or modifications, the WAC never deviated from this policy. Moreover, using only reputable businesses and trade networks was further justified because WAC officials considered it the safest and most efficient method for getting surplus assets onto the market while shortages existed. Thus, the Corporation's selling and marketing strategy was expressly designed to include a middleman but that middleman had to be an established stakeholder in the trade and not some speculator with fleeting interest in long-term stability.²⁵

Buttressing established businesses by using them as middlemen was a natural outgrowth of the Corporation's mandate. Above all, this policy truncated the speculator's access to surpluses and controlled the flow of goods and prices so that legitimate manufacturers and dealers did not have to compete against their own wartime production. In fact, using the businesses that had established reputations in the field as a sanctioned middleman for disposal operations was an ingenious method for reversing the supply chain to create a "removal chain."²⁶ This quickly eliminated surplus assets from government inventories while also redistributing them back to taxpayers through the manufacturers that had originally produced them. In effect, the WAC's disposal strategy

²⁴ *War Assets Corporation Second Annual Report*, 5.

²⁵ *SCWEE*, 27 November 1945, (No. 3, Book 2), 64-65.

²⁶ For more on the "removal chain" see: Humes, *Garbology*, 84-85, 145-157.

“closed the loop” on wartime production and co-opted established businesses into forming one of the first modern systems of “reverse logistics,” a term coined later in the twentieth century to describe “the process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal.”²⁷ Using established businesses as middlemen to help reverse the flow of supplies was the safest and most convenient option available. Yet it was also a deliberately conservative initiative that was geared towards economic stability and corporate profits, not end users. Clearly, in devising this disposal strategy officials with the WAC were unwilling to liberalize the sale of surpluses out of fears of upending the capitalist system and ushering in another Great Depression.

Although policymakers felt most comfortable hitching their economic fortunes onto established businesses, they were also picky: the middlemen they used needed proven track records of survival, reliability, profitability, and patronage. When contemporaries used the term “established business” they envisioned major companies – such as Ford, GM, and CIL – that had proven their worth on the industrial front during the war and, perhaps most importantly, by surviving through the economic wasteland of the 1930s. Those big businesses that possessed large research and development branches, staffed with engineers, scientists, and marketers were particularly valued. There were many precedents that directed officials towards this strategy. For instance, consider the origins of Kotex, the first cheap and disposable sanitary pad for menstruation. During the First World War the American military and its allies required bandages at alarming rates and the paper company Kimberly-Clark won the contract to provide highly absorbent bandages made from a new material, cellucotton (a highly absorbent cotton made from wood cellulose). However, when the war ended abruptly in 1918, Kimberly-Clark lost its major clients but it still possessed a massive inventory of cellucotton.²⁸ The company

²⁷ As quoted: Karen Hawks, “What is Reverse Logistics?” *Reverse Logistics Magazine*, (Winter/Spring, 2006). See also: Donald Waters, *Supply Chain Management: An Introduction to Logistics*, (New York: Palgrave MacMillan, 2009; McDonough and Braungart, *Cradle to Cradle*, 3-44.

²⁸ Giles Slade, *Made to Break: Technology and Obsolescence in America*, (Cambridge: Harvard University Press, 2006), 18-23; Thomas Heinrich and Bob Batchelor, *Kotex, Kleenex, Huggies: Kimberly-Clark and the Consumer Revolution in American Business*, (Columbus: Ohio State University Press, 2004), 39-75.

needed to find a market for its materials quickly. Having heard rumours that nurses in France had used the bandages as improvised pads for their menstrual needs, Kimberly-Clark's scientists and marketers figured this was the outlet they desperately needed.

Disposable pads were not a new invention. They had been around since the late nineteenth century, but the cost of production and materials made the selling price too prohibitive for women accustomed to reusing old rags.²⁹ However, for Kimberly-Clark, the cost of the cellucotton had already been paid out during the war, so its disposable sanitary pad could sell cheaply. In 1921, Kotex hit store shelves accompanied by an immense advertising campaign that told readers about its origins.³⁰ A few years after launching Kotex, with its stockpiles of surplus cellucotton still ample and new production underway, Kimberly-Clark targeted the reusable handkerchief. In 1924 it debuted a new "disposable kerchiefs" called Kleenex.³¹ Thus, two products that are so commonplace in today's society owe their origins to material demobilization following the First World War. More specifically, though, they owed their existence to the marketing, research, and development branches of a large and successful business. The development of new products made from surplus materials had secured new markets for Kimberly-Clark, allowing it to thrive throughout the Depression. It was this type of entrepreneurial spirit that policymakers wanted to nurture and sustain with their disposal operations.

The use of established trade networks provided many other advantages, both to the WAC and business interests. In getting the first chance to purchase back their products (or even a competitor's if they outbid them), manufacturers were given an opportunity to control the quality of their goods that eventually re-entered the marketplace. This was important since it helped maintain brand-name recognition and reputations with customers, while it also ensured that assets built to military specifications would be properly reformed to meet civilian laws and safety standards. Moreover, established businesses were also better set up to handle any post-sale customer services as they

²⁹ Susan Strasser, *Waste and Want: A Social History of Trash*, (New York: Holt Paperbacks, 2001), 161-173.

³⁰ Ads in the latter half of the 1920s trumpeted the pad's liberating and sanitary qualities, while a rival company developed the Tampon and the market for disposable menstrual products took off. Heinrich and Batchelor, *Kotex, Kleenex, Huggies*, 53 and 55. Slade, *Made to Break*, 18-23.

³¹ Slade, *Made to Break*, 18-23; Heinrich and Batchelor, *Kotex, Kleenex, Huggies*, 67-75.

operated repair facilities, offered warranties, and possessed a dependable supply of spare parts. Relying on these pre-existing services saved the Corporation from provisioning them. This was important given that the WAC manufactured nothing it sold, so its inventories were constantly depleting over time. Despite the plethora of items it possessed after the war, once the Corporation sold an entire category of goods there would be no replacements forthcoming, so it was best to make customers use regular channels, lest one day the source of spare parts dried up.³²

In funnelling surpluses back through established trade networks rather than making direct sales to end users, the WAC refrained from competing with manufacturers and dealers across the 200,000-plus merchandising fields that made up its inventory. Moreover, this policy also kept the WAC out of competing with established retail businesses, which saved a tremendous amount on operational costs. If the Corporation opened up its inventories to the public and allowed direct sales, then it had to open retail outlets in every city and build up an extensive logistical infrastructure to ensure a fair distribution. As Berry explained to the Veterans Affairs Committee on 29 March 1946:

Creating a chain of stores would be a further expense and require further planning outside the scope of what [the WAC has] done already... In order to do this [the Corporation] would have to hire 100,000 more employees – not to mention that stores selling surplus would undermine other stores selling new goods. This would also take jobs away from the retail sector in the short term...Retail stores under the WAC would require buildings, this would mean taking them from other stores and businesses – given the shortages of space, this was not ideal. It would also be a temporary situation, so it was better to give the space to some business that would be permanent.³³

Selling directly to end users required the WAC to create its own network of government-operated retail stores across the country, pay more rental charges and worker salaries, and then once surpluses were completely liquidated, tear down the whole enterprise and relinquish any lasting responsibility for customer service. Such efforts seemed more futile than the expediency of supporting established businesses and getting goods to the market

³² LAC, RG101, Vol. 1, File: R-1-1-9, “Statement Prepared for the House of Commons Special Committee on War Expenditures and Economies, 14 May 1946,” J. H. Berry, 3.

³³ Ibid, “Brief for Presentation at the Veterans’ Affairs Committee at the House of Commons – March 29th 1946,” J. H. Berry. His statement was an updated version of his earlier testimony before the SCWEE. SCWEE, 22 November 1945, (No. 2, Book 2), 46.

as quickly as possible. After all, why double up on the pre-existing trade and distribution networks? Or risk upending the flow of normal economic activity in order to solve a temporary crisis? What was the point of competing with companies that “will continue long after the WAC disposal job is complete” if that lowered prices, profits, and employment?³⁴ Clearly, the WAC’s Directors erred on the side of caution and consciously colluded with business interests.

Another means of controlling the flow of goods into the marketplace was by controlling prices. To do this meant eliminating all discounts to the end user and only selling assets at or close to the going market rates. The WAC’s mandate contained provisions that required it to abide by the WPTB’s price ceilings. Since second-hand items were sold to end users at the highest levels possible, prices for new goods were largely stabilized or trended upwards – rather than downwards – because of shortages. This greatly limited any large-scale disruption to the national economy because it helped control deflationary pressures, while also preventing speculators from pervasively exploiting any wild fluctuation in prices (if or when they appeared). Prices were determined through consultations with the WPTB and established businesses and by calculating the asset’s depreciated value. Meetings with established businesses were extremely important because they informed the WAC about all the added costs that accumulated on every sale. Since surpluses were sold back through established trade and distribution networks, the additional costs for repairing, refurbishing, and shipping items had to be factored into the final price tag, while a modest sales commission for the manufacturer and dealer was also added.³⁵

Because of price ceilings the WAC had to calculate its selling price to established businesses in light of these additional costs. It did this by calculating the asset’s depreciated value in terms of its age, wartime usage, and market value (based on a selected median year). The price was then adjusted to the WPTB’s ceilings and divided up so manufacturers and dealers could cover all their costs. In the end, the final purchase price paid by customers was a non-negotiable price-point that was fixed by the WAC’s

³⁴ Ibid, Berry, “Brief for Presentation at the Veterans’ Affairs Committee at the House of Commons – March 29th 1946.”

³⁵ *SCWEE*, 29 November 1945, (No. 4, Book 2), 101-103.

Merchandising Department. The end user was never supposed to get a discount. Instead, established businesses and corporate interests received the discounted price – or what might be better explained as a dealer price or factory invoice determined by the depreciation calculations – from the WAC. This was then added to the commission and the costs of refurbishing, repairing, and shipping the asset.³⁶

Unsurprisingly, the pricing of surplus assets and the lack of discounts for end users was a very contentious issue. This tension about pricing stemmed from an ongoing wartime debate over government largesse, wartime expansion, and the DMS's massive budget. The billions of dollars that had funded the production programs was in actuality the public's money raised through taxes, loans, and victory bonds. Therefore, recouping as much of the original cost was essential, not only for political optics, but also in light of the rising national debt and criticism from the Opposition in Parliament about overproduction, excess, and wastage.³⁷ Insiders in the DMS and DRS understood that such enlarged expansion and investment had been the unavoidable cost of total war, but tabulating where every dollar was spent in order to establish a price-point for surpluses was nearly impossible and quite impractical for the WAC's purposes.³⁸ Simply put, calculating the original cost was not going to be easy or have much bearing on postwar appraisals and prices.

During the war emergency of 1940-1941, the financial costs of the war became irrelevant as far as Howe was concerned. As he boldly told his staff in June 1940 while instructing them to take whatever steps were necessary to increase production, "we have no idea of the cost but before this war is over everything will be needed so let's go ahead anyway. If we lose the war nothing will matter...if we win the war the cost will still have been of no consequence and will have been forgotten."³⁹ At the time, the production of war materials mattered more than keeping detailed and centralized production records

³⁶ Ibid, 101-103.

³⁷ House of Commons, *Debates*, 19th Parliament Vol. 2, 21 March 1944, statement by J. G. Diefenbaker, 1715-1719. See also: Wardhaugh, *Behind the Scenes*, 171-198, especially 185-187; Bothwell and Kilbourn, *C. D. Howe*, 128-155.

³⁸ *War Assets Corporation Second Annual Report*, 6.

³⁹ Bothwell, "Who's Paying for Anything These Days?," 62.

and receipts.⁴⁰ Furthermore, as A. F. W. Plumptre explained, the DMS was “largely staffed by persons unfamiliar with government regulations and government routine, most of them business men and engineers” and as a result “there was a good deal of misdirected effort.”⁴¹ Overworked and compartmentalized, few people knew the whole picture of where all the money was spent. Recouping the original cost of each article would be difficult to calculate because the starting figures were unavailable or required extensive research to tabulate or because the “dollar-a-year-men” who did know had already left government service.

Moreover, the mandarins in the DMS and DRS were also well aware that the original cost was drastically inflated. From its inception the DMS opted to use a form of contract known as “cost-plus” over other contracting methods. The logic was simple given Canada’s limited manufacturing capacity at the outbreak of hostilities: in order to incentivize war production for private businesses, the DMS agreed to pay for or guarantee bank loans to cover the cost of production plus a profit that came in the form of a fixed fee, an award per item produced, or (more popularly) a percentage of the total.⁴² However, the cost-plus system was open to abuse as contractors were liable to dramatically inflate their start-up and production costs to turn a larger profit and double up on other conversion incentives. In 1941, officials in the DMS came under fire when an investigative report by the SCWEE concluded that cost-plus contracts were the worst and most expensive form of contract. Despite this fact the DMS continued to use them as Howe and his advisors saw little alternative but to sacrifice cost efficiency for the rapid expansion required for increased production.⁴³ Furthermore, in addition to the construction and other capital costs associated with industrial expansion, the scarcity of

⁴⁰ Kennedy discovered this fact when writing the official history of the DMS. See: Kennedy, *History of the Department of Munitions and Supply Vol. 1*, xvii; Bothwell, “Who’s Paying for Anything These Days?,” 67; A. F. W. Plumptre, “Organizing the Canadian Economy for War” in J. F. Parkinson, ed., *Canadian War Economics* (Toronto: University of Toronto Press, 1941), 9. However, it is also quite likely that the records were purged when hostilities ended owing to a lack of storage space for documents and records centralization. See “Note on Sources” and LAC, RG28, Vol. 153, File: 3-P-11 “Committee Post Termination Activities Crown Owned Plants,” various correspondence and memos.

⁴¹ Plumptre, “Organizing the Canadian Economy for War,” 9; Bothwell and Kilbourn, *C. D. Howe*, 132; Bothwell, “Who’s Paying for Anything These Days?,” 67.

⁴² Stuart, “Captains of Industry Crewing the Ship of State,” 42-48.

⁴³ *Ibid*, 42-48.

sophisticated production equipment and the purchase and importation of machine tools from the US substantially increased production costs beyond normal market values.⁴⁴

The postwar market rates for assets acquired between 1940 and 1945 were therefore drastically smaller than what was paid out during the war years. As a result, the government could never expect to recoup the entirety of the original investment, especially since these items naturally depreciated over time. In fact, it would only get back a tiny fraction of the original price, though critics constantly assumed the government could do better. However, these critical opinions often failed to differentiate the total wartime expenditure by sub-dividing the costs recoverable in selling surpluses from the sunk costs that had funded the expansion of industrial production early in the war.⁴⁵ Of course, the optics looked terrible, especially when aircraft or ships that had cost millions to procure were sold for a fraction of the original investment. But there was little that could be done. According to an unpublished history, the WAC's gross sales total from 12 July 1944 to 31 March 1948 amounted to \$427,246,250.81 while a minimum of \$23,776,582.60 was recovered from sales in 1948-1949.⁴⁶ These numbers represented only a portion of the billions spent during the war, but the WAC considered this a solid return for depreciating assets.

Dividend Denied

The WAC's selling strategy was criticized by a disgruntled public that expected to purchase goods at dealer prices. The public did not appreciate having to pay for an item twice – first for its manufacture during the war and then at price ceilings after the war –

⁴⁴ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 23 February 1944, Schedule G; LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, forward, 9-14; Kennedy, *History of the Department of Munitions and Supply, Vol. I*, 323-327.

⁴⁵ See: CWM, Democracy at War, "The Public Vitaly Concerned," *Globe and Mail*, 12 June 1944; "Cost \$620,000 to Million, Corvettes Bring \$10-\$50,000," *Globe and Mail*, 8 March 1945; Ibid, "Warships Sell for Fraction of Money Spent Making Them," *Hamilton Spectator*, 5 October 1945; Ibid, "Method of Selling Ships, Commission to Broker, Under Fire in House," *Globe and Mail*, 21 November 1945; Ibid, "\$1,200,000 Lost By War Assets on Wartime Ship," *Globe and Mail*, 12 June 1946; Ibid, "WAC Policies Rapped As Data Unavailable," *Globe and Mail*, 1 June 1946; Ibid, "Junk Dealers Sold Him 'Tons' of War Material, WAC Critic Testifies," *Globe and Mail*, 26 July 1946; Ibid, Kenneth C. Cragg, "\$45,000 War Goods Cost Him Only \$900, Brown Tells Committee," *Globe and Mail*, 31 July 1946; "R.C.A.F. Equipment Junked – I Bought Tons' Testimony," *Financial Post*, 10 August 1946.

⁴⁶ LAC, RG101, Vol. 1, File: R-1-1-9, "Crown Assets Disposal Corporation," May 1950, untitled appendix.

all so that businesses could turn a profit. Yet the WAC's selling strategy was precisely designed to avoid the uncontrolled erosion of prices and limit the public's ability to buy direct. In fact, because the system was set up in opposition to the public's expectations, the frustration was actually a sign that the WAC was doing its job. However, with corporations winning out, average consumers lost out and several groups contested this disadvantaged position. Their efforts brought some relief, but the WAC refused to overhaul the basic premise of its operations and preside over a fire-sale of crown assets.

Veterans pressured the government hardest as their associations mobilized quickly to combat the WAC's corporate favouritism. In the spring of 1945, the Second World War Veterans organization wrote a resolution that the United Council of Veterans approved and sent to several ministers including Howe. The resolution demanded preferential treatment in buying surpluses, stating: "we urge that surplus war materials be sold at a preferential price to returned ex-service personnel by Crown Assets Corporation or by wholesalers on a cost-plus fee so that veterans could use such supplies to re-establish themselves."⁴⁷ These types of resolutions were common and a sign of things to come, especially as more veterans returned home and encountered obstacles prohibiting them from acquiring surplus things. In many cases, the items veterans wanted most were the ones they had been using just days before their discharge. It seemed outrageous that they could not buy them for their own re-establishment.

Throughout 1945 many veterans voiced their displeasure with the situation and the Royal Canadian Legion started accumulating evidence. Since many veterans were interested in acquiring trucks, their complaints tended to focus on the inability to buy vehicles direct from the WAC and the sales commissions attached to the final price at car dealerships. As one frustrated veteran told Captain E. M. Greaves, a Senior Army Councillor stationed in Ottawa, "I understand these dealers get these cars for \$125 and sell at a ceiling of \$375. Why can't we buy direct? Surely after 5 years' service I don't have to pay a dealer \$250 for the privilege of buying a \$375 truck."⁴⁸ In Calgary where

⁴⁷ CWM, Democracy at War, "Veterans Ask Lower Price on Surplus War Supplies," *Hamilton Spectator*, 24 March 1945.

⁴⁸ LAC, RG24, Reel: C-5196, File: HQ 8350-56, "Complaints – ex-service personnel concerning purchase of vehicles," E. M. Greaves, No. 9 D. D., Landsdowne Park, Ottawa, 6 August 1945.

shortages of building materials, employment, and accommodation were especially acute and disproportionately affecting veterans, the Army's Rehabilitation Officer, Major E. A. W. Miles, remarked that "feelings [were] beginning to run high" since "every troop train adds more to the crowd, and it would take very little to start considerable unpleasantness."⁴⁹ In the same report, Miles also summarized the general mood and hostility brewing in Calgary. People believed that the government and big business were colluding for profits, while willfully ignoring the scarcity of goods, accommodation shortages, and rising unemployment levels:

Too soon it appears to have been forgotten that had it not been for the service men there would have been no Canada, too often have these same servicemen been told that 'nothing is too good for them', and now we find that very little is being done that is 'too good for them' and actually it appears that most consideration is given to manufacturers and dealers.⁵⁰

During late 1945, the Legion made several attempts at pressuring the WAC into providing veterans with favourable pricing and priority access to surplus goods. In August and September several meetings between representatives of the Legion, WPTB, DND, Department of Veterans Affairs (DVA), and the WAC were convened to discuss the issues and establish possible arrangements for a "veterans' priority." At meetings on 6 and 11 September, a potential set of arrangements were drawn up that included, among other things, the creation of a list of items veterans needed most and the requirement that the WAC keep those items on hand for thirty days so veterans could submit a claim, inspect the goods, and then make a purchase at dealer prices (or so the Legion could buy them on behalf of veterans). Summing up the meeting and the recommendations, J. W. Johnson, a Veterans Welfare Officer with the DVA stated, "I think the draft is excellent. The suggestions we have put forward there in, I think are practical and if accepted should go a long way towards solving a vexatious problem."⁵¹

⁴⁹ LAC, RG24, Reel: C-5196, File: HQC 8350-58-3, "Rehabilitation Officer's Report, Month of October," Major E. A. W. Miles, 27 October 1945, 3.

⁵⁰ Ibid, 4.

⁵¹ LAC, RG24, Reel: C-5196, File: HQ 8350-56, J. W. Johnson to H. C. Chadderton, 26 September 1945; Ibid, "Recommendations of Committee Set Up to Study Means of Obtaining Priority For Ex-Service Personnel Wishing to Purchase Goods Distributed Through War Assets Corporation," J. W. Johnson to J. H. Berry, 22 October 1945. See also: Ibid, "Revised Notes of Meeting at War Assets Corporation, Montreal

Unfortunately, the key words in that sentence were “if accepted” and not “vexatious problem.” On 6 December A. E. McMaster, the WAC’s General Manager, wrote to Johnson with some bad news. Upon conferring with Berry and his staff, the WAC could not accept a veterans’ priority because it was “administratively impossible” to implement.⁵² While sympathetic to veterans’ issues, the WAC was having such a difficult time with the priorities scheme they were considering abolishing them completely right as the Legion was asking for an additional one.⁵³ Other reasons for the refusal had to do with holding the inventory for thirty days as this would slow sales and further stall an already overburdened system. Additionally, the WAC could not guarantee a steady stream of spare parts or customer services, so it was best to sell everything through established dealers who could offer those things. Perhaps the most important reason why the veteran priority was rejected was not even mentioned in McMaster’s letter. Instead, it was hand-written in the margins by Berry on Johnson’s original memo: “this envisages ‘blind buying’ of course, which was what we are trying to avoid. Suppose the vet is dissatisfied with the article when he sees it at the dealers? I fear I have no solution.”⁵⁴ In other words, holding items on the speculation that veterans would want them not only delayed final disposal, but turned the veteran into an authorized speculator.

Thus, veterans were shut out of receiving any privileged access to the surplus assets that many had used and gained great experience with during the war years. Instead, they had to purchase them, like every other customer, through established businesses and at the highest prices allowed under the WPTB’s ceilings. For veterans, hoping to acquire items for their rehabilitation during a period of severe material shortages, this often meant expending their entire gratuity payments or re-establishment credits on second-hand materials that were sometimes inferior in quality or worn out. Moreover, an eager veteran desperate to re-establish himself with home furnishings or tools was often susceptible to

6 Sept. 45 to discuss War Surplus Material and Veterans’ Priorities,” Major T. H. Carlisle, 6 September 1945.

⁵² Ibid, A. E. McMaster to J. W. Johnson, 6 December 1945.

⁵³ LAC, RG101, Vol. 7, WAC – Board of Director, Meeting Minutes, 15 November, 13 December 1945, 10 January 1946.

⁵⁴ LAC, RG24, Reel: C-5196, File: HQ 8350-56, “Recommendations of Committee Set Up to Study Means of Obtaining Priority For Ex-Service Personnel Wishing to Purchase Goods Distributed Through War Assets Corporation,” marginalia by John Berry, no date.

being victimized by fraudsters promising those things for cash but never delivering.⁵⁵ Ultimately, by refusing to grant a veterans priority, the WAC placed veterans in direct competition with civilians. This situation favoured the civilian who had earned higher wages in Canada's bustling wartime economy and had more savings to spend. Although the situation was less than ideal, the WAC saw no advantages to altering its practices though it did try pressuring dealers with patriotic and compassionate appeals.⁵⁶

Despite their efforts, veterans could not unhinge the corporate favouritism. The overriding concerns of WAC officials and businessmen were too entwined, as fears of recreating another postwar depression clouded policymaking. Businessmen had the inside track and the WAC depended on them regularly. For practically every major type of commodity or industrial sector the WAC hired experts or associations closely affiliated with the trade to act as agents for the Corporation. In regards to aircraft the WAC at first relied on the Toronto-based engineering firm Armstrong, Wood, and Company but it later settled on Federal Aircraft Limited, a crown company that helped the WAC on aircraft sales and destruction policies.⁵⁷ In September 1944 an agreement was struck with H. Muehlstein & Company of Canada Limited (a subsidiary of the American conglomerate H. Muehlstein Inc.) which made it the primary consultant and distributor for rubber surpluses in Canada.⁵⁸ The Canadian Electrical Manufacturers Association served as an advisor for the disposal of electrical items and E. J. Longfellow was hired specifically as a consultant.⁵⁹ For ships and naval vessels, the WAC turned to David Reid, Chairman of John Kilgour & Company, who acted as a broker for the sale of ships in the UK. However, in January 1946, the WAC hired Park Steamship Company, the crown

⁵⁵ Neary, *On to Civvy Street*, 195-197.

⁵⁶ LAC, RG24, Reel: C-5196, File: HQ 8350-56, "Surplus War Assets and the Veteran," Brief by Legion, no date; LAC, RG24, Reel: C-5196, File: HQC 8350-51-13, "Rehabilitation Officer's Report, Month of October," Major E. A. W. Miles, 27 October 1945, 3-4; LAC, RG101, Vol. 1, File: R-1-1-9, J. H. Berry, "Brief for Presentation at the Veterans' Affairs Committee At the House of Commons – March 29th 1946."

⁵⁷ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 13 July and 14 September 1944.

⁵⁸ *Ibid*, 14 September 1944.

⁵⁹ *Ibid*, 12 October 1944.

company that had managed Canada's merchant marine during the war, to broker sales for merchant and cargo vessels.⁶⁰

Hiring agents was an effective strategy for the WAC since its large and diverse inventory meant it had to engage in multiple merchandising fields simultaneously. Rather than building new relationships with so many different businesses at once, it was easier and more direct to hire someone that was already well-known and respected in the trade. Thus, employing an "insider" to represent the WAC was the simplest and most direct method for navigating the marketplace. Moreover, the WAC's agents also took on some other important tasks; they advised on disposal policies and procedures, informed their networks of impending liquidations, facilitated introductions with potential clients, and coordinated extensively with the industrial committees established by the WICB's Resource Controllers during the war.⁶¹

There is little doubt that agents helped the WAC, but they also profited handsomely. Employing agents created an inner circle of clients who gained a significant competitive advantage over "outsider" companies and the general public. After all, agents were businessmen first and since profits mattered most, they used their positions accordingly. The competitive advantage gained by agents can be demonstrated through an analysis of those involved in the WAC's destruction programs. In February 1944, the WAC's Board of Directors hired the President of the Canadian Secondary Materials Association, Mr. Egmont Frankel, as its agent for scrap materials. Later in October an agreement was reached with Atlas Steel Ltd. which acted as the WAC's agent for steel and metals disposal (or everything metallic but not labelled as scrap).⁶² In the following years, both Atlas Steel and Frankel's company, Frankel Brothers Ltd., benefitted substantially from their transactions and association with the WAC because their

⁶⁰ Ibid, 9 November 1944, 14 March and 11 April 1946; LAC, RG101, Vol. 1, File: R-1-1-9, "Crown Assets Disposal Corporation," May 1950, 12. See also: LAC, RG46-E-VI Park Steamship fonds, Vol. 1275, File: "History of Park Steamship Company" H. J. Rahlves, 1947, 1-12; LAC, RG46-E-VI, Vol. 1275, File: A551-26 "War Assets Corporation Agreement – Western Canada SS Ltd., 1946-1950," various correspondence; LAC, RG46-E-VI, Vol. 1277, various files and sales contracts.

⁶¹ *War Assets Corporation Second Annual Report*, 5; *War Assets Corporation First Annual Report*, 8; Stuart, "Captains of Industry Crewing the Ship of State," 51-57.

⁶² LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 8 February, 14 September, 12 October 1944.

companies gained the inside track on policy formulation and reconnaissance on available inventories.

A clear pattern of corporate patronage emerges when all types of metal sales from 1944-1949 were plotted on Google Fusion tables. Although some large sales were made to Anaconda American Brass Company, West Coast Shipbuilders Ltd., and Hayes Steel Products Ltd., it was Atlas Steel that topped the network analysis charts in terms of purchasing frequency, dollars spent, and total weight acquired. Although not every sale in the WAC's annual reports provided total weight, Atlas Steel surely made the single heaviest purchase when it bought 1,708,745 net tons (or about 3,417,490,000 lbs.) of shell steel billets from the WAC for the sum of \$34,174.⁶³ Although certainly not on par with Atlas Steel, Frankel Brothers also made a variety of purchases from the WAC. From 1944 to 1949, it bought well over two million pounds of scrap metals (mainly brass, nickel, and steel), in addition to 126,887 lbs. of copper wiring, \$10,068 worth of Army vehicle parts, thirteen naval vessels (five destroyers and eight corvettes) for \$119,000, and many other items listed as scrap.⁶⁴ Clearly, as agents of the WAC, Atlas Steel and Frankel Brothers benefitted from insider information about available inventories.

Agents also may have received some preferential treatment when bidding on merchandise and real estate. In one instance, J. W. Horsey's company, Dominion Stores Ltd., got into a bidding war with Addison Ltd. for the York Arsenal building in Toronto. From late 1945 through to early 1946 when the sale was finalized, the two companies bid for the prized property. Originally, Addison offered \$400,000 but quickly matched the \$475,000 counterbid from Dominion Stores. With both offers equal, the matter was passed on to the Industrial Reconversion Branch (IRB) which determined that the sale to Addison (a radio manufacturer) was the best choice since the Branch's experts believed it would generate more employment. However, before the WAC could act, Dominion Stores submitted a \$600,000 bid and the Corporation jumped at the offer. Although Addison eventually settled on its second choice and purchased floor space at the John Inglis plant extensions, it would appear that officials in the WAC favoured Horsey's

⁶³ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

⁶⁴ *Ibid.*

company by rejecting the IRB's recommendations and completing the sale without giving Addison much time to counterbid.⁶⁵

However, despite enjoying a privileged position within the WAC's disposal strategy, agents and established businesses had some of their peace dividend denied as well. Certainly businessmen gained competitive advantages, but their advice and opinions were never binding. The fifth cardinal point mandated the WAC "to seek expert advice from industry on price levels and marketing methods but not to act on such advice to the expense of public interest."⁶⁶ This meant that the WAC reserved the right to refuse or modify whatever information, opinions, or proposals it received from the business sector. In effect, the WAC collaborated with business interests to create a disposal system that benefited mutual economic imperatives. Yet the WAC also departed from the advice or needs of businesses whenever they did not suit the political or social imperatives structured into the WAC's full mandate or the priorities system that allowed direct sales to governments and public bodies before anything was sold to private interests.

One issue on which the WAC departed from the advice it received from business interests was on the destruction of surpluses. Businesses were deathly afraid of their own wartime productivity – particularly of assets easily reusable in the peacetime economy – and openly advocated for complete destruction of surplus stocks. For instance, the Allied Drug Council, an association representing the manufacturers of pharmaceuticals, medicines, and medical supplies, echoed a common refrain when they pressured the government to destroy all surpluses instead of redistributing or reusing them. While V. E. Hessel, the Chairman of the Drug Council, acknowledged the wastefulness of such a policy and the desperate need overseas, he explained in a letter to Ilsley, that "from a purely selfish point of view, it would be best to destroy absolutely all surplus goods, as

⁶⁵ CWM, Democracy at War, "Chain Firm Bid Upped \$125,000 To Get Arsenals," *Globe and Mail*, 21 June 1946; "Appendix: Statements by J. H. Berry, President, War Assets Corporation, re: Sale of Crown Assets," *SCWEE*, 31 May 1946, (No. 18, Book 3), 586-587; *SCWEE*, 20 June 1946, (No. 24, Book 3), 768-771

⁶⁶ *War Assets Corporation First Annual Report*, 27-28; *War Assets Corporation Second Annual Report*, 5.

their appearance on the market is certain to lessen the demand for new manufactured goods and consequently decrease employment.”⁶⁷

The pressure that business interests brought to bear on the government worked on some occasions, but the destruction of perfectly useable assets was not something that interested the WAC. For the Corporation destroying surplus assets because they threatened to flood markets and destroy prices was not sufficient grounds for initiating a destruction program to eliminate the asset’s residual value, particularly given the postwar shortages in supply. Instead, the destruction of a surplus asset was only considered as a last resort or if no civilian uses were discovered. In other words, while businesses feared the asset’s residual value and wanted it terminated to further stimulate demand for new goods, the WAC considered it a quality worth preserving in some capacity. Moreover, because its mission was to recoup as much money as possible, funding the costs of destruction was not always advisable. While the WAC would do what it could to sustain the normal economy and limit the disruptive influence of surpluses, it would not offer business interests a blanket destruction policy or special treatment beyond using established trade and distribution networks. All surplus assets that maintained residual value in civilian life would be sold as quickly as possible so the WAC would recoup more money while liquidating surpluses during a time of severe shortages. As Peterson explained to the SCWEE, “now is the time, not only to get the best return for surpluses, but also to relieve consumer needs. Every effort is being bent to accomplish this purpose. No industry is receiving protection through the holding or export of surpluses, or the suppression of offerings.”⁶⁸

Munitions and Public Safety

There was one consideration that trumped selling an asset: public safety. Despite an eager marketplace, if an item was designed purely to military specifications or possessed no civilian applications or remained a danger to life, it was never offered for sale domestically. If no international client could be found, than the WAC had no choice but

⁶⁷ LAC, RG19, Vol. 387, File: 101-102-34, V. E. Hessel to Ilsley. See also: LAC, RG2, Vol. 12, File: W-45, Schedule C “Resolutions Covering of Disposal Surplus Received by Crown Assets Allocation Committee,” 22 September 1944.

⁶⁸ SCWEE, 27 November 1945, (No. 3, Book 2), 64.

to fund destruction. However, it is important to note the complexity in determining the level of danger posed by an asset. At first glance blanket policies for destroying and restricting the sale of dangerous materials are a very logical and vigilant course of action. Hypothetically, if the government allowed a veteran to return home from Northwest Europe and purchase a tank to drive on city streets, the rule of law and public safety would be severely threatened. The unrestricted sale of tanks would not only upend the basic tenets of all traffic laws (who stops at traffic signals when driving a tank?) but it would also create a precedent for the availability of armoured vehicles to all segments of the population that would be difficult to rescind, to say little about the lasting financial burdens on customers (for tank maintenance) and municipalities (for road repair). Clearly, establishing procedures that prevented the sale of “war-like material” that have “no known peace-time uses” and destroying whatever remained a “danger to life” was a prudent and reasonable course of action.⁶⁹ Yet as the WAC discovered, blanket policies designed to protect public safety were not always practical. Although they looked good on paper, they created inflexible approaches to disposal that could hinder possible sales.

When an item was labelled dangerous by the CAAC or armed forces it fell to the WAC to determine exactly what that meant and devise a strategy for selling or destroying that category of item. As a result, in May 1944, when the issue of war-like materials was first addressed by the CAAC, the WAC’s Board of Directors resolved to retain as much technical expertise as necessary in order to “discover sound economic uses” for a variety of military-patterned aircraft, vehicles, and even some types of ammunition, explosives, and weaponry.⁷⁰ The WAC’s Directors further resolved that war-like materials would only be destroyed if no suitable peacetime applications were ever discovered. This was one of the most important sets of policies ever developed by Canada’s disposal administration since they were aimed at defining the practicality of military-patterned objects in a non-military marketplace. The key dividing line between selling and destroying assets was in determining their value to civilians. If the asset could not be

⁶⁹ Quotes from: LAC, RG101, Vol. 4, File 1-1-13, CAAC Meeting Minutes, 19 May 1944; LAC, RG101, Vol. 2, File 9-2-1, PC6099.

⁷⁰ LAC, RG101, Vol. 7, WAC – Board of Director, Meeting Minutes, 11 May 1944; *SCWEE*, 21 May 1946, (No. 13, Book 3), 340

easily converted to peaceful purposes or remained a danger to life, it was destroyed by Clearance teams or contractors hired by the WAC or the armed forces in consultation with the WAC. If some residual commercial value was found or if some potential market existed (domestic or international) then the objects were not immediately consigned to scrap heaps or thrown in the ocean.

However, simply identifying something as dangerous was not a straightforward delineation between civilian and military practicality. In fact, the WAC discovered that the line dividing civilian from military applications was so exceedingly thin that it was difficult to justify the expense of complete destruction. Some lethal objects *maintained* residual value to civilians without any adaptations or disassembly. Obviously, there were many weapon systems that were never sold because they lacked any real civilian applications that no amount of modifications could change. However, for every tank, tactical aircraft, grenade, machine gun, or artillery piece there were other types of weapons systems that retained some value and utility in peacetime. These latter types of munitions straddled the line between civilian and military practicality so closely because they were easily convertible for use in either context. In many instances, the armed forces recognized the cross-over potential and, despite their exemptions for destroying surplus ammunition and explosives, they declared lethal assets surplus to the CAAC and WAC for disposal to civilian markets. For example, TNT and other types of explosives were integral to the mining industry and infrastructure development, such as in highway and railroad construction. Moreover, the logging industry had interest in acquiring Bren gun carriers to pull logs in remote woodlands, while police forces were interested in machine guns and tear gas.⁷¹ Some other niche markets included rifle clubs, educational institutions, and flying schools. Of course, the supply far exceeded the demand, but these customers provided the WAC with legitimate outlets for selling weaponry, ammunition, and explosives so it could not ignore them for the sake of blanket destruction policies.

The policies and procedures involving the disposal of firearms exemplify how the WAC navigated this thin line separating civilian and military practicality. To any

⁷¹ "Toronto Police Buying 12 New Machine-Guns," *Toronto Daily Star*, 22 November 1945, 1. For more on Universal Carriers, see: *SCWEE*, 27 November 1945, (No. 3, Book 2), 74-75.

reasonable person firearms are considered dangerous, so if public safety is paramount then firearms should never be sold. However, since certain types of firearms maintain residual value in peacetime, blanket sales restriction and destruction policies were not always useful. For instance, in the hands of police forces or allied governments firearms are an asset that can further the state's interests, authority, and monopoly on violence. Depending on the customer, selling arms might be worthwhile or even protect the public's safety. Furthermore, if a potential customer was a legitimate business or association operating in Canada and specializing in hunting, sporting, youth education, or something similar, then it made sense to sell certain types of weapons (like shot guns or sporting rifles) to these reputable organizations. In these cases, restricting sales was not ideal because the WAC and the Services would have to underwrite the expense of storing and destroying the items, while forgoing any profits and the benefits of provisioning material support to the civilian organizations involved.⁷²

As a result, the WAC developed some flexible policies that allowed sales of lethal assets on a case-by-case basis and policy bulletins about selling restrictions on firearms were continuously redrafted between 1945 and 1947.⁷³ In implementing these selling restrictions, the WAC depended heavily on the RCMP for guidance, both in terms of policy formation and also for conducting background checks on potential customers. Throughout the immediate postwar period, WAC officials consulted frequently with the RCMP and, depending on the assets involved, with other government agencies, such as the Department of Transport when disposing of aircraft or the Department of External Affairs when selling something internationally.⁷⁴

⁷² The only selling restriction for shotguns and sporting rifles was that they could "only be re-sold to bona fide British subjects and the Dealer must in turn register his sales." LAC, RG101, Vol. 2, File 9-2-1, "Shot Guns & Sporting Rifles," Merchandising Department Procedure 3.26, E. R. Birchard, 18 March 1947. For more on firearms regulation and minorities, see: R. Blake Brown, *Arming and Disarming: A History of Gun Control in Canada*, (Toronto: University of Toronto Press, 2012), 46-131.

⁷³ LAC, RG101, Vol. 2, File 9-2-1, "Disposal of Small Arms, Ammunition & Explosives," Director of Sales, Bulletin No. 10, J. P. Gledhill, 13 March 1945; Ibid, "Disposal of Goods Under Regulations of the Criminal Code," Director of Sales, Supplement No. 1 to Bulletin No. 10, J. P. Gledhill, 28 June 1945; Ibid, "Lethal Weapons," Merchandising Department Procedure 3.14, E. R. Birchard, 27 December 1946.

⁷⁴ For example: LAC, RG101, Vol. 6, File: 9-5-2, "Aircraft Material to be Sold as Pedigreed Stock for Air Use," Merchandising Department Procedure No. 7.01, 4 March 1946; Ibid, "Aircraft, Aero Engines, and

The incumbent issues involving firearms were so important that both Malley and Berry corresponded directly with the long-time RCMP Commissioner, S. T. Wood. Their correspondence in the late summer and early fall of 1947 reveals how dependent the WAC was on the RCMP for guidance. In August 1947, Malley wrote Wood because he saw an opportunity to unload the Corporation's stock of surplus service rifles (mostly, though not exclusively, the Lee Enfield Rifle No. 4 Mk. 1) because the American War Assets Administration (WAA) was about to liquidate American service rifles. He believed that since American weapons would "find their way into Canada to Sporting Goods or Hardware Dealers," it made sense to sell surplus Canadian rifles.⁷⁵ Malley's primary concerns at the time were liquidating inventories, closing warehouses, and slashing payroll, so he was desperate to unload the stocks of weaponry piled up at WAC warehouses. On 13 September, Wood replied to Malley with an attached "Consolidated Departmental Regulations Governing the Importation of Firearms and Dangerous and Offensive Weapons" issued by the Department of National Revenue on 6 June 1946. He informed Malley that firearms could only be imported under permits issued by National Revenue and it was doubtful that any sporting or hardware store would receive approval because it was not issuing "such permits and all requests therefor are presently being refused."⁷⁶ There was no need to modify any procedures because of American actions.

On 27 September, Wood further clarified his reluctance for liberalizing sales of firearms and lifting restrictions. Above all, he was preoccupied by the fallout from Igor Gouzenko's revelations about a Soviet spy-ring in Canada, the Red Scare, and the fears of escalating gun violence. Although Wood acknowledged the "excellent background" and "religious, educational or semi-military nature" of clientele referred to the RCMP for investigation, he was concerned with other clubs and associations that "do not enjoy the same reputation and which might well be interested in securing a stock of weapons for improper purposes."⁷⁷ Wood then vaguely indicated that some of the organizations were declared illegal during the war and "a few tend to be of a semi-military character and

Aeronautical Equipment For Air Use," Merchandising Department Procedure No. 4.01, 23 May 1946; Ibid, "Obsolete, Non-Flyable Aircraft," Merchandising Department Procedure No. 7.04, 20 December 1946.

⁷⁵ LAC, RG101, Vol. 2, File 9-2-1, H. R. Malley to S. T. Wood, 30 August 1947.

⁷⁶ Ibid, S. T. Wood to H. R. Malley, 13 September 1947, 1-2.

⁷⁷ Ibid, S. T. Wood to H. R. Malley, 27 September 1947, 1-2.

even favour the wearing of a type of uniform.”⁷⁸ The Commissioner was concerned about creating a precedent that might cause “a real problem for refusing similar demands from other organizations which are not, at the present time, illegal but which are certainly not dependable from a standpoint of loyalty to this country.”⁷⁹ Wood saw no undue hardship on the general public if weapons were not sold as he could not “visualize any actual need for arming organizations which do not have the sanction and support of the Department of National Defence.”⁸⁰ A few days later Berry assured the Commissioner that “this Corporation is in entire agreement with the policy which you suggest.”⁸¹ He also told Wood that the WAC would continue following existing policies so that the organizations that Wood described as “questionable or disloyal” in character would not gain access to surplus firearms through the WAC.

Since Malley’s attempt at liberalizing selling restrictions for service rifles failed and no legitimate international clients were found, the WAC had no other choice except to underwrite the cost of destruction. Whenever firearms were destroyed detailed procedures were employed to ensure that the weapons were confined to specific localities, sufficiently mutilated, and that the destruction process actually took place (so no weapons mysteriously vanished). Surplus weapons in the hands of the WAC were all destroyed in a similar fashion as the stock of 8,000 machine guns “of various types in storage at Lauzon and St. Johns, Quebec” that Malley mentioned in his 30 August letter to Wood.⁸² When Malley informed the RCMP Commissioner that the WAC still possessed 8,000 machine guns, he asked if any police forces in Canada might want them. Wood told Malley that he thought the Thompson sub-machine gun would be the only one valuable to police forces, but that he saw no other potential clientele for which these automatic weapons “might be disposed of legally.”⁸³ Although Malley understood that they could not be sold to the public under any circumstances, he needed to confirm that

⁷⁸ Ibid, S. T. Wood to H. R. Malley, 27 September 1947, 1-2.

⁷⁹ Ibid, S. T. Wood to H. R. Malley, 27 September 1947, 1-2.

⁸⁰ Ibid, S. T. Wood to H. R. Malley, 27 September 1947, 1-2.

⁸¹ Ibid, J. H. Berry to S. T. Wood, 4 October 1947.

⁸² Ibid, H. R. Malley to S. T. Wood, 30 August 1947.

⁸³ Ibid, S. T. Wood to H. R. Malley, 13 September 1947, 2.

the WAC had no alternative except to “scrap these machine guns after they have been sufficiently mutilated”⁸⁴

All small arms declared surplus were mutilated under the supervision of a WAC representative. If the armaments were located on a military base or port, service personnel performed the job under the supervision of the WAC’s representative and an officer or senior NCO who certified that mutilation took place. At WAC warehouses or other locations, the WAC contracted out the job through “arrangements” with a local “mechanic with portable acetylene cutter.”⁸⁵ In these circumstances the destruction process included a constable from the local RCMP Detachment who signed off on the



Photo 9 Photo of a mutilated Bren gun, circa 1949. Source: LAC, RG101, Vol. 2, File 9-2-1, Pt. 2 Disposal of Small Arms, Ammunition & Explosives, photograph.

Certificate of Mutilation.

All mutilation was done with an acetylene torch. Usually one diagonal cut near the magazine and across the breech block, firing pin, and piston post was enough to mutilate most small arms. However, in some cases additional cuts were necessary as seen in Photo 9 where a second cut

across the barrel at the gas port was necessary to completely wreck the venerable Bren gun. Any components or spare parts were cut with the acetylene torch “in the most simple and effective manner.”⁸⁶ Once the cutting took place and the Certificate of Mutilation was filled out and mailed to the WAC’s offices in Montreal, the small arms were usually

⁸⁴ Ibid, H. R. Malley to S. T. Wood, 30 August 1947.

⁸⁵ LAC, RG101, Vol. 2, File 9-2-1, Pt 2, “Re: Mutilation of Lethal Arms and/or Their Components,” I. M. Mackinnon, 5 April 1949, 1-2; Ibid, photograph; Neil Grant, *The Bren Gun*, (Oxford: Osprey, 2013), 18-19.

⁸⁶ Ibid, “Re: Mutilation of Lethal Arms and/or Their Components,” I. M. Mackinnon, 5 April 1949, 1-2; Ibid, photograph; Grant, *The Bren Gun*, 18-19.

sold as scrap to a local junk dealer who salvaged the metals after using a hydraulic press to flatten the weapons.

Firearms were just one type of weaponry that the WAC dealt with, and even though they closely straddled the line between civilian and military practicality, they may have been one of the more clear-cut and easier delineations to manage. In effect, the line dividing civilian and military applications got even murkier once larger weapon systems were scrapped or broken down to basic materials. For example, if a bomber or fighter (such as a Lancaster or Hurricane) was considered as a single object designed to military specifications, few civilian uses were readily apparent and, in line with established policies, these valiant fighting machines were scrapped. However, aircraft are really the sum of several thousand component parts, some of which retain commercial value individually but not collectively. Depending on the creativity of customers or the WAC's technical advisers and staff, many other potential improvisations or applications were possible. Aside from providing spare parts for maintenance purposes, airplane parts could double for many things. In one case, the WAC's Consumer Goods Division found that the "tough yet pliable" Plexiglas used for windows in cockpits and gun turrets could be transformed into costume jewelry when diced and dyed different colours.⁸⁷ In another case, the WAC was alerted to one manufacturer's discovery of the usefulness of surplus airplane wheels and so the WAC sold the smaller tail wheels as replacements for wheelbarrow wheels and the larger ones were marketed as something to improve the mobility of trailers and machinery on farms or in factories.⁸⁸ Thus, depending on one's creativity and imagination, when weapon systems were taken apart and broken down, their components could be recycled into other productive civilian purposes.

Therefore, *destruction* was really a process of *reduction* that facilitated renewal, reuse, recycling, and upcycling. A good disposal strategy had to accommodate and nurture this process of material rehabilitation in light of the risks to public safety and apprehensive businessmen. As a result, officials realized that they had to carefully scrutinize and test every type of item and its components before, during, and after the

⁸⁷ Berry, "Functions of War Assets Corporation," 39-40.

⁸⁸ *Ibid*, 39-40.

asset entered their custody. The purpose was always to discover “sound economic uses” for the tactical equipment built to military specifications.⁸⁹ To illustrate this process consider the Jeep and other motor transports, such as the 3-ton and 15-cwt Canadian Military Pattern trucks. Throughout the war, the four-wheel drive ¼-ton truck, commonly known as the Jeep, became an iconic symbol of the Allied war effort. As Howe remarked in his radio speech in October 1944, the Jeep “has fired public imagination” and that “everybody seems to want one.”⁹⁰ Although the public was eager to buy jeeps, the reality was that few were available. Quoting a WAC press release about the Jeep’s limited availability, the *Globe and Mail* reported that the number “will fall far short of the popular demand, judging by the thousands of inquiries that have poured in ever since War Assets Corporation started operations.”⁹¹

Curiously, the public’s enthusiasm for the Jeep remained strong despite warnings about the vehicle’s dubious suitability for “day to day civilian use.”⁹² Although the Jeep enjoyed incredible versatility on the frontlines as an all-purpose transport vehicle, its postwar utility was questionable. In an article on the Jeep’s postwar rehabilitation, Andrew Iarocci explained that as early as August 1943 C. J. Mackenzie, the acting-President of the National Research Council, sought advice about the Jeep’s postwar utility to farmers. He contacted a professor at the University of Saskatchewan who was involved in some extensive testing on the Jeep with the engineering department at Massey-Harris Company in Toronto. The results of the tests, which found their way to the members of the CAAC’s Sub-Committee on Automotive Equipment in mid-1944, revealed that an unmodified Jeep built to military specifications would not enjoy a productive civilian life. Among the Jeep’s chief failings was its lack of fuel efficiency, tendency to roll over, insufficient loading capacity compared to larger farm trucks, and a

⁸⁹ LAC, RG101, Vol. 7, WAC – Board of Director, Meeting Minutes, 11 May 1944.

⁹⁰ LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 5.

⁹¹ CWM, Democracy at War, “Line Forms Here, War Assets Says Jeeps for Sale,” *Globe and Mail*, 20 March 1946.

⁹² LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 5.

transmission unsuitable for farm work.⁹³ Those citizens looking to purchase a Jeep would be sorely disappointed, at least until the new Jeep Station Wagon models started appearing at car dealerships. These new Jeep models from Willy-Overland were specifically built for civilian markets, though advertisements were quick to connect them to their wartime brethren. One ad in *Canadian Automotive Trade* stated that “[the Jeep Station Wagon] is a people’s car and a lineal descendent of the wartime and later the Universal Jeep.”⁹⁴

Furthermore, the Sub-Committee discovered that the limitations of the Jeep were common to almost every military-patterned vehicle. As Brigadier Mavor explained in a letter to the CAAC in February 1944, “the safety factor” was the biggest concern.⁹⁵ Almost every type of military vehicle was right-hand drive, while civilian vehicles in North America were left-hand drive. Moreover, military vehicles were designed to meet military purposes and they lacked civilian-style comforts and features. They also needed special parts that were not easily available in commercial markets, most models were 4X4 (thus they consumed more fuel) and the diameter of tires was larger than any civilian model. Mavor believed that most military vehicles would require scrapping, despite the fact that this “would perhaps arouse some adverse comments” from the public who were not aware of the “peculiar” types or the long-term drag they would put on the market.⁹⁶ Given the Sub-Committee’s composition, Mavor’s views found a receptive audience. Of the ten men who populated the Sub-Committee, six were executives representing Ford, GM, and Chrysler as well as the automotive parts industry, wholesale distributors, and dealers. The other four came from the government or military: the WAC, the CAAC, the

⁹³ Andrew Iarocci, “Farm Tractors, Occupational Therapy, and Four-Wheel Drive: Transforming a Military Vehicle Into a Cultural Icon,” *Bulletin of Science, Technology, & Society* Vol. 30, No. 3 (2010): 164-165; “Jeeps for Civilian Use?” *Canadian Automotive Trade*, (June 1945), 77-78.

⁹⁴ “Jeep Station Wagon,” *Canadian Automotive Trade*, (August, 1946), 54. The advertisement has a photograph where the Jeep station wagon is parked next to the Universal Jeep.

⁹⁵ LAC, RG24, Vol. 83, File: HQ 1182-1-1, “Letter from the Chairman of Army Ordnance Surplus Assets Committee,” Brigadier W. Mavor, 16 February 1944.

⁹⁶ *Ibid*, “Letter from the Chairman of Army Ordnance Surplus Assets Committee,” Brigadier W. Mavor, 16 February 1944; LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, 23 February 1944, Schedule I.

Automotive and Tank Production Branch in the DMS, and the Directorate of Mechanization in the DND.⁹⁷

It is fair to say that the final report submitted to Berry in late May 1945 reflected both the interests of big business and the reality that few military vehicles would become useful civilian assets without extensive modifications and refurbishing. The automotive industry was vitally concerned by the disposal of vehicles and its representatives were adamant that the disposal of surplus vehicles occur through regular distribution networks so as not to create illegitimate supply channels dominated by speculators. For those trucks, cars, and motorcycles deemed to have civilian potential, the Sub-Committee recommended that manufacturers purchase all vehicles back from the government and cover the financial and labour costs of reconversion, refurbishment and redistribution to dealers for sale to the general public.⁹⁸

Accordingly, the Sub-Committee also recommended that everything that could not be salvaged in peacetime be disposed of as scrap and mutilated in such a way as to prevent it from being used as a truck again. The only exception to this destruction policy was for “new military types” that were still in their crates or already overseas. These vehicles were to be disposed of outside the country wherever possible.⁹⁹ This was a cunning decision that benefited both the government and big business as it avoided paying additional repatriation and reconversion costs while also providing a convenient outlet to unload vehicles that would have further glutted the domestic market. Moreover, finding overseas customers for those new vehicles still in crates had another, unspoken

⁹⁷ The original members were: J. C. Armer (VP of Dominion Forge and Stamping Co. Ltd., representative for parts manufacturers), J. C. Adams (President of J. C. Adams Co. Ltd. and representative for wholesalers, distributors, and the Canadian Automotive Electrical Association), E. H. Birchard (Deputy Motor Vehicle Controller, Chair), E. W. Bryant (Director of the Automotive Parts Supply Division, representative for DMS), W. R. Carnwith (representative for GM), E. A. Everson (President of Mid-Town Motors, representative for dealers), J. H. Hickey (General Parts and Service Manager, representative for Chrysler), Colonel E. D. James (Director of Mechanization, representative for DND), H. M. Scott (General Manager of WAC), Clark Simpkins (representative for Ford). LAC, RG24, Vol. 83, File: HQ 1182-1-1, “Establishment of Sub-Committee to Crown Assets Allocation Committee,” 23 February 1944.

⁹⁸ Ibid, Sub-Committee of CAAC on Automotive Equipment, Meeting Minutes, 23 March 1944, 1-11; Ibid, E. H. Birchard to J. H. Berry, 8 April 1944; Ibid, Meeting Minutes, 15 March 1945, 1-13; *SCWEE*, 29 November 1945, (No. 4, Book 2), 101-103.

⁹⁹ LAC, RG24, Vol. 83, File: HQ 1182-1-1, “Crown Assets Allocation Committee, Vehicle Sub-Committee,” 29 May 1945, 1.

benefit for the car industry. Since every military-patterned vehicle manufactured during the war came with one or two years of spare parts, car companies were anxious to limit the domestic supply of spare parts, lest they allow a customer to repair and maintain their military-patterned vehicle and further delay purchasing new civilian models.¹⁰⁰

The key point in this vehicle example is that Canada's disposal administration actively sought the input of business interests and government expertise in order to amass information about implementing sales policies and restrictions. Of course, the WAC reserved the right to refuse the advice it received, and while this occurred in some instances, the WAC largely accepted the automotive sector's recommendations as summarized in the Sub-Committee's final report written by its chair, E. R. Birchard. Surplus military vehicles that could be converted to civilian purposes were disposed of in vast quantities through established dealers and manufacturers, while the remainder were destroyed or sold overseas.¹⁰¹ The due diligence of policymakers was paramount. When establishing and implementing policies and restrictions they sought to establish workable arrangements that defined the contours of civilian and military in pragmatic ways, protecting the public's safety but still allowing the WAC to sell its inventories. These decisions were not popular with the public, who perceived them as the indiscriminate destruction of public property. However, war was extremely wasteful and, while there was no shortage of items available to sell, there was also a tremendous amount of things that could never be sold to civilians. Consequently, these items had to be destroyed.

Reduction to Destruction: Salvaging Value from Weapon Systems

Sometime in mid-1946 officials in the WAC came to grips with the reality that more than just ammunition would require destruction. Aside from ocean dumping, there were three other destruction methods available: incineration, scrapping, and mutilation. According to the WAC's own definitions, the destruction of surpluses implied their

¹⁰⁰ Ibid, Sub-Committee of CAAC on Automotive Equipment, Meeting Minutes, 23 March 1944, 1-11; Ibid, E. H. Birchard to J. H. Berry, 8 April 1944; Ibid, Meeting Minutes, 15 March 1945, 1-13; *SCWEE*, 29 November 1945, (No. 4, Book 2), 101-103; Strasser, *Waste and Want*, 187-201; Slade, *Made to Break*, 29-56.

¹⁰¹ LAC, RG24, Vol. 83, File: HQ 1182-1-1, Sub-Committee of CAAC on Automotive Equipment, Meeting Minutes, 23 March 1944, 1-11; Ibid, E. H. Birchard to J. H. Berry, 8 April 1944; Ibid, Meeting Minutes, 15 March 1945, 1-13; *SCWEE*, 29 November 1945, (No. 4, Book 2), 101-103.

permanent elimination. This was only considered an option if the goods in question were lethal or without any peacetime applications or items of a secret nature that could not be sold because of national security concerns. The things that fell into these categories – the bulk of which were most calibers of ammunition and artillery shells – were destroyed using the safest and most efficient method possible: ocean dumping and to a lesser extent incineration and burial.¹⁰² Although some ammunition and explosives were scrapped, the incineration or dumping of stocks of dangerous goods permanently eliminated the threat and saved the financial, storage, and security liabilities.

Scrapping and mutilation were commonly employed when dealing with weapon systems, secret materials, or any other items whose only value to “the peacetime economy [was] by melting [them] down, or by changing [their] form.”¹⁰³ Scrapping or the “reduction of surplus to produce” was defined by the process of breaking apart a system of objects that formed a larger “apparatus” in order to salvage the components and materials. This was the fate most often bestowed upon weapon systems from aircraft and ships, to tanks and guns, and their “parts...which are not used in commercial life” but could be further reduced until some civilian value was derived.¹⁰⁴ Although it was closely associated with scrapping and often done in tandem, mutilation had a separate meaning. Mutilation implied “the marking or removal of material, or otherwise defacing any particular surplus article so that it cannot be used for its original purpose.”¹⁰⁵ In other words, the intent of mutilation was not to change the object’s form, but merely modify its intended function or identify a change in ownership. Mutilation could be done by acetylene torch cuts or the use of official cancellation dye for government markings. It is worth noting that objects were mutilated without being destroyed or scrapped. In fact, most objects that entered the WAC’s custody were mutilated in some capacity so that ownership could be established. Wherever possible – on the object or its components or

¹⁰² *War Assets Corporation Third Annual Report*, 5; *War Assets Corporation Second Annual Report*, 7.

¹⁰³ *War Assets Corporation Second Annual Report*, 7.

¹⁰⁴ *Ibid.*, 7.

¹⁰⁵ *Ibid.*, 7.

its container – Clearance and Warehousing personnel branded surpluses with the WAC’s logo or the words “War Assets Corporation.”¹⁰⁶

The necessity of an expanded destruction program dawned on policymakers as they faced two competing pressures. The first had to do with the *quantity* of surplus munitions, the limited storage space, and the selling delays caused by restrictions, priorities, and the testing for potential civilian applications. The other pressure was tied to the *quality* of items in the WAC’s possession. When evaluating their inventories, the armed forces adopted a stringent policy of keeping the best and most advanced equipment. Considering that the Services returned large portions of their kit to the British and only repatriated from Europe what they wanted to keep, this meant that the assets they declared surplus were often the bottom-rung, obsolete equipment in deteriorating condition. In other words, when the armed forces assessed their peacetime requirements they continued the well-entrenched policy of cannibalizing kit for spare parts and declaring the remainder surplus to the CAAC. This policy greatly affected the type and utility of munitions entering the WAC’s custody since the Corporation received either the components of weapon systems that the Services had already dismembered or the whole munition in its obsolete and worn out state. Thus, in addition to the flood of items valuable to civilians or in good condition, the WAC had to dispose of a wide selection of disparate things that originated from a variety of munitions (and some supplies) that were chopped up, disassembled, or technologically obsolescent.¹⁰⁷

A robust destruction program became unavoidable as the inventories of worthless kit and lethal objects without any civilian applications grew. Contrary to the public outcry and reports of wanton destruction in the wake of incidents like those involving the RCAF at Penhold, the WAC approached the destruction of surpluses in a methodical and sensible way. Throughout the entire process attempts were made to sell assets before they were further reduced. If sales were not possible, then the items were further scrapped so a

¹⁰⁶ See: LAC, RG101, Vol. 2, File 9-2-1, S. T. Wood to H. R. Malley, 13 September 1947, 1-2; Ibid, H. R. Malley to S. T. Wood, 18 September 1947; AO, F 229-36, Eaton’s Secretarial Office Legal Section general files, File: W1-0-4, “Marking Government Stores,” Memo to Mr. R. H. Pearson, 5 December 1944, 1-2. There is some additional correspondence in the file detailing instances when no WAC markings were found on government property purchased by Eaton’s. Ibid, T. Eaton Co. Ltd to J. R. Turgeon, 31 July 1946, 1-2.

¹⁰⁷ *SCWEE*, 23 May 1946, (No. 14, Book 3), 447.

new round of marketing and sales could take place. This process of reduction took place until it was determined that no further value could be salvaged or if the storage and labour costs exceeded potential profits. Moreover, as experience was gained with particular categories of goods, the destruction process was streamlined so that these objects were reduced to a particular configuration as quickly as possible or, if experience indicated that nothing was salvageable, the entire thing might be destroyed right away without any recovery efforts or testing.

It is worth noting that Canada's destruction program mirrored those initiated in the UK and US. However, a direct comparison is not wise since Canada's program was less extensive, especially by comparison to the US. Given the immense productivity of America's armaments industries, the US developed the largest and most comprehensive disposal program of all the Allies. For example, when the United States Army Air Force (USAAF) started declaring tactical aircraft surplus, a bewildering amount of planes required disposal in practically every part of the world. When air bases closed down or technological advances rendered older planes obsolete, fleets of tactical aircraft were destroyed onsite or relocated to the US where they were stored at 60 special depots administered by America's disposal agencies (first the Reconstruction Finance Corporation and then the WAA). It was at these "boneyards" where tactical aircraft were concentrated for destruction or piecemeal sales.¹⁰⁸

The largest boneyard was the sprawling desert facility at Kingman, Arizona, though several permanent facilities were established across the US, such as at Davis-Monthan Air Force Base in Tuscon, Arizona. In the war's aftermath, aircraft boneyards gained increasing notoriety and mystique in postwar American popular culture. In fact, the Kingman boneyard was featured in an Academy Award-winning film *The Best Years of Our Lives* (1946), in which actor Dana Andrews played a maladjusted Air Force veteran named Fred Derry who found solace in smashing war planes in the fictionalized town of Boone City.¹⁰⁹ Today, surviving boneyards have become tourist attractions where the public can view decades worth of obsolete planes in permanent storage. In some respects,

¹⁰⁸ Veronico et al., *Military Aircraft Boneyards*, 7-86.

¹⁰⁹ *Ibid*, 64, 87-115.

aircraft boneyards represent a nexus point where the concepts of the “technological sublime” and “deindustrial sublime” co-exist. At these sites, the general fascination with and celebration of technological achievements (the technological sublime) and the nostalgia for derelict things and abandonment (the deindustrial sublime) mix together as the visitor walks through the open air museum observing both technological advancement and obsolescence simultaneously.¹¹⁰

By contrast, Canada’s disposal administration never organized boneyards on such an elaborate and permanent scale, so they never gained much popularity in postwar Canadian society. In May 1944, the WAC’s Board of Directors determined that no extensive network of government-run scrapyards was advisable since they expected to utilize the armed forces’ storage facilities and vacant property wherever possible. However, they also understood that when hostilities ended, a number of temporary yards might be required to augment the existing infrastructure. The Board felt that if scrapyards had to be set up they should be located in close proximity to major “centres of production” and near RCAF bases where significant quantities of aluminum (used extensively for constructing fuselages) would pile up.¹¹¹ As a result, several temporary yards were established, in Quebec (in Montreal and St. Johns), Ontario (Toronto and Trenton), New Brunswick (Scoudouc), and in British Columbia (Vancouver). These yards augmented whatever onsite scrapping operations were commenced by the military and by private companies contracted by the WAC.¹¹² After the reorganization, all scrap was handled through the Supply Department’s Scrap Disposal Branch which worked closely with the Corporation’s other Branches and Departments to collect, reduce, and sell everything tagged as scrap. Since Clearance teams spearheaded all cleanup

¹¹⁰ On the technological sublime, see: David E. Nye, *American Technological Sublime*, (Cambridge: The MIT Press, 1996). On the deindustrial sublime, see: Steven High and David W. Lewis, *Corporate Wasteland: The Landscapes and Memory of Deindustrialization*, (Ithaca: IRL Press, 2007). See also: “Davis-Monthan Air Force Base ‘Aircraft Boneyard,’” *Pima Air & Space Museum*, <http://www.visittucson.org/listings/Davis-Monthan-Air-Force-Base-Aircraft-Boneyard-/1134/?fromMenu=0&maxshow=10>; “Aircraft Boneyard – Davis-Monthan Air Force Base,” YouTube Video, 10:36, posted by AirplaneMart.com, 27 March 2014, (Accessed 12 December 2015), <https://www.youtube.com/watch?v=AfTNxbVnKJQ>

¹¹¹ LAC, RG101, Vol. 7, WAC Board of Directors Meeting Minutes, 11 May and 13 July 1944.

¹¹² *Ibid*, 11 May and 13 July 1944.

operations, its personnel were closely affiliated with the Scrap Disposal Branch and carried out the bulk of scrapping requirements.¹¹³

If an article could not be sold in its primary form or to fulfill its intended function, than it was reduced to its basic materials and components. Therefore, scrapping objects was not the final stop in the transition from war to peace; rather it was just a means to another end because the decision to progressively reduce weapon systems created new potential uses and additional disposal requirements. The by-product of taking weapon



Photo 10 Some of the parts and equipment stripped from planes at St. Johns, Quebec. Source: LAC, RG101, Vol. 1, File: R-1-1-9 History of War Assets Corporation Ltd. and War Assets Corporation, Newspaper Clippings, *The Standard*, 15 September 1945, 9.

systems apart was the production of numerous other components and materials that formed them. These newly separated assets could then be sold to create another system or fulfill another use. However, with every reduction assets were broken down into more constituent elements, so each scrapping operation yielded more items that required storage, marketing, and sales negotiations. This multiplied the workload of the WAC's Warehousing and Merchandising staff who had to store and sell more (but smaller) objects and was compounded by the amount of

obsolescent munitions declared to the CAAC.

To illustrate the various stages of the destruction process consider surplus aircraft. When the RCAF started declaring them surplus, the WAC quickly came into possession of approximately 5,388 aircraft by the end of November 1945 and another 1,402 by May

¹¹³ LAC, RG101, Vol. 1, File: R-1-1-9, "Scrap Disposal Section – Plant Clearance Division," Supply Department Procedure No. 207, 6 April 1946.

1946. Officials immediately realized that “some [aircraft] were of a strictly military type, unlicensable for commercial or for pleasure use in Canada, economically impractical for export, or in a condition beyond economical repair.”¹¹⁴ In other words, most of these aircraft could never be sold as aircraft and therefore had to be “reduced to produce” in order to derive value from them.¹¹⁵ This was especially the case considering the selling restrictions in place that forbid the sale of any tactical types and the certification procedures administered by the Department of Transport that determined the “airworthiness” of planes and the “pedigree” of the materials or parts. Stringent controls were instituted over the sale of aircraft and their parts so as to protect the public from mechanical errors, accidents, and unorthodox military modifications or designs.¹¹⁶ These restrictions not only determined who could purchase the planes and which ones were flyable, but also monitored the sale of parts and components. After all, the WAC could not scrap an obsolete plane and then resell the equally obsolete parts as replacements in airworthy aircraft.

According to testimony before the SCWEE, of the 5,388 aircraft declared to the WAC, 906 were sold as aircraft (or otherwise not in the custody of the WAC in November 1945) and a further 1,430 planes (mostly obsolete trainer types such as, Anson I and II, Oxford I and II, and Fairey Battle) were demolished. Of the remaining 3,052 aircraft “still in the Corporation’s hands” only 642 were “considered saleable as aircraft.”¹¹⁷ This meant that a further 2,410 would require disposal in piecemeal fashion, in addition to whatever else was declared later. Since scrapping aircraft meant taking them apart to sell their components and materials these supplies accumulated exponentially in warehouses before being sold or further reduced. This meant that the WAC had to be methodical in what it recovered, lest its storage facilities be overwhelmed with rivets or bolts instead of something more substantial. As a result, the WAC targeted

¹¹⁴ *SCWEE*, 27 November 1945, (No. 3, Book 2), 70.

¹¹⁵ *Ibid*, 70.

¹¹⁶ LAC, RG101, Vol. 6, File: 9-5-2, “Aircraft Material to be Sold as Pedigreed Stock for Air Use,” Merchandising Department Procedure No. 7.01, 4 March 1946; *Ibid*, “Aircraft, Aero Engines, and Aeronautical Equipment For Air Use,” Merchandising Department Procedure No. 4.01, 23 May 1946; *Ibid*, “Obsolete, Non-Flyable Aircraft,” Merchandising Department Procedure No. 7.04, 20 December 1946.

¹¹⁷ *SCWEE*, 27 November 1945, (No. 3, Book 2), 70.

its scrapping operations on the key parts deemed to have residual value in civilian markets: engines, propellers, wheels, wireless equipment, instruments, Plexiglas, and scrap metals.¹¹⁸ Removing anything else was not advisable or financially prudent because the cost of removing and storing any other components far exceeded the potential profits from their sale. Even if other items recovered from the planes were in good and saleable condition, the WAC had no incentive to accommodate the marketplace if, for example, its labour and storage costs totalled \$1 but sales only remitted 75 cents.¹¹⁹ Simply put, it did not matter if customers were lining up to purchase the recovered items if the salvaged



Photo 11 Workers at St. Johns, Quebec scrap old damaged aircraft that cannot be sold any other way. Source: LAC, RG101, Vol. 1, File: R-1-1-9 History of War Assets Corporation Ltd. and War Assets Corporation, Newspaper Clippings, *The Standard*, 15 September 1945, 8.

value was not worth the expense of recovery.

Moreover, any assumption about salvaging significant value from surplus aircraft grossly underestimates the rate of technological change and usage during the war years. In fact, the WAC quickly discovered that many items targeted for recovery were worthless or in low demand. Thus, the unhappy by-product of scrapping obsolete planes was the accumulation of more obsolete parts that no one wanted, even in

a materially-starved marketplace. As Berry explained to the SCWEE in reference to the 1,430 surplus aircraft demolished by the Corporation up to November 1945:

Practically all of the engines saved in demolition are still in our hands, along with a large quantity of spare engines separately declared. These are either obsolete for aircraft use or not eligible for Department of Transport certificates. We have over 6,000. After National advertising we have

¹¹⁸ Ibid, 70.

¹¹⁹ CWM, Democracy at War, Warren Baldwin, "No Buyers, 203 Frames of Anson Planes Fuel in Brantford Bonfire," *Globe and Mail*, 6 March 1946.

succeeded in selling only 63. Further aircraft demolitions and possible further declarations of engines will increase the supply to around 7,500...What shall we do with the balance?¹²⁰

Thus, in regards to surplus aircraft, scrapping constituted more of a control on quality than a treasure hunt. Instead of finding hidden value, scrapping ensured that obsolete aircraft or those without proper licensing would never fly again. Yet this was little consolation to officials in the WAC's Supply and Merchandising Departments tasked with storing and selling a bewildering supply of objects that were rapidly deteriorating in value and condition. Auctions sales, bulk transactions, indefinite loans to educational institutions, and increased advertising helped liquidate a small fraction of the ballooning inventory, but the fact still remained that parts and materials derived from scrapping were not always that valuable and often remained the items of last resort for customers who then complained that the items they wanted most were not available.

Although attempts were constantly made to sell items as they traversed every stage of the destruction process, the WAC never panicked when unsaleable assets piled up or commercial interest faded. Instead, the Corporation's management adhered diligently to its disposal procedures and only made modifications when necessary. The by-product of this diligence was additional delays in final disposal. Before deciding on a course of action the WAC had to collect information about the object's condition and quantities, collect and store it, test for civilian applications, process paperwork, and if no sales were arranged proceed with the first wave of scrapping. This took time to complete and accounts for some of the continuing delays in processing Surplus Declarations. By April 1946, the RCAF had submitted 6,018 Surplus Declarations to the CAAC, worth an estimated original value of about \$628,721,675 and consisting of thousands of different items and property. However, only 2,181 of those declarations (a third of the total number and worth about \$133,893,000 originally) were collected, processed, and disposed of by the WAC.¹²¹

¹²⁰ *SCWEE*, 27 November 1945, (No. 3, Book 2), 71.

¹²¹ *SCWEE*, 9-16 May 1946, (No. 9, No. 10, No. 11 Book 2), 228, 240-241, 294.

Adhering to its mandate with stubborn persistence demonstrates much about the WAC's *raison d'être*. The Corporation was methodical and calculating in protecting the national economy and employment. It was not out to make a sale for the sake of selling, but only if the sale was worth it. In fact, sometimes its mandate actually meant refusing a sale and destroying the items instead. For example, consider the fleet of 203 Anson training aircraft located in Brantford, Ontario. These obsolete aircraft were declared surplus by the RCAF in mid-1945, but by March 1946 they were becoming an expensive nuisance. Unable to sell the Ansons as airworthy planes, the WAC's Clearance teams

FOR SALE BY TENDER SURPLUS AIRCRAFT

War Assets Corporation offers for sale by tender a number of Crown-owned aircraft which have been declared surplus to the Canadian Armed Services' requirements. Their descriptions, dimensions and locations are shown below.

"Anson"



Twin engine low wing monoplane. Tubular metal fuselage, fabric covered. Cantilever wooden wings. Retractable undercarriage. Two (2) engines which may be of the following types: Chevrolet EK 310 H.P.; Jacobs L6MB 240 H.P.; Whittford R975-11, 420 H.P. Dimensions, length 42.24'; height 4to tip of serial mast) 13'; wing span 56.5'; ranging in weight from 5899 to 6285 pounds.

Photo 12 An advertisement in the *Winnipeg Free Press* for the sale of an Anson training aircraft. Source: *Winnipeg Free Press*, 1 April 1946, 6.

brought in 37 purchases and \$370, but only 19 frames were actually removed by customers. Given the limited commercial interest in these derelict aircraft there were few options left for the fleet of Anson airframes, so the WAC resorted to completing the destruction process in order to save the labour and storage costs. The Ansons (or

scrapped them to recover their major components and a new advertising campaign got underway to sell the parts and airframes separately. The campaign yielded just a single \$300 bid for the whole lot, but the WAC rejected it on the basis that it was too small and the scrap dealer was unlikely to pay for the removal of everything.¹²²

Consequently, the materials went back on the market and another advertising campaign offered the airframes for \$10 per unit. This

¹²² CWM, *Democracy at War*, Baldwin, "No Buyers, 203 Frames of Anson Planes Fuel in Brantford Bonfire," *Globe and Mail*, 6 March 1946.

basically their leftover pieces) were destroyed by incineration in a “huge bonfire” sometime in the spring of 1946.¹²³

The Brantford bonfire was far from a unique occurrence, as the war’s end doomed whole generations of aircraft models, including the famed Mosquito fighter-bomber. Despite its best efforts, the WAC had trouble selling Mosquitos and their components. Although some were eventually sold to Nationalist China, the market for the plane was terribly small. According to an official with the WAC, who was interviewed by the *Globe and Mail*’s Jack Hambleton, the Mosquito was “hardly a week-end plane” since it was difficult to handle and required great skill to fly.¹²⁴ They were also designed and built under wartime conditions so there was little space inside the cockpit, their fuel efficiency was terrible, and they were primarily constructed from plywood. Moreover, the pace of technological change was also a factor in rendering the Mosquito obsolete and limiting potential markets, as the anonymous official explained:

We have just been talking about wheeling the machines out onto the field and leaving them there. It seems a terrible waste to see \$30 million on wheels sitting idle but what use are they now the war is over? The RCAF is going into jet fighters and is not doing much flying other than transport work now. They are getting Vampires – jet machines – and the Mosquito is an old machine as a fighter now.¹²⁵

In early 1946, the WAC cannibalized fleets of Mosquitos. One group of 128 concentrated in Weston, Ontario was originally offered for sale but no scrap dealer or educational institution was interested in acquiring these decaying relics. The Corporation estimated that any further attempts to salvage materials from the aircraft were not advisable since the recovery of \$1 worth of saleable scrap metal would cost \$30 per wing. Therefore, sometime in the early spring the hulking wings (and probably many other components) were piled together and burned in what had to be a “monster bonfire” since

¹²³ Ibid.

¹²⁴ CWM, Democracy at War, Jack Hambleton, “100 Mosquitos Junked, Aircraft Is Obsolete,” *Globe and Mail*, 20 May 1947.

¹²⁵ Ibid.

each wing was 52 feet long and weighed 2,300 lbs!¹²⁶ A year later the sad saga of the doomed Mosquitos continued. This time, as Hambleton reported, the WAC had a fleet of 100 Mosquitos that no one wanted. When the war ended they were cocooned and put into storage at the DeHavilland Aircraft plant in Toronto. However, the storage contract with DeHavilland expired in April 1947. Coupled with the prohibitive scrapping costs this fleet of 100 Mosquitos was condemned to a similar fate as those in Weston.¹²⁷ The wartime investment literally went up in smoke!

As the destruction of the Ansons and Mosquitos demonstrates, where no commercial interest existed or if the salvaged value was not worth the cost of recovery or storage, the only responsible recourse was complete destruction. Much to the public's dissatisfaction, this happened frequently with obsolete aircraft. However, such actions were necessary because they saved the Corporation from the cost of storing and handling war junk. This in turn lowered operational costs and meant that the WAC remitted more of its profits back to the government to help pay down the war debt. Therefore, contrary to media reports about the wasteful and wanton destruction of public property, the destruction process actually *saved* the taxpayer more money than if the WAC continued to hold onto assets without any markets on which to sell them.¹²⁸

As much as the WAC controlled and funded the destruction of surpluses through the Scrap Disposal Branch, it also relied on businesses and commercial interests to assist in destruction programs. In this regard the WAC did not have much choice. As surplus items were restricted from sale or reduced to basic materials, commercial interests also narrowed. Therefore, almost by default, the junk dealers and steel manufacturers (in Ontario and Quebec especially) gained increasingly larger interest as surpluses moved through the WAC's reduction process. Not only did they already possess the expertise, labour force, and equipment, but they maintained a vested interest in how the products and materials were disposed of in the marketplace. As a result, junk dealers and metal manufacturers were in a much better position to perform the destruction process and

¹²⁶ CWM, Democracy at War, "Huge Bonfire to Destroy 128 Mosquito Wings," *Globe and Mail*, 9 May 1946.

¹²⁷ CWM, Democracy at War, Hambleton, "100 Mosquitos Junked, Aircraft Is Obsolete," 20 May 1947.

¹²⁸ *War Assets Corporation Second Annual Report*, 7-8.

would step in to purchase items from the WAC before scrapping had even commenced. This suited the WAC's finances perfectly, since it did not have to fund the entire destruction process. In fact, depending on the type of asset involved, the WAC would sell whole items as scrap so that junk dealers or metal companies would cover the entire cost of reduction instead of the taxpayer.

Scrap dealers had much to gain from these types of transactions since they received a whole asset with potentially valuable components at scrap prices and often in bulk purchases. Although a fair amount of the kit bought by dealers was derelict and unusable, some real gems found their way into scrapyards. Despite explicit rules to the contrary, upon discovering that something sold as scrap by the WAC was still valuable for a primary or secondary use, junk dealers often refurbished the goods for use in their yards or, more likely, for resale to interested customers. In one instance involving aircraft components, the WAC was alerted to a scrap dealer's scheme for reselling a small inventory of obsolete engines procured from the WAC. Although the contractual obligations forbade the engines from being resold for "air use" in Canada because of Air Transport Regulations, the scrap dealer planned to sell the engines as replacements for snowmobiles. The WAC "having already studied the possibility of their use in that way" concluded they could not be adapted for snowmobiles and warned that "the final purchaser would be gypped."¹²⁹ It is unclear if the WAC succeeded in stopping this sale, but it is doubtful given how widespread the practice became.

Clearly there were loopholes that needed closing. Since items were usually sold as scrap for a reason – because they were unsafe for civilians, unlicenseable, obsolete, or threatening to the national economy, employment, or public safety – the WAC started taking some additional precautions so that they did not reappear in the marketplace. To help guard against the unlawful resale of items sold as scrap (but still in workable or reusable condition) the Corporation started funding the cost of mutilation before the dealer took possession or sent supervisors to the junk yard to observe the physical destruction. Thus, from early 1946 onwards when, for example, obsolete engines,

¹²⁹ CWM, *Democracy at War*, Baldwin, "No Buyers, 203 Frames of Anson Planes Fuel in Brantford Bonfire," *Globe and Mail*, 6 March 1946.

batteries, or their components were still in workable condition but sold as scrap, Clearance or Warehousing staff (or Service Personnel where necessary) were obliged to render the articles “useless” by “the simple expedient” of bashing “cylinder heads” (or other vital components) with a sledge hammer.¹³⁰

Combatting third-party resales with such countermeasures was not particularly popular with customers, the media, or politicians, since perfectly usable goods were destroyed rather than salvaged to fulfill other functions.¹³¹ Yet the WAC had its reasons and if the junkman was not playing by the rules, then something had to be done to protect the public regardless of the optics. Every step in the reduction process was accompanied by attempts to sell the goods or their components, but if the Corporation could not find an interested customer, then the goods had to be destroyed to save public money. That perfectly useable goods were destroyed or sent to scrapyards during a time of severe shortages and when demand was ferociously high appeared utterly wasteful and incompetent. However, there were few available alternatives. It looked as if the WAC was acting irresponsibly and unethically by destroying government assets, but in reality it had already done what it could to sell them. The problem was in the eye of the beholder: the public’s own expectations were not meshing with reality.¹³²

The reselling of items sold as scrap was a problematic and persistent issue for the Corporation, not only because mutilation by sledgehammer might be ineffective, but also because it fashioned a public perception of the WAC as a neglectful and wasteful enterprise. One vocal critic, Dr. J. J. Brown, an engineer who worked at Research Enterprises during the war, believed that the WAC was badly run because it destroyed perfectly good items or sold them to scrapyards for pennies on the dollar, rather than to a

¹³⁰ Ibid.

¹³¹ Brown, “Assets to Ashes,” 9, 50-53; J. J. Brown, “Assets into Junk,” *Maclean’s*, 1 August 1946, 9, 46-47; CWM, Democracy at War, “WAC Policies Rapped As Data Unavailable,” *Globe and Mail*, 1 June 1946; Ibid, “Junk Dealers Sold Him ‘Tons’ of War Material, WAC Critic Testifies,” *Globe and Mail*, 26 July 1946; Ibid, “Writer to Testify on Story Alleging WAC Destruction,” *Globe and Mail*, 24 July 1946; Ibid, Kenneth C. Cragg, “\$45,000 War Goods Cost Him Only \$900, Brown Tells Committee,” *Globe and Mail*, 31 July 1946; “R.C.A.F. Equipment Junked – I Bought Tons’ Testimony,” *Financial Post*, 10 August 1946; Ibid, Kenneth C. Cragg, “War Assets Has Many Problems,” *Globe and Mail*, 19 August 1946.

¹³² *SCWEE*, 27 November 1945, (No. 3, Book 2), 65.

marketplace full of eager customers. In several articles condemning the WAC's policies and practices, Brown claimed to have purchased roughly \$45,000 worth of items in good condition from junk dealers for just \$900.¹³³ He was adamant that everything he collected originated from the WAC and that scrap dealers were not always playing by the WAC's rules against reselling. As he stated in an article titled "Assets into Junk" published by *Maclean's* in August 1946, "some junk dealers, adhering strictly to their contracts with the Corporation, have refused to sell me anything, but dozens of others have said, in effect: 'Make me an offer. If a machine is worth more to you as a machine than it's worth to me as scrap, we've got a right to do business.'"¹³⁴

Although not completely impossible, attempts at tracking and enforcing the resale restrictions on scrap were exceedingly hard once the objects left the WAC's possession. Brown's critical reports in the *Winnipeg Free Press*, *Maclean's*, and eventually his testimony before the SCWEE targeted this situation with precision, as he divulged numerous examples of blatant waste and bargain-hunting. In one telling example, Brown claimed to have purchased two perfectly workable Jacobs-64 engines in good condition and worth an estimated \$8,000 for only \$40 from Frankel Brothers Ltd.¹³⁵ However, Brown's accusations should be taken with a grain of salt, as there were indications from military officials testifying before the SCWEE that he inflated his estimates of the original value and exaggerated the quantities available in scrapyards. For instance, Wing Commander E. G. Mahoney stated that Brown's estimates of how many aircraft batteries (2,000) were scrapped at Solway & Sons were grossly exaggerated over what the RCAF had actually declared (371) by the time of his visit to the junkyard in October 1945.¹³⁶

Yet Brown's accusations were not unfounded either. Good and workable surpluses were being thrown onto scrapheaps instead of into a materially-starved marketplace and public opinion was not favourable to such practices. However, there was method to the WAC's madness, although admittedly it was difficult for outsiders to support. At the

¹³³ *SCWEE*, 30 July 1946 (No. 32, Book 3), 1020.

¹³⁴ Brown, "Assets into Junk," 9.

¹³⁵ *SCWEE*, 30 July 1946 (No. 32, Book 3), 1022; Brown, "Assets to Ashes," 9, 50-53. See also: AO, F 138-9-0-530 Horace T. Hunter files, File: "War Assets Corporation, 1946."

¹³⁶ *SCWEE*, 25 July 1946 (No. 31, Book 3), 980-984.

heart of the issue were the WAC's operational practices that favoured established manufacturers and trade networks. The by-product of this preference was an extensive reliance on business interests and the persecution of the second-hand market. By adhering to its disposal philosophy, the WAC was condemning perfectly useable surpluses to the scrapheap. If no middleman purchased the items in question than the WAC had no other recourse but to either peddle the salvaged components or sell the items as scrap to junkyards. Without a retail network, the WAC had no means to engage in retail sales to interested customers like Brown. Instead, to the bafflement of potential clients, the WAC redirected them to local dealers that had already made purchases from its inventories, while it deliberately reduced any unsold remainder.

The blatant corporate favouritism in the WAC's operational practices looked bad and got even worse when surplus goods sold to established businesses started appearing in stores. Corporations and dealers bought surplus goods at cheaper prices, while their customers were not so lucky. Instead of getting cheap goods directly from the WAC, customers had to pay the dealer's commission and any logistical or refurbishing costs that were always attached to the final price tag. As long as items were sold at price ceilings the WAC was not concerned. Anything that established businesses did not buy was labelled as scrap and reduced until destroyed. However, the system was not foolproof, as the opportunity for reselling goods at prices above the WPTB's ceilings or reselling items labelled as scrap was often seized by businesses and junk dealers. Such actions could undermine the whole system and the WAC had little control over these infractions. As a result, a price variance resulted despite all attempts to control them. The variance affected all types of surplus assets sold by the WAC – from scrap metals to aircraft, or vehicles to radios – and it occurred right under the WAC's nose.

The price variance resulted from several factors. In some cases, dealers and companies reselling surplus assets were liable to gouge their customers with hidden fees that were in excess of price ceilings and had to be paid up front in cash. In its quest to create a veterans' priority the Legion collected several examples of how this price gouging was affecting veterans who wanted to purchase motor vehicles. One soldier told Captain Greaves, "I have been to several dealers. They will not talk to me unless alone and then persist in stating the necessity of extensive repairs on all vehicles taken over

from the government. They refuse to consider a sale until I agree to pay the repair bill in cash.”¹³⁷ Another veteran, who encountered similar deviousness from a used-car salesman but agreed to pay the bill, stated: “I bought [the taxi] at \$690, the ceiling price but had to pay a \$210 repair bill on the quiet in order to get the car. I paid it to get in on the taxi business while things are going well.”¹³⁸

While used-car salesmen lived up to their somewhat slimy and nefarious reputations, the WAC’s agents also gouged clients. Take the case of Charles Babb, a well-connected American with extensive ties to the aviation industry. In early 1944, he was hired by the WAC to be its agent for aircraft sales in the US and his company Charles Babb Aviation Co. utilized this position to purchase aircraft and export them for resale to third parties, particularly in Latin America. In one case, fifty-three Cornell aircraft belonging to Canada’s Mutual Aid Program but located in Pennsylvania were declared surplus. It appears that Babb’s company used his connections with the WAC and “closed the deal before Canadians who had been trying to buy Cornells knew of those particular planes’ existence.”¹³⁹ Apparently Babb made a pretty penny on their resale, as he purchased the Cornells for roughly \$2,700 each, paid the export licences and taxes, and pocketed the rest of the \$4,500 purchase price.

In other cases, the price variance occurred because junk dealers would resell the same objects as legitimate manufacturers. For example, if a manufacturer purchased back most of its goods from the government, such as the Jacobs L4MB engine, and then refurbished them for resale, they had to add their costs to the final price tag which, depending on the scope of repairs, could vary from \$750 to \$1,500 per engine.¹⁴⁰ However, companies did not always buy back all their products, so some inevitably

¹³⁷ Quotes from: LAC, RG24, Reel: C-5196, File: HQ 8350-56, “Complaints – ex-service personnel concerning purchase of vehicles,” E. M. Greaves, No. 9 D. D., Landsdowne Park, Ottawa, 6 August 1945. See also: Ibid, “Surplus War Assets and the Veteran,” Brief by Legion, no date.

¹³⁸ Quotes from: Ibid, “Complaints – ex-service personnel concerning purchase of vehicles,” E. M. Greaves, 6 August 1945. See also: Ibid, “Surplus War Assets and the Veteran,” Brief by Legion, no date.

¹³⁹ Brown, “Assets to Ashes,” 52-53; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 12 April 1945. See also: LAC, RG25, Vol. 3257, File: 5979-B-40, “Disposal of Surplus Aircraft,” various correspondence and documents.

¹⁴⁰ Brown, “Assets to Ashes,” 53.

wound up in scrapyards where an industrious customer might entice a junk dealer to sell the engine for practically nothing and refurbished it on their own, as Brown had done with his Jacobs engines as well as several other items, including an air compressor contraption he used “for paint spraying, spraying vegetables, blowing up tires, [and] cleaning off my work bench.”¹⁴¹ Clearly, some customers were getting shafted. As Brown stated, “I believe that when the same basic article sells for nothing on one price list, \$250 on another, \$750 to \$1,000 on another and \$1,500 on another, it’s not being very intelligently merchandised.”¹⁴² To the WAC’s critics the problem was only compounded by its corporate ties to manufacturing. Instead of bending to customer satisfaction by keeping all prices stable, low, and selling direct, the WAC was trying to eliminate – through resale restrictions, price controls, and destruction programs – the second-hand market at the source. To frustrated customers, it was as if the WAC wanted them to pay more for used goods.

Conclusion

In concluding his “Assets to Ashes” article in *Maclean’s*, Brown wrote a pointed criticism of the WAC’s disposal strategy. While acknowledging the magnitude of the task, he believed that the WAC’s “policies [were] based on a false and negative philosophy, the philosophy of let’s get rid of it.”¹⁴³ According to Brown, the strategy of selling only to established businesses, destroying the unsold remainder, and refusing to sell directly to the public were catastrophic mistakes. As Brown stated, “I simply claim that War Assets has an insufficient respect for both commodities and clients and that on those terms no merchant can succeed.”¹⁴⁴ His claims certainly had merit. No disposal strategy was perfect and there were clear winners and losers built into the system. However, it is doubtful that any of the WAC’s senior directors or managers agreed with him. From their perspective, the Corporation’s business philosophy was based on sound, though unorthodox, principles that had been studied extensively. Succeeding as a

¹⁴¹ *SCWEE*, 30 July 1946 (No. 32, Book 3), 1022.

¹⁴² Brown, “Assets to Ashes,” 53.

¹⁴³ *Ibid*, 53.

¹⁴⁴ *Ibid*, 53.

merchant was not the goal. In fact, the difficulties that Brown faced in acquiring surplus assets from the WAC were actually positive signs and evidence that operations were functioning in accordance with how they were designed.

The WAC's operational practices intentionally favoured established businesses and did not prioritize the average customer. The countermeasures and selling restrictions were aimed at limiting the development and expansion of an illegitimate second-hand market that would threaten the normal flow of economic activity, the price of new goods, and employment. In other words, the type of open-access retail network that Brown and many others expected was precisely the type of system that the WAC wanted to avoid. The Corporation tried limiting the market in which a speculator could purchase a whole inventory and resell it without any concerns for long-term economic stability. The WAC was not interested in making "fly-by-night" sales so it buttressed established businesses across every merchandizing field its inventories flooded and destroyed whatever it could not sell through legitimate trade networks. The end result was a system designed to meet aggregate demand – and that it did. From 1945 to 1947, the WAC sold millions of dollars' worth of government property at a time of severe shortages. Thus, the WAC's inventories provisioned postwar reconstruction and rehabilitation with the assets and materials needed during the transition from war to peace.

Chapter 5

Tactical to Practical: Supporting Postwar Reconstruction and Rehabilitation with Surplus Assets

*Victorious day you've arrived at last!
Store away the guns they're a thing of the past
Pray never again they'll have to be used
But into tools of peace they will be fused.¹*

Anonymous, "Victory"

Introduction

When wars end the objects accumulated to fight are often the only things available for reconstruction and rehabilitation. In the case of a total war this axiom is doubly appropriate. Victory in the Second World War demanded substantial production feats in every sector of the Canadian economy and monumental expenditures of public money that far surpassed the precedent of 1914-1918. All out production for the war effort subsumed practically every part of the Canadian economy and society by forcing civilian goods and the free market economy to the sidelines. This resulted in a future commodity crisis of epic proportions. With Canada's shrinking military, postwar requirements for munitions and supplies only constituted a fraction of wartime totals. The unneeded materiel was plentiful and an overwhelmed WAC did its best to handle the situation. But where did all the leftovers end up? What did the WAC sell? How useful were surplus assets? This chapter addresses these questions by examining the types of things the WAC sold, who purchased them, and where possible, what peacetime uses were derived from surplus munitions and supplies.

As Magda Fahrni explained in her study, *Household Politics*, the transition from war to peace was not completely centred on the federal government and its policies and projects. While Mackenzie King's government greatly shaped the debates and parameters of postwar developments, preparations for peace happened across all social classes and regions of the country. Individuals, families, and organizations all made their own plans for their expected postwar activities, subsistence, and ambitions. In studying Montreal

¹ LAC, RG24, Vol. 16171, WD – LPOD, "Victory," *Longue Pointer* (May, 1945), 4.

families and their responses to postwar reconstruction, Fahrni proved that the pursuit of a stable home life and improved living standards were “scaffolded” onto the pillars of “social and economic security” embedded into wider political agendas.² In effect, everyone had their own personal postwar plans and preconceived notions about the social and spatial landscapes of their future lives, communities, and occupations. This “vision of victory” constituted the sum of one’s personal hopes, dreams, fears, and goals – however realistic – but was not always in line with government priorities or consensus opinions.³

However, the fulfillment of personal aspirations was conditioned by the hard reality of competing interests groups and the limited availability of commodities and materials. In many respects the attainment of higher living standards, employment, social security, and rehabilitation were enabled by a materiality that supported all aspects of reconstruction. Therefore, a material world underpinned everyone’s postwar plans. For instance, building or buying a home for one’s family brought stability, but it could not occur without supplies of wood, brick, wires, nails, and plumbing, to say little about furnishing the abode with sinks, stoves, and other modern appliances. Employment, education, and leisure pursuits were similarly affected by a material reality in which the supply of objects greatly influenced the quality, scale, and degree of satisfaction with each endeavour. Yet the acquisition of assets was never certain. Material shortages and competing interests changed or thwarted the fulfillment of postwar ambitions and added to wider political, economic, and social dislocation. Navigating the transition from war to peace was no easy feat. As the *White Paper* stated, “our transition from peace to war was not accomplished without dislocations, and the transition from war to peace cannot avoid them entirely.”⁴

The key to mitigating “dislocations” was by facilitating the material conversion of war assets and maintaining a steady supply of goods and resources throughout the

² Fahrni, *Household Politics*, 3-8, quotes from 7.

³ For more on the vision of victory, see: Gerhard Weinberg, *Visions of Victory: The Hopes of Eight World War II Leaders*, (New York: Cambridge University Press, 2005). For another perspective see: Jay Winter, *Dreams of Peace and Freedom: Utopian Moments in the Twentieth Century*, (New Haven: Yale University Press, 2006), 1-10. Winter used the term “minor utopians” to describe people who “tried in their separate ways to imagine a radically better world.”

⁴ Howe, “Canadian White Paper on Employment and Income,” 538.

economy. The quick and diligent liquidation of surplus munitions and supplies helped stabilize the postwar economy in several key areas, mainly through the supply of metals and building materials as well as the redistribution of industrial floor space. In many ways surpluses greased the wheels of transition by buffering gaps in production and shortages in supplies. This benefitted both end users making purchases from middlemen and companies – large and small – preparing to produce future generations of new products and designs.⁵ Although not always the perfect stop gap, surplus assets were vital for meeting aggregate demand during a period of severe shortages by provisioning the postwar economy with a steady stream of goods and resources. In doing so, this ensured that second-hand goods and other government surpluses were consumed quickly and did not compete with new merchandise slowly trickling into store shelves. Therefore, the transition period offered the best opportunity to unload surpluses at a point in time where they would do the most good and least harm.

The objects accumulated for war became the starting points of peace. Profuse in quantity and diverse in quality, surplus munitions and supplies not only transferred to new owners, but they also transitioned between old and new uses. This transition process is sometimes referred to as material demobilization. Material demobilization took place in two general ways roughly divided by the ease with which objects were converted from wartime to peacetime purposes. In the first case, the convertibility of objects required little effort or modifications since their utility and value remained relatively equal in war or peace. Therefore, material demobilization involved the *reuse* and redeployment of objects in order to fulfill their original functions, forms, and intentions. Items falling under the label of “supplies” (such as typewriters, radios, desks, bedframes, and raw resources) generally populated this category of material demobilization because their convertibility from wartime usage remained high. However, in other cases such as those involving military-patterned vehicles or aircraft, reuse was not as straightforward since modifications and refurbishing were required in order to improve versatility, lifespans, and meet civilian safety standards. Overall, the reuse of surplus assets provided many advantages in peacetime. Corporations gained a valuable peace dividend since they

⁵ *War Assets Corporation Third Annual Report*, 5; *War Assets Corporation Fourth Annual Report*, 5.

stocked shelves with items purchased directly from the WAC or acquired the resources to fuel future production. End users benefitted indirectly if they could purchase the assets they needed through established businesses and trade networks. However, the peace dividend was not always economic, since educational institutions, hospitals, and a whole host of other organizations purchased surpluses for reuse in providing critical social welfare services to communities and, especially, veterans.

The other half of material demobilization involved assets that were significantly altered and adapted to fulfill completely new functions, forms, and intentions. Because material shortages were rampant, people were lucky if they could obtain something new or readily reusable. Inevitably some had to compromise on what they acquired and settle for second-choice things that were designed for other purposes. Therefore, material demobilization also entailed a process of *recycling* and *upcycling* in which purpose-built items were reduced, refabricated, or reconfigured for new uses by new owners. In some cases, recycling and upcycling operated in tandem with the reuse of surpluses, but this did not always happen. There are subtle but not insignificant differences between all these concepts. Upcycling is the act of repurposing objects by valuing the material from which they are made and the form that they maintain. The recycling of something occurs only when the asset is valued only for its components or materials.⁶ The objects that were not easily reusable in peacetime had to be upcycled and recycled to create new utility.

Susan Strasser explained in her study, *Waste and Want*, recycling and upcycling are fundamentally inventive processes that steer objects through many different forms, functions, and intentions. Recycling and upcycling were common activities to nineteenth- and twentieth-century societies as they privileged thrift and limited the amount of a trash generated by social and economic developments.⁷ The recycling and upcycling of war junk was an economic necessity. It took a certain level of ingenuity and originality to imagine a possible adaptation for something that others might consider inert or worthless. This was especially the case if the item was purpose-built for the military. After all, not everyone could envision using steel helmets as chicken nests or the fuselages of derelict

⁶ Tom Szaky, *Outsmart Waste: The Modern Idea of Garbage and How to Think Our Way Out of It*, (San Francisco: Berrett-Koehler Publishers, 2014), 65-75.

⁷ Strasser, *Waste and Want*, 3-68, 111-160.

bombers as tourist cabins. Yet the repurposing of the war's materiality was incredibly important, not only did it make the most of depreciating assets, it also promoted an entrepreneurial initiative that had been confined by years of wartime regulations and the prewar economic malaise. By recycling and upcycling munitions and supplies, Canadians fused new and old technologies, reformed and converted assets into new purposes, and adapted their visions of victory to the availability and suitability of objects. In effect, material demobilization was the peace dividend in practice.

The WAC and Economic Stability

The severe material shortages facing Canadian businesses and consumers after the war were a product of many factors. As Joy Parr explained in her book *Domestic Goods*, economic policies in the 1940s favoured export markets and what she termed the “producer emphasis.”⁸ At the time, policymakers in the DRS and the authors of the *White Paper* were most concerned with aggregate demand or the total demand for final goods and services across the whole economy at a given time. In the “triage” of economic priorities they considered consumer demand more pliable and better restrained than unleashed with the support of fiscal policies. Instead of expanding aggregate demand and better accommodating its regional disparities, public expenditure was better used as a means of encouraging industrial expansion. In other words, the replacement of capital goods and production machinery ranked higher than replacing household goods and the “consumer emphasis.”⁹ Aggregate demand was kept to a basic minimum, while public investment in accelerated depreciation favoured firms manufacturing industrial equipment or processing raw materials. Policymakers relied on these industries to form a stable base for postwar economic growth, particularly since the government was also trying to secure more export markets for Canadian products and resources.¹⁰

Companies specializing in the “consumer emphasis” faced an uphill struggle to retool and reconvert after years of wartime production and with limited access to special

⁸ Parr, *Domestic Goods*, 66.

⁹ *Ibid*, 68-69.

¹⁰ *Ibid*, 64-83.

depreciation funds.¹¹ Given the virtual elimination of civilian production from 1942 onwards and the heavy tax burdens on all corporate earnings, few durable goods were available while companies lacked the necessary capital to reinvest in retooling, expansion, and product innovation. The end result of this production shortage meant an increased reliance on more expensive imports from the US and a persistent dearth of durable and household goods in department stores, like washing machines, ranges, and refrigerators.¹² Furthermore, the return of another foreign exchange crisis in 1947 contributed to the shortages and undercut some of the government's economic priorities. The imbalance between American dollars and British sterling limited Canada's capacity for exporting and importing thereby forcing companies to manufacture import substitutes to make up domestic shortages. As Parr explained, this situation "departed from the plan for a strong postwar Canadian economy selling into international markets" and ensured that aggregate demand fluctuated as companies retooled.¹³

Yet the fact that the manufacturing and resource extraction sectors were given more favourable reconversion packages did not necessarily mean they had a smooth postwar transition. Strikes throughout 1946 caused major disturbances across North America, particularly in the steel, meatpacking, and automotive industries. As Peter McInnis demonstrated, the postwar layoffs came swiftly and sharply. In October 1943, roughly 1.1 million Canadians were gainfully employed in war industries but by VE-Day that number had dropped to 888,000 and by VJ-Day the total was 600,000 and it fell precipitously thereafter.¹⁴ Starkly contrasting official proclamations promising high and stable employment and income, job loss and unemployment spiked immediately following the war. Net payments for unemployment insurance in Ontario and Quebec jumped by leaps and bounds between 1945 and 1946. In Ontario payments went from \$3.5 million to

¹¹ Ibid, 70; Firestone, *Encouragement to Industrial Expansion in Canada*, 27-33. See also: Department of Reconstruction and Supply, *Capital, Repair and Maintenance Expenditures of Business Enterprises in Canada: Forecast 1946*, (Ottawa: HMSO, 1946), 3-16; Department of Reconstruction and Supply, *Forecast of 1947 Investment by Canadian Business*, (Ottawa: HMSO, 1947), 1-9.

¹² Parr, *Domestic Goods*, 64-83. See also: Broad, *A Small Price to Pay*, 125-155.

¹³ Parr, *Domestic Goods*, 70.

¹⁴ Firestone, *Locations and Effects of Wartime Industrial Expansion in Canada 1939-1944*, 28; McInnis, *Harnessing Labour Confrontation*, 87-88.

\$16.3 million and in Quebec they went from \$6.6 million to \$18.9 million.¹⁵ Indeed, any history of the industrial front that only focuses on how the war created jobs and full employment completely obscures the fact that by 1945, job loss, labour disputes, and decreasing production totals were the dominant economic trends.

Although the spike in unemployment was expected, workers and unions fought back. On the heels of victory came waves of strikes that hit the resource and manufacturing sectors especially hard. In 1946 and 1947, the number of strikes (225 and 236 respectively) never reached the wartime high of 401 in 1943, but the average duration of each strike was three to four weeks, compared to five days in 1943. As McInnis explained, postwar strikes translated to over 6.9 million lost worker days over the course of those two calendar years combined.¹⁶ Thus, the combination of economic policies, production shortfalls, currency exchanges, and labour disputes conspired to limit Canada's economic prosperity. Indeed, the Canadian economy stuttered into the postwar period as the GDP, which soared over the Depression-era lows, remained stable between 1945 and 1946. The severe material shortages were therefore symptoms of wider social, economic, and political dislocation caused by the transition from war to peace.

The WAC was well-positioned to help fill the vacuum in supply as it possessed large caches of goods and resources leftover from the wartime production boom. From cafeteria equipment and bedframes, to radios, furniture and large stocks of raw materials (both new and recycled), the WAC took advantage of the situation and provided an alternative source of supply to businesses and manufacturers, who reaped some immediate rewards. As an article in the *Globe and Mail* stated "the fact that a number of Canadian plants have not yet been forced to close their doors as a result of shortages occasioned by the strike in steel and other basic industries is attributed largely to reserves stockpiled during the war which are now surplus."¹⁷ In combination with the winding down of the WICB and its Resource Controls, the WAC aggressively liquidated stores of

¹⁵ McInnis, *Harnessing Labour Confrontation*, 87-89 and 94-95.

¹⁶ The worst stretch of strikes was between January and October 1946 when an estimated 4.46 million worker-days were lost. Ibid, 99-100.

¹⁷ Quote from: CWM, *Democracy at War*, "War Surplus Metals Help Avert Shutdowns," *Globe and Mail*, 13 September 1946. See also *War Assets Corporation Third Annual Report*, 5; *War Assets Corporation Fourth Annual Report*, 5.

raw materials and finished goods to manufacturers and dealers whose regular suppliers were unable to fill orders.¹⁸ This demonstrated how the WAC helped soften the burden of reconversion on the manufacturing sector. On one hand it cleared plants of unneeded things, and on the other it supplied the tools, machinery, and resources when they were needed and at cheaper prices than the imported equivalents.

In doing so, however, the Corporation was working against organized labour since its actions were aimed at minimizing the impact of the strikes and shortages. In being a corporate life-preserver during the transition period, the WAC prevented a full-scale shutdown in important industries. In one instance, at Mackinnon Industries, a parts manufacturer for General Motors, a bitter dispute with employees was circumvented when the company bought an “emergency shipment of scrap” that allowed replacement workers to continue manufacturing. The shipment was directly responsible for “averting a complete shutdown” of the factory in Oshawa and such shipments were probably not isolated cases.¹⁹ However, while the substitute raw materials and second-hand goods procured from the WAC acted as important stop gaps, they did not end the shortages and an inevitable “slowdown in production” occurred because of the general supply situation, inexperienced workers, and because the substitute materials were not always the perfect fit and “often resulted in new processing problems.”²⁰

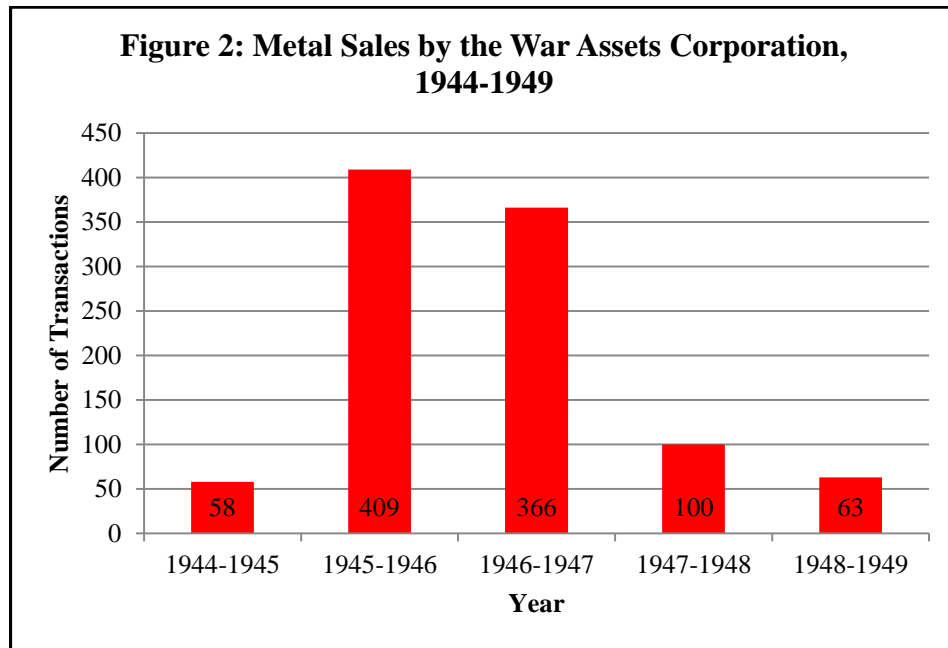
The WAC did everything it could to maintain a flow of supplies to industries and manufacturers. The sale of ferrous and non-ferrous metals can serve as a case study, particularly given the widespread economic significance of steel. Notwithstanding increased purchases from US steel mills (to offset wartime shortages), there was significant wartime expansion at the seven largest steel foundries in Canada. The country’s total steel production more than doubled during the war from 1,230,120 tons in 1939 to 2,860,000 tons in 1945, while the amount of steel consumed during the peak year

¹⁸ *War Assets Corporation Third Annual Report*, 5; *War Assets Corporation Fourth Annual Report*, 5.

¹⁹ CWM, Democracy at War, “War Surplus Metals Help Avert Shutdowns,” *Globe and Mail*, 13 September 1946; McInnis, *Harnessing Labour Confrontation*, 101.

²⁰ CWM, Democracy at War, “War Surplus Metals Help Avert Shutdowns,” *Globe and Mail*, 13 September 1946.

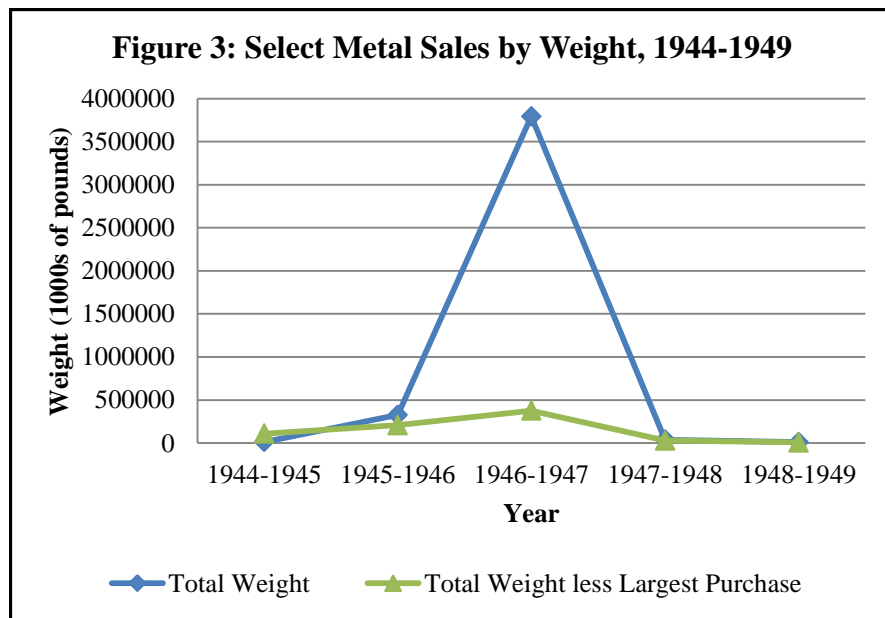
of 1942 was 4,297,120 tons.²¹ Almost all of those totals were absorbed by munitions production and a large (though unrecorded) measure was recycled into the postwar economy, mainly through the WAC's scrapping programs. This trend is shown in the graph below which charts the number of transactions involving all types of metals (ferrous, non-ferrous, scrap) from 1944-1949. According to the WAC's annual reports, the bulk of metal sales over \$5,000 took place from April 1945 to March 1947, a timeline that parallels the rapid expansion of all postwar destruction programs and clearance operations. However, it must be noted that this chart only records metal sales as listed in the annual reports. It does not include the sale of newly manufactured metals, nor does it consistently include the sale of weapon systems for scrapping purposes. Therefore, some tanks, ships and aircraft sold as scrap are not represented because they were listed under different categories in the annual reports. No doubt their inclusion would significantly increase both the total number of transactions as well as the total weight of metals sold to private interests after the war, particularly in 1946 and 1947.²²



²¹ Kennedy, *History of the Department of Munitions and Supply, Vol. II*, 209.

²² CWM, Democracy at War, "Gallant Corvette" Reaches Hamilton on Final Journey," *Hamilton Spectator*, 17 October 1945.

Tabulating the total weight of all surplus metals sold back to private interests by the WAC is difficult. This is not only because metal could be recycled from many different sources, but also because the annual reports did not always list the total weight for every purchase. This discrepancy makes any sweeping conclusions about metals sales difficult, but what numbers are available provide some indication about the general pattern of metal supplies in postwar Canada. The graph below shows metal sales by weight, rather than transaction frequency. According to available data, the WAC sold a total of roughly 4.1 billion pounds of metals (or about 1.83 million long tons) between 1944 and 1949. However, over 3.7 billion pounds of that total (or about 1.65 million long tons) was sold during the fiscal year of 1946-1947. The Atlas Steel mega-purchase of 3.4 billion pounds of shell steel billets accounts for the bulk of metal sales that year and skews the graph substantially. The key line to observe is the green one as it subtracts the largest-single purchase from all years to show a more uniform pattern that peaks toward the end of 1945 and throughout 1946. Keep in mind that this chart does not account for all metals available from the WAC so the actual totals and trends were much larger. A conservative estimate might double the figures and place the peak over the same period though it likely stretched into late 1947.²³



²³ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database.

To maintain the supply of metals, the WAC also took some drastic actions. In one notable case, the Corporation managed to recycle some batches of ammunition in order to redistribute the metal components. The move followed the wartime practice of reselling spent shell casings, but this time the WAC paid for the scrapping of live shells. Given that there were few peacetime uses for volatile ordnance, ammunition was usually dumped in the oceans if it could not be sold internationally. However, acting on advice from the Steel Controller in early 1946, the WAC instructed the Navy not to dump a batch of 74,799 7.2-inch shells. Instead the Corporation had the projectiles redirected to CAL where the ammunition was decontaminated by boiling out the explosives and then melting them down to recover the metals. This process, though more time consuming than dumping, salvaged roughly 5,600 tons of scrap steel during a period of severe shortages and according to the WAC's *Second Annual Report* the whole procedure cost only \$72,315 or about half the "estimated dumping cost of \$145,000" and with dumping there was "no recovery of valuable scrap."²⁴

The recycling of surplus weapon systems and buildings without land greatly augmented the amount of metals flowing into private hands. In fact, the quantities grew so significant that the WAC started allowing companies to break resale restrictions on surplus naval vessels sold as scrap. For example, consider the purchase of naval vessels by the Frankel Brothers. Originally, it purchased five destroyers and eight corvettes in order to reduce them to basic components and materials for resale in the peacetime economy. The WAC gladly unloaded these ships onto a company willing to underwrite the costs of scrapping and allowed Frankel Brothers to collect any profits from whatever was salvaged. These profits could be substantial, as corvettes alone were said to have "a thousand-odd" tons of salvageable steel (especially steel plates), excluding the engines, wiring, and other fittings which were sold separately (if not removed by the WAC prior to the sale). Indeed, the value of the steel and other salvageable components was certainly in excess of the \$10,000 purchase price.²⁵ The only condition attached to the sale of ships for scrap was that they could never be resold as a ship. In other words, any warship sold

²⁴ *War Assets Corporation Second Annual Report*, 7.

²⁵ CWM, Democracy at War, "Gallant Corvette Reaches Hamilton on Final Journey," *Hamilton Spectator*, 17 October 1945.

as scrap could not be resold to a third party in its primary form or to fulfill its intended function without the WAC's approval. On paper this policy made good sense and prompted special procedures for the WAC's Clearance teams (in coordination with the Navy) to "demilitarize" (or remove all armaments and ammunition) every vessel before being sent to one of the WAC's ship graveyards.²⁶

However, like with so many other things, this resale condition was incredibly difficult to enforce. Inevitably some reckless companies resold surplus vessels despite the restrictions, especially if the third party was willing to pay a premium, had the necessary export permits, and the original purchaser was willing to risk being blacklisted by the WAC for breaking its resale restrictions.²⁷ In the case of the Frankel Brothers and their corvettes, just a few months after finalizing their transactions with the WAC, a joint opportunity arose with two other businesses (the International Iron and Metal Company and Dominion Foundries) that had also purchased large numbers of corvettes for scrapping purposes. The three companies were approached by a fourth, Victory Transport and Metal, which had lost out on the original bidding process but still wanted to purchase twenty corvettes to operate as cargo vessels. No doubt wishing to maintain his insider privileges with the WAC, Egmont Frankel brought the opportunity to the attention of the Corporation's General Manager.

In yet another example of the type of corporate favouritism ingrained into the WAC's operations, the Board of Directors easily approved a renegotiated sales agreement with all three companies that allowed them to pool the assets together for resale to Victory Transport, while the WAC received a 30-percent commission on the total return (or about \$6,000).²⁸ That three companies engaged in the scrap business and metal

²⁶ DHH, 81/5200/8000-8000, Box 242, File: 10, "Statement on War Assets Corporation Operations in the Disposal of Marine Craft," by John Berry, 7 May 1946, 1-11.

²⁷ It was difficult to track the sale of ships once they left the WAC's possession. As one 13 February 1948 circular letter to several private companies stated, "the disposal of surpluses naval vessels by the [WAC] has covered an extended period of time and as it is understood that changes have been made in the conditions under which some were sold, it is now very difficult to determine their final disposal with any degree of certainty." LAC, RG24, Vol. 3547, File: 8000-30 Vol. 4, Naval Secretary to Wagner, Stein, & Green Co., 13 February 1948. Other correspondence indicated that the Navy wanted to keep tabs on where ships ended up in case they were needed during a future emergency.

²⁸ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 23 May 1946; "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

FOR SALE
For Scrapping Purposes
NAVAL VESSELS
Property of the Canadian Government

War Assets Corporation will receive offers to purchase, for scrapping purposes, the following Crown-owned Naval Vessels, on an "as is" and "where is" basis:

At SYDNEY, N.S.—8 DESTROYERS
H.M.C.S. SAGUENAY—
Length 320', displacement 1400 tons (badly damaged)
H.M.C.S. COLUMBIA—
Length 314', displacement 1213 tons
H.M.C.S. NIAGARA—
Length 314', displacement 1213 tons
H.M.C.S. KOOTENAY—
Length 329', displacement 1375 tons
H.M.C.S. OTTAWA—
Length 323', displacement 1335 tons
H.M.C.S. RESTIGOUCHE—
Length 329', displacement 1500 tons
H.M.C.S. ST. LAURENT—
Length 329', displacement 1500 tons
H.M.C.S. SASKATCHEWAN—
Length 329', displacement 1350 tons

At HALIFAX, N.S.—1 MINESWEEPER
H.M.C.S. STRATFORD—
Length 170', displacement 700 tons (damaged)

At QUEBEC, QUE.—1 FRIGATE
H.M.C.S. MAGOG—
Length 301', displacement 1495 tons (badly damaged)

For further particulars, terms of sale and arrangements to inspect these vessels, apply to the Marine Section, War Assets Corporation, at address shown below.

WAR ASSETS CORPORATION
Head Office:
4095 St. Catherine St. W., Montreal 6, Que.
Telephone: BELair 3771 P.O. Box 6099

Photo 13: An advertisement in the *Globe and Mail* for the sale of surplus naval vessels for scrapping purposes. These types of advertisements were a common method for attracting potential customers. Source: CWM, Democracy at War, "For Sale" *Globe and Mail*, 12 October 1945.

industry parted with some valuable sources of metallic scrap (a key ingredient in steel manufacturing) is not an insignificant event. It demonstrates that, not only was there a strong postwar demand for naval and cargo ships, but also that a flood of recycled metals was entering the postwar domestic economy. In other words, these three companies already had sufficient stocks that they could spare several ships' worth of metals.

The sale of ships for scrap was a common method of disposal and very profitable for shipyards and foundries. While several classifications of decommissioned ships were better suited for peacetime work – such as the Fort- and Victory-class cargo ships – the RCN's surplus war ships often suffered a different fate. In many instances, destroyers, frigates, and corvettes were either sold to foreign interests in a demilitarized state or

they were taken apart for their materials, as was the case with the destroyer and seven frigates purchased by Halifax Shipyards Ltd. By late 1947, Halifax Shipyards had purchased HMCS *Chaudiere*, *Capilano*, *Springhill*, *Fort Wentworth*, *St. John*, *Kirkland Lake*, *Port Colborne*, and *Montreal* for scrapping purposes and an arrangement with the Dominion Steel Corporation in Sydney gave that metal manufacturer a monopoly on all the salvaged metals derived from the scrapping operations. Following a similar pattern as

the Frankel Brothers, sometime in 1948-1949 Halifax Shipyards paid the WAC a \$5,000 “increase in selling price” so it could resell the HMCS *Capilano* “as a going ship.”²⁹

The diligent disposal of materials and resources was a boon for businesses that used them for manufacturing new things. In the case of metals, the WAC was able to provision the economy with a solid supply that helped attenuate the severity of shortages in this critical sector. However, the Corporation took action to alleviate the supply shortages in other areas as well. Through an extensive and systematic demolition program of surplus factories and military facilities, the WAC successfully recovered large caches of building materials required in home and commercial construction. While it is important to recognize that the Corporation never sought to remedy the *whole* supply situation on its own, its actions did produce many beneficial results for corporations and, to a lesser extent, their customers. In effect, the WAC’s actions took some of the edge off the supply crisis because the shortages in building materials (like that of metals) would have been worse had surpluses not been available. Therefore, the destruction of buildings was not undertaken as a means of cutting storage or maintenance costs (like with aircraft); rather demolition could be expensive and was done out of a desperate need for redistributing parts and materials to new construction projects.

In January 1946, the WAC’s Supply Department established a Surplus Property Branch to take “direct charge of the physical demolition” of surplus buildings or arrange for contracts with private demolition firms.³⁰ By March 1947, thirty-three sites had been demolished and another twenty-five were completed a year later. At each location, a wide assortment of barracks, guard towers, fences, bunkers, hangars, factory buildings, warehouses, and administrative buildings were torn down for their components. In some cases, the demolition could be extensive and expensive, especially if the WAC was required to return the land back to its original state. For instance, one unnamed demolition project required the Surplus Property Branch to demolish reinforced concrete bunkers and turn the area into a baseball diamond. Although the costs of demolition were

²⁹ LAC, RG24, Vol. 3547, File: 8000-30 Vol. 4, Halifax Shipyards Ltd. to Naval Secretary, 17 November 1947. For another example, see: Ibid, Marine Industries Ltd. to Naval Secretary, 30 December 1947; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database.

³⁰ *War Assets Corporation Second Annual Report*, 10.

high and far exceeded potential profits, the value derived from them was “dynamic” according to Berry, who had to justify continuing the expenses to his fellow Board members in April 1947.³¹

The “dynamic” value to which Berry referred was tied to the purposes for which the salvaged components were reused: the construction of homes. During the war, a significant amount of internal and inter-provincial migration occurred when Canada’s stagnant economy burst to life. Full employment meant that jobs were plentiful, but usually located in urban centres or industrial areas, while wartime investments also spurred growth in small towns or strategic areas all out of proportion to local demographic and economic conditions. This resulted in a major accommodation crisis whenever and wherever workers relocated for their new jobs. The influx of soldiers and defence spending compounded the crisis in cities and places that were not prepared to handle the population boom. As the war ended, veterans only accentuated the crisis.³²

Although widespread complaints and frustration surfaced in every part of the country, there was some cautious optimism in government circles near the end of 1945. As Howe told Carmichael and J. G. Godsoe, the chairman of the WICB, in a memo about improving the supply of building materials “I am satisfied that building will expand rapidly,” but foreshadowing the future problem, he added that “it would be a pity if this expansion were to be held back by a lack of certain lines of material. I do not think that lumber will continue to be the bottleneck. It will probably be items such as roofing, plumbing, wall board, etc.”³³ A few months later, a survey of manufacturers in the building materials trade found that companies producing materials for housing construction were expecting to maintain 1945 levels or increase production in 1946, if they could get sufficient labour. This would help alleviate some of the shortages running

³¹ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 10 April 1947.

³² Keshen, *Saints, Sinners, and Soldiers*, 130; R. L. Kellock, *Report on the Halifax Disorders, May 7th-8th, 1945*, (Ottawa: HMSO, 1945). See also: McInnis, *Harnessing Labour Confrontation*, 90-91; Firestone, *Locations and Effects of Wartime Industrial Expansion in Canada 1939-1944*, 24-40.

³³ Howe’s memo was prompted by a letter from Donald Gordon who believed that private enterprise would not be prepared to meet demand and figured shortages in building supplies would result. LAC, RG28, Vol. 342, File: 196-46-5, “Memorandum,” C. D. Howe to H. J. Carmichael and J. G. Godsoe, 1 September 1945; *Ibid*, Gordon to Howe, 31 August 1945.

rampant in the last quarter of the year.³⁴ The report, while not overly scientific, did provide policymakers with some continuing assurances about their economic policies and expenditures, but that optimism was soon exposed as complacency when labour strife mixed with soaring demand and production delays. In effect, all estimates for 1946 were thrown off and officials in the DRS were caught somewhat unprepared.

Shortages in building materials were so severe that they torpedoed construction projects and a large portion of the CMHC's plans. Both private enterprise and the two crown companies established to build homes, Wartime Housing Ltd. and Housing Enterprises Ltd., struggled to match their wartime achievements. The pressure to meet demands for accommodation for veterans was overwhelming as the velocity of demobilization picked up. In May 1945, the Services discharged 5,919 veterans and in July they released another 15,393. By January 1946 they were expecting to discharge 30,000 veterans per month.³⁵ According to Peter Neary a total of 395,013 veterans were discharged in 1945 and another 381,031 in 1946. This amounted to more than 1,000 veterans returning to civilian life every day, each of whom had been clothed, fed, and sheltered by the military during the war, but now ex-soldiers were searching for adequate accommodations for themselves and their families.³⁶ In some parts of the country, a system of emergency shelters was used by the DND so that veterans had somewhere to sleep. The DND often repurposed empty barracks or vacant buildings that were in the process of being declared surplus, while local Rehabilitation Committees struggled to find space for the surging influx of humans in their communities. However, these arrangements were not very satisfactory for veterans in search of postwar stability, while the continuing use of military facilities slowed the DND's surplus declarations and demobilization plans.³⁷

³⁴ LAC, RG28, Vol. 142, File: 3-1-15, F. K. Ashbaugh, "Building Materials for Housing, Canada Wartime Prices & Trade Board," 5 December 1945.

³⁵ LAC, RG28, Vol. 344, File: 196-46-10, "Dismantling and Disposal of Surplus National Defence Buildings," A. Ross to R. A. C. Henry, 10 August 1945, 1.

³⁶ Neary, *On to Civvy Street*, 160. See also: Tricia Shulist and Richard Harris, "'Build Your Own Home': State Assisted Self-help Housing in Canada, 1942-1975," *Planning Perspectives*, 17 (2002): 345-372.

³⁷ LAC, RG28, Vol. 344, File: 196-46-10, "Dismantling and Disposal of Surplus National Defence Buildings," A. Ross to R. A. C. Henry, 10 August 1945, 1-2.

Emergency controls on materials and construction equipment were reinstated by the WICB so that Wartime Housing and Housing Enterprises received priority access to the supplies they needed for building homes for veterans.³⁸ However, the government's actions were not well received by the construction industry. Many complaints about access and shortages reached the Building Materials Sub-Committee of the WICB through its correspondence with construction companies and business associations.³⁹ Perhaps Claude C. Chappell, President of the Nova Scotian construction company Chappells Ltd., voiced the concerns of industry most succinctly when he wrote government officials that "the policy of Wartime Housing Limited to bypass regular dealers and commandeer the products of manufacturers of building supplies will seriously cripple private enterprise and if carried out make it impossible for us to meet the demands of our customers...or to meet our obligations to postwar rehabilitation."⁴⁰ Mayors, city clerks, and local rehabilitation committees joined business interests by mailing dozens of letters to the government, most of which ended up at Godsoe's office, demanding action to relieve the shortages or remove controls.⁴¹ Reassuring responses acknowledged the problem, but there was little that the WICB could do. Production had dried up and new goods were in very short supply.

To do its part in offsetting the shortages and ameliorating the housing crisis, the WAC did two dynamic things. First, its Surplus Property Branch and real estate appraisers surveyed all buildings and real estate under its care. If the property or buildings were deemed suitable for housing they were sold to municipalities and cities for 10 percent of the original value, and in August 1945 the Board of Directors approved this momentous policy.⁴² Judging from surviving evidence this was the only occasion at which the WAC formally departed from its well-entrenched "no discount" policy and

³⁸ LAC, RG28, Vol. 342, File: 196-46-5, C. D. Howe to J. G. Gardiner, 13 August 1945.

³⁹ Ibid, "Re: Shortages of Building Materials," Allan Findley to E. Walden; Ibid, A. Murray MacKay to J. G. Godsoe, 17 September 1945; Ibid, J. G. Godsoe to A. Murray MacKay, 29 September 1945.

⁴⁰ Ibid, Chappells Ltd. to Howe, 20 August 1945. See also: Ibid, "Crisis in Building Supply Industry – Act Now," Canadian Builders Supply Association (c/o Mr. M. R. Chappells) to Howe, 14 August 1945.

⁴¹ A typical example is Allan Findlay's response to the Chairman of the Medicine Hat Rehabilitation Committee's inquiry about shortages in bath tubs, gyproc, shelving supplies, and finishing lumber. Ibid, Allan Findlay to P. McQueen, 20 August 1945.

⁴² LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 9 August 1945.

offered surplus property at artificially depreciated values. For the WAC the peace dividend was not always financial, as the housing crisis and material shortages were forcing its hand. Almost immediately municipalities took advantage and a whole array of buildings, huts, drill halls, armouries, camps, and hangers deemed suitable for housing purposes were liquidated for pennies on the dollar.

There is no shortage of examples. The WAC's annual reports note a minimum of 114 different sales of "real estate" or "buildings without land" to municipalities, cities, or townships from 1945 to 1948. Many other sales took place but they went unrecorded in the annual reports because the discounted selling price dropped the total below the \$5,000 threshold needed for inclusion in the reports' sales lists. For instance, in Calgary, the City Commissioner, V. A. Newhall, negotiated with Berry to purchase several "hutments at #2 Wireless School for ex-service men's accommodation."⁴³ The city agreed to purchase two one-storey huts (#8 and #9) for \$1,440 each and a single two-storey hut (#25) for \$3,520. The city then paid for the huts to be converted into eighty apartments. When the renovations were finished, the city purchased two other two-storey huts (#26 and #30) and renovated them into ninety-six "smaller suites."⁴⁴

Given the number of excess military bases and federal properties at war's end, the WAC became a preferred source of real estate for provincial and municipal governments, especially if the army camps, barracks, hangers, and other facilities were cheap and easily converted to apartment-style accommodations. Some of the larger sales recorded in the annual reports included one for 264.52 acres of lands and buildings that formerly comprised an "army brigade camp" at Port Alberni to the municipal government. The City of Sherbrooke bought 60.5 acres and fifty buildings of the local army camp.⁴⁵ Dozens of buildings were also sold at former BCATP aerodromes or other unneeded

⁴³ LAC, RG28, Vol. 342, File: 196-46-5, Newhall to Howe, 21 August 1945; Ibid, Howe to Newhall, 28 August 1945.

⁴⁴ Ibid, Newhall to Howe, 21 August 1945; Ibid, Howe to Newhall, 28 August 1945.

⁴⁵ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database. For more on the divestment of federal real estate property see: Michael C. Ircha and Robert Young, *Federal Property Policy in Canadian Municipalities*, (Montreal & Kingston: McGill-Queen's University Press, 2013).

RCAF bases, including Oshawa, North Bay, Jarvis, Gananoque, Port Albert, and St. Eugene – to name only those in Ontario.⁴⁶

The WAC was being overly generous and recouped only a fraction of the original value on these sales. For instance, the Port Alberni encampment returned only \$70,000 to the government, while the profits from the Sherbrooke sale amounted to \$34,500. In Saskatoon, the WAC sold to the provincial government “for housing purposes” a group of army buildings originally valued at \$405,129 for \$32,500 or 8 percent of the original value. In Calgary, some RCAF buildings were sold to the city “for housing purposes” for \$15,594, but the buildings had originally cost \$195,558. In Vancouver, a group of army huts were sold to the University of British Columbia “for housing purposes” at 10 percent of the original value or \$8,275.⁴⁷ Of course the sale of buildings and real estate did not provide an immediate relief to the crisis, as it usually took about eight weeks for cities to find the necessary materials and a contractor to complete the renovations. Yet the WAC’s discounted prices and sheer number of surplus facilities spread across the country provided a frugal starting point to address postwar housing issues, particularly for veterans.⁴⁸ Thus, instead of recouping money, the WAC assisted in deriving other forms of value from surplus facilities.⁴⁹

The second dynamic thing the WAC did to address the housing crisis was to target surplus buildings for salvage and demolition. According to the official policies of the Lands and Buildings Department, surplus property was always disposed of to the “best financial advantage consistent with the use to which they are put” and in the best interests of supporting “employment, housing, education, vocational training, institutional

⁴⁶ Some of those sales went to Housing Enterprises and not the municipal government. “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database.

⁴⁷ All sales listed in: *SCWEE*, 4 December 1945, (No. 5, Book 2), 139.

⁴⁸ *War Assets Corporation Second Annual Report*, 16

⁴⁹ While beyond the scope of this dissertation, the sale of real estate was a crucial element to postwar reconstruction and rehabilitation as government departments and private companies purchased the floor space to run their postwar programs or manufacturing operations. By March 1948, the Lands and Buildings Department sold \$47,561,227 worth of real estate (not including demolished buildings), more than half of which was liquidated between April 1946 and March 1947. CWM, *Democracy at War*, Kenneth R. Wilson, “War Plants Going, Going; Almost Gone: Only Seven or Eight, of Over 100 Once Available, Still on Shelf,” *Financial Post*, 5 March 1947; *War Assets Corporation Fourth Annual Report*, 14

purposes, and the reconstruction effort generally.”⁵⁰ However, sometimes the “best advantage” lay in the value of the parts and not the whole. In consultation with the CMHC, the Lands and Buildings Department appraised every structure and then decided whether or not to demolish it. If the site was tagged for demolition then all materials (including, among other things, timber, electrical wiring, piping, plumbing fixtures, window and door frames, and nails) recovered were sold first to Wartime Housing and Housing Enterprises, and then to private contractors. Therefore, most salvaged materials assisted in building houses.

Despite the fact that the totals returned to the economy were not substantial by comparison to wartime production statistics, the recovery of nails was arguably one of the most extensive, tedious, and necessary salvage efforts initiated by the Corporation. After all, the construction of houses and buildings cannot occur without nails and strikes in the steel industry greatly curtailed the production of all types, especially the 2½-, 3-, and 4-inch types that were used in home construction. Canadian nail production in 1945 averaged about 117,000 kegs per month (or about 11.7 million lbs.) and there were expectations of increasing this total in 1946 in order to supply the building program. However, the “strike-vexed nail supply” imploded those projections and severely truncated the 1946 building season.⁵¹ E. A. Taylor, the Field Executive Assistant to the Steel Controller, wrote to Godsoe’s office to explain the situation “owing to a lack of man-power in the steel mills and particularly at the nail machines, production of nails in Canada, at present, is at the level of about 75% of the peak production attained in 1941.” The difference, according to Taylor, amounted to “about 20,000 tons, or 400,000 kegs.”⁵² It would only decrease further.

Although the export of nails was severely truncated by the WICB, the strikes exacerbated the situation throughout 1946. With hardware stores running out, desperate builders and construction companies turned to the black market where nails sold for an

⁵⁰ *War Assets Corporation Second Annual Report*, 15; *War Assets Corporation Third Annual Report*, 18.

⁵¹ CWM, *Democracy at War*, Clive Chattoe, “Who’ll Get the Nails Builders Still Asking,” *Financial Post*, 7 September 1946.

⁵² LAC, RG28, Vol. 342, File: 196-46-5 Vol 2, “Nails for Emergency Housing,” Taylor to C. L. Drewry, 25 August 1945; CWM, *Democracy at War*, “Easing of Nail Shortage in Building Trade Remote,” *Globe and Mail*, 12 February 1947.

outrageous \$15, \$18, or \$20 a keg (the WPTB price ceiling was \$4.37 per keg).⁵³ In order to salvage nails and alleviate the situation as best it could, the WAC resorted to some extra-ordinary measures. In the fall of 1946, as the WAC demolished buildings at the RCAF's No. 1 Equipment Depot in Toronto and the DIL cordite plant at Transcona in Winnipeg, Clearance teams used mine detectors to discover nails and "a huge electro-magnet" drawn by a tractor to collect them.⁵⁴ Afterwards some unlucky employee was tasked with working out the "kinks" in *each* used nail. In effect, the WAC employed an "official nail-straightener" on all its reclamation projects. As one *Globe and Mail* reporter jokingly explained to readers, "if you've banged your fingers recently trying to straighten old nails you may be somewhat consoled to learn the Government is in the same predicament."⁵⁵

Table 7: Materials Salvaged from the Demolition of Surplus Buildings, 1946-1947

Kinds of Material	Total Amount Salvaged
Lumber	17,019,824 fbm
Wall Board	4,188,203 sq. ft.
Electric cable (all kinds)	1,170,512 L. F.
Piping (all sizes)	203,669 L. F.
Conduit	40,713 L. F.
Windows - complete	7,269 units
Doors – complete	4,704 units
Nails	30 tons
Source: <i>War Assets Corporation Third Annual Report</i> , (April 1, 1946 to March 31, 1947), 12.	

Certainly the WAC could never hope to reclaim enough nails to fill the skyrocketing demand. In fact, the total number of nails recouped was a drop in the bucket compared to wartime production statistics.⁵⁶ According to tabulations in the WAC's annual reports (as shown in Tables 7 and 8) the WAC's demolition programs yielded thirty tons in 1946-1947 and

422,655 lbs in 1947-1948, or about 672 and 4,226 kegs of nails respectively.⁵⁷ However, in a materially-starved marketplace every little bit helped, particularly since a substantial amount of building supplies recovered were sold on priority claims to Wartime Housing

⁵³ CWM, Democracy at War, Chattoe, "Who'll Get the Nails Builders Still Asking," *Financial Post*, 7 September 1946; Ibid, "Steel Nail Famine in Halton Cuts Farm Output, Says Mayor," *Globe and Mail*, 30 May 1947.

⁵⁴ Ibid, "Aluminum Nails Help to Offset Steel Shortage," *Globe and Mail*, 18 September 1946; Ibid, "Magnet, Detector Helps Collect Nails," *Globe and Mail*, 30 December 1946.

⁵⁵ Quote from: Ibid, "Aluminum Nails Help to Offset Steel Shortage," *Globe and Mail*, 18 September 1946; Ibid, "Magnet, Detector Helps Collect Nails," *Globe and Mail*, 30 December 1946.

⁵⁶ Ibid, Chattoe, "Who'll Get the Nails Builders Still Asking," *Financial Post*, 7 September 1946.

⁵⁷ *War Assets Corporation Third Annual Report*, 12; *War Assets Corporation Fourth Annual Report*, 9.

and Housing Enterprises. Additionally, from 1944 to 1949 the WAC sold at least 384 complete buildings, houses, and hangars to these two crown companies thereby ensuring that an even larger (though unrecorded) amount of materials and accommodations were redistributed.⁵⁸ In supplying what it could to the marketplace, the WAC was doing its part in bridging the country between war and peace.

Nails were not the only things salvaged from dismantled buildings. Door and window frames, plumbing supplies, and lumber were also recouped and, while the totals barely matched wartime production, their timely redistribution when shortages reigned helped prevent the supply situation from deteriorating further. The largest single demolition project was at Debert, where 443 surplus buildings at the army base were dismantled by the private contractor Brookfield Construction. The Debert demolition project cost the WAC \$451,019 in total, or a little less than the combined costs of the second and third largest projects, Camp Borden (\$287,060) and the DIL factory in Nobel (\$216,977).⁵⁹ It is estimated that the Debert camp alone provided 6 million feet of lumber cut in various sizes and an unrecorded number of window and door frames, plumbing fixtures, heating equipment, and electrical stores.⁶⁰ In total, all the WAC's demolition programs from 1946-1948 recouped almost 44,000 windows and frames, over 17,400 doors and frames, over 630,000 feet of piping (all types), and thousands of other items in short supply.

Although the demolition of military bases yielded significant supplies, the majority of recycled building materials were derived from dismantling munitions factories. Since private industry was not willing to invest heavily in the production of items without many peacetime applications, the majority of Canada's shell filling and explosives operations were funded through the DMS and run by the crown company Allied War Supplies Corporation (AWSC). Moreover, since the government knew it would not fund

⁵⁸ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database; CWM, *Democracy at War*, "WAC Sells 180 Military Buildings; Salvage Materials," *Globe and Mail*, 14 October 1946

⁵⁹ *War Assets Corporation Third Annual Report*, 26

⁶⁰ The WAC's Debert warehouse was in the RCAF portion of the base and the WAC also leased 15 buildings to the Provincial Department of Agriculture. CWM, *Democracy at War*, "443 Debert Army Buildings to Provide Housing Materials," *Globe and Mail*, 4 October 1946.

production indefinitely, the majority of these factories were built as temporary structures. Once the PDC finished decontamination, some were dismantled. Some factories were simply gigantic; the DIL factory in St. Paul l’Hermitte (the Cherrier plant) outside Montreal contained about 450 buildings and covered fifteen square kilometres, while the DIL Bouchard plant in Ste. Therese had 466 buildings on 2,130 acres.⁶¹ In total, the WAC demolished 3.767 million sq. ft. or about 13-percent of the total industrial floor space constructed by the DMS (the largest sites were Ste. Therese, Villeray, Nobel, and

Table 8: Materials Salvaged from the Demolition of Surplus Buildings, 1947-1948

Kinds of Material	Total Amount Salvaged
Doors and frames	12,764 units
Windows and frames	36,530 units
Lumber	25,621,753 fbm
Composition wallboard	6,176,055 sq. ft.
Pipes (all types)	430,457 L. F.
Fittings (all types)	191,955 units
Plumbing fixtures	10,752 units
Tanks – H. W. – storage	298 units
Heater – jacket	145 units
Radiators	4,311 units
Wire – electrical	671,969 L. F.
Conduit – electrical	23,580 L. F.
Switches – panel circuit transformers	12,168 units
Iron – corrugated sheets	42,796 sq. ft.
Nails - assorted	422,655 lbs.
Source: <i>War Assets Corporation Fourth Annual Report</i> , (April 1, 1947 to March 31, 1948), 9.	

Transcona). Lumber was reclaimed in large amounts from these demolition projects, as Ste. Therese yielded three million feet of wood and Transcona another ten million feet. Therefore, a significant portion of the forty million feet of lumber recouped by the WAC in 1946-1948 came from dismantling munitions factories. The pamphlet *Disposal and Peacetime Use of Crown Plant Buildings* estimated that the lumber alone was enough to construct 9,000 homes during a time of severe housing and accommodation shortages.⁶²

While alleviating the housing crisis was an important goal, demolition was not ideal. Instead, renovation was sometimes the best course of action for the 33.5 million sq. ft. of industrial space constructed by the government during the war. As Appendix 1 shows, a majority or 51 percent of all floor space was sold to private industries, while the government retained 37

⁶¹ Ibid, “You Can Still Buy a War Plant,” *Financial Post*, 26 January 1946; McInnis, *Harnessing Labour Confrontation*, 88-89.

⁶² LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 26.

percent. Although across individual categories the amount sold to private interests was considerably higher, some of the floor space retained by the crown ended up being used by businesses anyway. Most of the floor space was purchased outright by big businesses – usually the tenants that had occupied it during the war – so officials in the DRS recognized that support for small and medium businesses had to be provided through special arrangements. The WAC operated one set of these arrangements through its multiple tenancy initiative that redeployed industrial floor space and equipment at several former munitions plants in Toronto and Montreal. These sites were decontaminated, cleared of unneeded tools and materials, sub-divided into smaller units, and favourably leased to businesses. Overall, approximately ninety tenants benefitted from renting floor space in former weapons factories and a host of new goods were produced.⁶³

The multiple tenancy initiative owed its origins to the political pressure from politicians, medium- and small-business owners, and “a number of ex-servicemen going into business for the first time.”⁶⁴ Over the summer of 1945 and in consultation with the Industrial Reconversion Branch, G. H. S. Dinsmore, the WAC’s Director of Lands and Buildings, became a de facto landlord who oversaw the clearance of facilities, the division of floor space into smaller parcels, the provision of favourable six-year lease agreements, and rent collection.⁶⁵ In other words, the WAC converted industrial facilities that had been some of the most productive munitions factories during the war into smaller parcels so that small and medium businesses could afford the floor space to manufacture their products in a period dominated by steep prices for industrial real estate. In fact, the WAC bent over backwards to help these smaller companies; since the leases were so favourable the WAC ran a deficit keeping the buildings in operation, as the revenue barely covered operational expenses.⁶⁶

⁶³ Ibid, 20 and 25; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, various minutes 1945-1946.

⁶⁴ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 25.

⁶⁵ Ibid, 20 and 25; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, various minutes 1945-1946.

⁶⁶ This was especially the case during the winter because the buildings were large and costly to heat. LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 11 July and 8 August 1946, 10 April 1947.

Three locations were chosen for conversion into multiple tenancies, two in Montreal and one in Toronto. The Toronto facility, located at 37 Hanna Avenue and renamed the Liberty Buildings, was used by the John Inglis Company during the war to manufacture Bren guns. A portion of this large complex, totalling about 287,000 sq. ft., was cordoned off from the rest of the Inglis plant, which was converting its manufacturing operations from Bren guns to fishing tackle, house trailers, home appliances, domestic heaters, and many other items.⁶⁷ The space was advertised by a rental agency over the fall of 1945 and eventually it was split between eighteen clients that employed about 1,700 workers that manufactured a wide range of goods including,



Photo 14: Advertisement seeking tenants for the Liberty Buildings, Toronto, Ontario. Source: *Toronto Star*, 17 September 1945, 12.

oil burners, decorative glassware, electrical instruments, pens and pencils, and valves and fittings. According to the pamphlet *Disposal and Peacetime Use of Crown Plant Buildings*, three clients were manufacturing products new to Canadian industry.⁶⁸

The two multiple tenancy projects in Montreal were established in former DIL factories that produced vast quantities of small arms ammunition for Brens and Lee Enfield

rifles: Montreal Works (renamed the Crown Industrial Building) located at 9600 St. Lawrence Blvd. in the city's north central Villeray district; and Verdun Works (renamed the Verdun Industrial Building) located at 435 River St. on the southwestern coast of the Island of Montreal. Just as in Toronto, the buildings were decontaminated, cleared, converted, divided, and rented out to small- and medium-sized businesses. The Crown

⁶⁷ David Sobel and Susan Meurer, *Working at Inglis: The Life and Death of a Canadian Factory* (Toronto: James Lorimer & Company, 1994), 101-116; LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 25.

⁶⁸ Unfortunately it did not specify which productions were new to Canadian industry. LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 25.

Industrial Building had thirty tenants, a cafeteria, a bank branch, and a WAC warehouse located on site. It employed 2,200 people and manufactured a range of products, from men's and women's clothing to electronic equipment. In Verdun there were thirty-five tenants and 2,500 employees producing more than thirty kinds of goods, from pharmaceuticals and processed foods, to clothing and electric razors. Apparently, sixteen of these items were products new to Canadian manufacturing.⁶⁹

Moreover, the WAC was not the only crown company to create multiple tenancy projects. CAL occupied roughly five million sq. ft. of government-owned floor space after the war, but most of it was left in "stand by" condition while its storage requirements and future production needs were sorted out. In the intervening time, CAL leased a number of buildings to private firms in Montreal and Toronto. One of the old Small Arms Ltd. buildings, totalling 318,000 sq. ft., was sub-divided to accommodate seventeen tenants producing many things, from men's hats to photographic supplies.⁷⁰ Although the WAC had little to do with what tenants produced, its multiple tenancy projects demonstrate how the Corporation could facilitate the redeployment of surplus buildings to bring a positive impact on postwar economic stability. These efforts fit into the wider framework of government action plans since the Corporation was not the only public organization supporting reconversion as many federal departments, agencies, and the military actively supported reconstruction and rehabilitation through a variety of different methods, such as the "rent to a vet" campaign or vocational training programs.⁷¹

Starting Points for Peace: Reusing Surplus Assets

During the transition period between war and peace, munitions and supplies gained new uses and meanings in civilian life. Yet objects cannot choose their forms, functions, and intentions. Rather, those elements of their existence are imposed, colonized, or

⁶⁹ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 25; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, various meeting minutes, 1945-1946; Durflinger, *Fighting From Home*, 127-135.

⁷⁰ LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 20 and 25; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, various minutes 1945-1946.

⁷¹ See: Neary, *On to Civvy Street*, 159-215.

created by their human owners.⁷² If the objects of war were to transition into useful peacetime purposes, their redeployment had to be controlled by human agency. Humans chose what things remained useful and which ones required modifications or destruction. Therefore, material demobilization was not a neutral process. Competing interests and intentions shaped disposal since everyone wanted to acquire assets in order to fulfill postwar ambitions. In effect, objects were essential to every postwar plan – whether those of businesses or individual citizens or government departments – and everyone needed things to improve living standards, attain goals, and profit. However, objects, or rather the lack thereof, could also be a chief obstacle to fulfilling postwar plans and aspirations, as their overall utility was curbed by the reality of finite supply, depreciating values, and deteriorating conditions.

At the head of this process of material demobilization was the WAC. While it had little control over the assets once they left its possession, the WAC maintained control over their redeployment and redistribution through collection, storage, and sales. This allowed the Corporation's staff to determine which objects were suitable for peacetime service, regulated who could acquire them, and to a lesser extent, help end users devise new uses for the objects they purchased. Contrary to the public criticism from Brown and other sources, the WAC did not just sell surpluses to big businesses or indiscriminately destroy them. If someone could pass the WAC's screening process, had a strong business plan, could demonstrate some experience in the trade, and had the capital to cover down payments, then the Corporation was more than happy to do business. In other words, the overt corporate favouritism built into its mandate and operations did not preclude the reuse of objects purchased directly from its inventories. Nor did it preclude the reuse of objects resold by middlemen to end users. In fact, the WAC recognized and promoted the residual value and versatility of some of its products in order to boost sales and provision the postwar economy.

⁷² Latour, *Reassembling the Social*, 63-86; Paul Cornish, "'Sacred Relics': Objects in the Imperial War Museum, 1917-39," in Saunders, ed., *Matters of Conflict*, 35-50; See also: Michelle Henning, *Museums, Media, and Cultural Theory*, (Maidenhead: Open University Press, 2006); Barbara Kirshenblatt-Gimblett, *Destination Culture: Tourism, Museums, and Heritage*, (Los Angeles: University of California Press, 1998); Keith Walden, *Becoming Modern in Toronto: The Industrial Exhibition and the Shaping of a late-Victorian Culture*, (Toronto: University of Toronto Press, 1997); Jerome de Groot, *Consuming History: Historians and Heritage in Contemporary Popular Culture*, (New York: Routledge, 2009).

Many different types of government surpluses maintained residual value without major modifications. As we have seen, businesses were quite worried about these particular assets being reused in the civilian economy since they had the potential to scuttle markets for new goods. However, the government was not about to destroy these valuable assets for the sake of corporate profits and it recirculated them through established manufacturers and dealers. This gave businesses an opportunity to re-acquire their wartime production, refurbish it (or recondition it to meet civilian standards), and then resell it to end users. Motor vehicles, radio equipment, office furniture, electrical equipment, textiles, and a whole host of other types of goods were disposed of in this manner. Department stores and corporations specializing in consumer goods profited substantially from the reuse of surplus items, particularly since they were not benefiting from government economic priorities. In some respects, refurbished surpluses served as a stop-gap measure while the production of new goods restarted.

Some department stores made an entire business out of the reusability of military surpluses. From 1944 to 1948, the Army & Navy Department Stores Ltd. in Regina, Edmonton, and Vancouver spent at least \$259,521 acquiring thousands of different items. In 1947-1948 alone, it bought 25,453 woollen blankets, 9,530 aviation suits, 4,495 pairs of army boots, 5,150 pairs of trousers, 1,200 men's serge blouses, 942,176 yards of nylon braided cord, 70,359 lbs. of rope, and 50,253 bed springs.⁷³ All these items stocked shelves in stores during the immediate postwar period and sometimes customers were not even aware they were purchasing repackaged surplus goods. As Howe explained during his October 1944 radio broadcast "you may have bought some without knowing they were war surplus materials because they are unused goods and the corporation has disposed of them through the normal channels of trade."⁷⁴ It would seem that companies like Army & Navy Stores outfitted an entire generation of camping equipment and outdoor activities with new and old military gear that they acquired.

A particular pattern in the sales of consumable goods is plainly obvious when examining the WAC's sales data. Companies specializing in consumer products

⁷³ Ibid.

⁷⁴ LAC, RG101, Vol. 1, File: R-1-1-9, Radio Speech on CBC by C. D. Howe, 23 October 1944, 3.

purchased them for resell during a time when many were struggling to retool their factories or find new suppliers. For instance, General Steel Wares Ltd. bought back some of its household goods and resources for future production. In 1945-1946 it acquired 70,000 enamel bowls, \$6,379 worth of kitchen cutlery, \$11,884 worth of machine tools and equipment, and 2,557,858 lbs. of steel sheets in five separate transactions.⁷⁵ Textiles and clothing were purchased for resale in large amounts as well. The Canadian Overall Company bought 12,555 pairs of khaki overalls and 10,740 pairs of gloves, while the Canadian Hardware and Novelty Company purchased thousands of dollars' worth of textiles and clothing for its business, including 15,300 pairs of khaki dress trousers and \$39,670 worth of anti-gas equipment. Novack's, a prominent company in London, Ontario, specializing in uniforms and clothing, bought 2,425 pairs of men's black ankle boots in 1947-1948.⁷⁶ The T. Eaton Company purchased a fair amount of surplus textiles, clothing, footwear, cafeteria equipment, and even some automotive parts and equipment, including 4,500 cardigans, 8,993 men's combinations, 1,182 pairs of new winter boots, 364 Tarpaulin assemblies, and 1,155 rear curtains for vehicles.⁷⁷ Thus, whole generations of surplus items ended up on department store shelves either passed off as new items or mixed in with the trickle of new goods.

Radio and electronics equipment were similarly scooped up by corporations specializing in the trade. The WAC's biggest customer in this field was Canadian General Electric, which spent \$3,168,038 from 1944 to 1948. Roughly half of that total was spent on purchasing lands and buildings, including the Montreal Locomotive Works, a large building in Peterborough, Ontario, another at 5400 Hochelaga St. in Montreal, and several old RCAF hangers in Amherst and Pennfield Ridge, Nova Scotia. The rest of its investment was spent on Mazda lamps, radio tubes, and vacuum tubes.⁷⁸ Canadian Westinghouse made similar transactions, though it spent only \$1,269,892 on several

⁷⁵ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

⁷⁶ *Ibid.*

⁷⁷ Eaton's also purchased a Grumman Goose aircraft and a small boat. *Ibid.*

⁷⁸ *Ibid.*

purchases of machine tools, office equipment, typewriters, and furniture.⁷⁹ Not only did these types of purchases enable both companies to resell products for profit, they also acquired important parts and electronic equipment, while better positioning themselves to expand production once the floor space and machinery were up and running. For consumers and hobbyists, which included a fair number of veterans who had served as radio operators during the war, the first generation of postwar radio sets and parts they purchased from these companies were often old military models. As Kristen Haring explained in *Ham Radio's Technical Culture*, old military models dominated the North American marketplace during the late 1940s. Moreover, surplus radio equipment was particularly appealing to hobbyists since it required significant technical engagement to tinker, repair, and modify. The postwar popularity of surplus radio equipment was reflected in the frequency of instructional articles in hobby magazines: *CQ* alone published ninety-nine articles on the subject between 1945 and 1955.⁸⁰

Public utilities and companies specializing in communications technologies purchased surplus radios, electronics, and other equipment from the WAC. The largest single purchase of electrical wiring was made by Universal Electric Company based in Montreal. For \$6,122 it purchased 1,195,759 feet of “electrical wire and cable on reels.” Dominion Wire, Rope & Cable Company, the Hydro Electric Power Commission of Ontario, Saskatchewan Power Commission, Bell Telephone Company, Rogers Majestic Corporation, Wartime Housing Ltd., and an assortment of scrap metal dealers also purchased a variety of other surplus electrical stores, equipment, telephone lines, wires, transmission stations, and specialized factory floor space.⁸¹ Perhaps the single most important utility to be sold by the WAC was the Pacific Communications System. This network was built during the war to provide reliable communications within British Columbia, particularly between the interior and coastal regions. The Pacific Communications System was constructed as a joint effort by the government, all three Services (the RCAF operated it during the war), and several companies including the B.

⁷⁹ Ibid.

⁸⁰ Kristen Haring, *Ham Radio's Technical Culture*, (Cambridge: The MIT Press, 2007), 57-58.

⁸¹ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

C. Telephone Company. In mid-1946, the WAC decided “in the best interests of the public and all concerned” to sell the grid to B. C. Telephone, Canadian National Telegraphs, and Dominion Government Telegraphs so they could operate a reliable communications system from Victoria and Vancouver, to Prince George and Prince Rupert. Although it is difficult to calculate how much these companies paid for the facilities, they acquired a vast network of teletype and telephone circuits supported by 16,500 miles of wire, 63,000 poles, and several power stations and switchboard sites.⁸²

As might be expected, Ford, General Motors, and Chrysler, purchased large amounts of motor vehicles, parts, equipment, production machinery, and some real estate.



Photo 15 View of rows of parts used to make army vehicles at the Ford Motor Co. plant. Most of these vehicles were for British forces. Photo was taken in March 1941. Source: LAC, National Film Board of Canada, Copy Negative: PA-117534

These big three car companies purchased a combined \$10,587,978 worth of surpluses from the WAC. The most common purchases were, unsurprisingly, motor transport spare parts, engines, trucks, and machine tools. Ford and Chrysler purchased the bulk of materials during the 1946-1947

fiscal year and immediately put them into production lines or distributed them back through their established supply networks.⁸³ Smaller car manufacturers and dealers also purchased from the WAC. For instance, Evans Motors Ltd. in Scarborough, Ontario bought ten 1942-model Ford Lorries and fifteen 1942-model Ford 3-ton trucks. The

⁸² Quote from: LAC, MG27 IIB20, C. D. Howe Fonds, Vol. 50, “Re: Pacific Communications System,” W. M. Allen to J. H. Berry, 27 June 1946. See also: “Await Decision: Ground Lines to Coast May Aid Central Interior,” *Prince George Citizen*, 21 March 1946, 1; Sales of \$5,000 and Over” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database.

⁸³ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database.

Toronto Motor Car Ltd. and Victoria Motors Ltd., based in Niagara Falls, purchased large amounts of spare parts as well as 1942- and 1943-model Ford trucks and fourteen personnel carriers (seven each).⁸⁴ Another company specializing in the manufacture of automotive parts and accessories, Automotive Hardware Ltd., purchased \$116,790 worth of motor transport spare parts and 134.3 net tons of nuts and bolts.⁸⁵ Much like the radio manufacturers, these companies acquired assets to resell and parts to continue their maintenance businesses well into the postwar period.

Practically every company involved in the aircraft industry purchased items from the WAC. Canadair Ltd. and Trans-Canada Air Lines purchased large amounts of equipment and real estate. Hangars and buildings at airports in Dorval, Moncton, and Winnipeg account for most of Trans-Canada's purchases. However, some anecdotal evidence suggests that Trans-Canada was able to purchase thirty C-47 (DC3) twin-engined Dakota transport aircraft stationed in Canada directly from the American firm Douglas Aircraft Company. This purchase did not involve the WAC, but the planes apparently remained in service until 1963.⁸⁶ Canadair spent \$4,152,852 on a variety of parts, equipment, vehicles, and Pratt & Whitney engines. However, the bulk of its expenditures (\$3,886,821) were for the vaguely termed "Group Sales of Materials in Several Classifications" in Cartierville, Quebec, and therefore it is unknown exactly what was purchased.⁸⁷ Several other smaller airlines availed themselves to the WAC's inventories. Maritime Central Airways bought most of its Lockheed fleet from the Corporation, while MacKenzie Air Service Ltd., Hamiltair Ltd., Yukon Southern Air Transport Ltd., Superior Airways Ltd., and Thunder Bay Air Lines Ltd. bought a variety of Norseman, Lockheed, Cessna, and Gruman Goose aircraft.⁸⁸

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ "Trans-Canada Air Lines" *Wikipedia*, (Accessed 19 October 2015), https://en.wikipedia.org/wiki/Trans-Canada_Air_Lines; *SCWEE*, 17 May 1946, (No. 12, Book 2), 303. Canadair and Douglas also formed an agreement to build a variant of the DC4. Wakelam, *Cold War Fighters*, 42-43.

⁸⁷ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

⁸⁸ Ibid.

Flying clubs benefitted from reusing surpluses, both in financial and leisure terms. The Algoma Air Transport Company offers an interesting example. Based in South Porcupine, Ontario, and owned by Mr. and Mrs. Ed Ahr, Algoma Air Transport operated out of the local Porcupine Flying Club. The “luxurious flying club” was built around 1940 for \$35,000 and contained a lounge, lecture room, a club room, a small dining room, and seven bedrooms for visiting pilots.⁸⁹ From 1944 to 1947, the Algoma Air Transport and Porcupine Flying Club outfitted their operations with surplus planes. A total of ten Anson Vs, six Harvards, three Lockheed aircraft, eight Cessna Cranes, one Beechcraft, and four Oxford Vs were purchased.⁹⁰ Flying clubs in particular were well positioned to benefit from surplus aircraft. Early in the war the founding President of the Royal Canadian Flying Clubs Association, Murton Adams Seymour, approached the DND about using civilian flying clubs as training centres for air force pilots. The Association helped to establish twenty-six clubs before 1939 and many started doubling as Elementary Flying Training Schools in the BCATP.⁹¹ After the war, flying schools expanded with the supply of surplus aircraft. For example, the Royal Canadian Flying Clubs Association purchased eleven Cessna Crane and 150 Tiger Moth training aircraft which it probably resold to member organizations.⁹²

Perhaps the most lucrative product sold by the WAC was the fleet of surplus cargo ships. In response to significant losses during the height of the Battle of the Atlantic, the DMS formed the Park Steamship Company in April 1942 to construct, maintain, and operate Canada’s rapidly expanding Merchant Marine and its growth paralleled the fifty-fold expansion of the RCN. Shipbuilding was contracted out to shipyards in the Maritimes, St. Lawrence, Great Lakes, and West Coast regions which constructed a total of over 9,000 different ships, including roughly 800 naval and cargo vessels, 3,300

⁸⁹ Karen Bachmann, “History Flying club set up shop in 1940,” *TimmonsPress.com*, 19 September 2014, Accessed 18 October 2015), <http://www.timminspress.com/2014/09/19/history-flying-club-set-up-shop-in-1940>.

⁹⁰ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database.

⁹¹ Dunmore, *Wings for Victory*, 66-69, 82-121

⁹² “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database.

landing craft, and more than 5,000 other marine craft.⁹³ Thus, the needs of the war effort had forced the state to produce and maintain a large naval force out of all proportion to Canada's prewar maritime policies and, as Michael Hennessy pointed out, greatly confounded officials preparing postwar priorities and plans.⁹⁴

Policymakers and the shipping industry understood that the maintenance of a postwar merchant marine would require government subsidies and supervision, but they were leery of the accompanying economic and political baggage. Canadian exporters did not support a government-run merchant marine, nor were they particularly thrilled at the higher labour costs. Old ties to British flagged-vessels that shipped Canada's exports before the war and pressure from UK officials who wanted the British to control shipping inside the Sterling area added more disincentives for sustaining a state-run merchant marine.⁹⁵ Furthermore, once hostilities ended and the Combined Shipping Adjustment Board rescinded its controls over the allocation of cargo capacities, a shipping surplus suddenly resulted as thousands of Liberty, Victory, North Sands, and Fort class vessels were released from wartime service. The Americans voluntarily laid up 2,000 Liberty ships or roughly 50 percent of the war-built Liberty fleet in an effort to prevent a collapse caused by overcapacity. European Allies were not prepared to take similar actions, and Denmark and Norway suggested that Canada follow the American example. As Hennessy concluded, British actions, the industry's preferences, and international pressures set the stage for the "death" of Canada's postwar merchant marine.⁹⁶

By the spring of 1946, the political will to maintain a merchant marine had evaporated and officials moved to divest Canada's fleet of cargo vessels into private hands. However, Cabinet decided that the liquidation of cargo vessels would occur, wherever possible, to Canadian companies only. According to Hennessy about 140 ships were retained on Canadian registry of which 110 were the large 10,000 dwt (dead-weight

⁹³ Pritchard, *Bridge of Ships*, 267, 292-293

⁹⁴ Michael A. Hennessy, "World War II and the Rebirth and Death of Canada's Merchant Marine," *Journal of the Canadian Historical Association*, Vol. 6, No. 1 (1995), 210-226.

⁹⁵ *Ibid*, 210-226.

⁹⁶ *Ibid*, 221.

ton) class.⁹⁷ However, as S. C. Heal explained, several companies were only nominally Canadian, as Greek merchants were liable to form Canadian subsidiaries in order to circumvent the restrictions and profit from the disposal of vessels.⁹⁸ From 1945 to 1947, the bulk of Canada's merchant fleet was declared surplus and disposed of through the WAC. In order to facilitate the sale of cargo ships, the WAC hired Park Steamship to operate as its agent and an agreement was signed on 7 February 1946. Park Steamship sold cargo vessels on fixed contracts that required a 20 percent down payment with the balance owing over seven years at 3½-percent interest.⁹⁹ There were allowances for depreciation and war damage, but since many of the vessels were brand new these allowances barely affected the final prices. In total, from 1944 to 1949, the WAC recouped a minimum of \$130,011,791 from the sale of all types of ships, ship components, marine craft, and parts. Of that total, the sale of Park cargo vessels accounted for \$64,792,003 and the sale of Fort class ships brought in \$28,251,406.¹⁰⁰

The residual value of cargo vessels was extremely high since their wartime function was identical to the one they performed in peacetime. Moreover, most of the Park and Fort ships required few immediate repairs or renovations before entering peacetime service. However, as Heal noted, many companies undertook some alterations to better integrate their new vessels in existing fleets. In most cases, the modifications entailed the improvement of crew quarters, galley accommodations, and the addition of cranes for improved derrick capacity. Western Canada Steamships Ltd. purchased twenty-one Park ships from the WAC, thirteen more than the second biggest customer, Saguenay Terminals Ltd. Although it did not spend much money on modifications, Western Canada Steamships did give each new vessel a fresh coat of paint and emblazoned its logo on the

⁹⁷ Ibid, 225.

⁹⁸ S. C. Heal, *A Great Fleet of Ships: The Canadian Forts & Parks*, (St. Catharines, ON: Vanwell Publishing, 1999), 170-172.

⁹⁹ LAC, RG101, Vol. 7, WAC – Board of Directors, 9 November 1944, 14 March and 11 April 1946; LAC, RG101, Vol. 1, File: R-1-1-9, “Crown Assets Disposal Corporation,” May 1950, 12. See also: LAC, RG46-E-VI Park Steamship fonds, Vol. 1275, File: “History of Park Steamship Company” H. J. Rahlves, 1947, 1-12; LAC, RG46-E-VI, Vol. 1275, File: A551-26 “War Assets Corporation Agreement – Western Canada SS Ltd., 1946-1950,” various correspondence; LAC, RG46-E-VI, Vol. 1277, various files and sales contracts.

¹⁰⁰ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

hull (Saguenay Terminals did the same thing).¹⁰¹ The reuse of these cargo ships was further amplified by their relative youth and the potential for prolonged usage. Each vessel was constructed at some point between 1940 and 1945 and therefore, barring war damage or disaster, most cargo ships enjoyed a long postwar career until the late-1960s when many were decommissioned and scrapped in Asian shipyards.¹⁰²

Another commodity made valuable by its reusability was construction equipment. The rapid expansion of industrial floor space and military facilities meant that the amount of construction equipment owned by the Canadian government sky-rocketed. The demands on all forms of building materials and machinery were substantial enough to form a special Construction Control in the WICB. The Construction Controller ensured that only the most necessary building projects received licensing and a bank of significant construction projects was put on hold as a result.¹⁰³ At the end of the war whatever equipment was not needed by the crown was liquidated. Tractors, dump trucks, cranes, Caterpillar Tractors, power shovels, road paving equipment, generators, drilling machines, pumps, and hand tools were sold to a mix of priority holders and private interests across the country.¹⁰⁴

Although a large portion of the equipment went to construction and paving companies, priority holders definitely used their privileges to secure tools and machinery. The Provincial Governments were particularly eager to acquire construction equipment. The Department of Highways and Public Works from Nova Scotia and Ontario purchased asphalt distributors, Crawler cranes, excavators, trucks, and other equipment.¹⁰⁵ The Saskatchewan Reconstruction Corporation, PEI's Department of Reconstruction, the

¹⁰¹ Heal, *A Great Fleet of Ships*, 173, 178-182.

¹⁰² Heal, *A Great Fleet of Ships*, 223-308; David Edgerton, *The Shock of the Old: Technology and Global History Since 1900*, (London: Profile Books, 2006), 91-97.

¹⁰³ LAC, RG28, Vol. 231, File: 196-6-20, "Windup of Construction Control, Wartime Industries Control Board," various correspondence and paperwork; Kennedy, *History of the Department of Munitions and Supply*, 80-87. See also: Matthew Evenden, *Allied Power: Mobilizing Hydro-electricity during Canada's Second World War*, (Toronto: University of Toronto Press, 2015).

¹⁰⁴ "List of Tractors Sold By Construction Equipment Section," *SCWEE*, 4 July 1946, (No. 25, Book 3), 820-825.

¹⁰⁵ AO, RG 3-17 Premier George A. Drew Correspondence files, File: 300-G War Assets Corporation, "Post-War Construction Equipment," E. J. Young to G. A. Drew, 3 August 1945, 1-4.

Hydro Electric Power Commission of Ontario, and the cities of Port Arthur, Winnipeg, Gloucester, and the village of Ormstown acquired construction equipment. The federal departments of Labour, Mines and Resources, Public Works, Indian Affairs, and the DVA also purchased construction equipment to fulfill postwar agendas.¹⁰⁶ A variety of equipment was sold on public tenders to private contractors, equipment rental companies, and construction companies, such as the Power Equipment Co. based in Port Arthur or Western Construction Co. in Edmonton.¹⁰⁷ These types of sales helped improve and maintain the country's infrastructure well into the postwar period. Sales to private firms and government departments ensured that construction equipment was available for housing, highway expansion, and urban development. If this equipment was not heavily worn out, it was highly reusable and an essential starting point for the postwar construction boom.¹⁰⁸

Items acquired on priority requests were usually those most needed for supporting local and provincial reconstruction and rehabilitation programs. These types of sales demonstrate how surpluses were reused to expand social and welfare services. Municipalities and provincial Civil Defence Committees received priority access to air raid precaution equipment, warning sirens, uniforms, and personal equipment.¹⁰⁹ Judging by the timing of the sales, firefighting equipment was an urgent need for many communities and provincial governments. The largest sales of surplus firefighting equipment occurred in the fiscal year 1945-1946. The chair of Quebec City's Civil Defence Committee, J. J. Gagnon, purchased \$18,108 worth of "miscellaneous firefighting equipment."¹¹⁰ Similar purchases were made by the City of Montreal, Nova Scotia's Department of Labour, and the Government of PEI. The New Brunswick

¹⁰⁶ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports (1944-1949)* compiled in author's Sales Database.

¹⁰⁷ "List of Tractors Sold By Construction Equipment Section," *SCWEE*, 4 July 1946, (No. 25, Book 3), 820-825; "Sales to Saskatchewan Reconstruction Corporation," *Ibid*, 4 July 1946, (No. 25, Book 3), 826-829.

¹⁰⁸ Harris, *Creeping Conformity*, 129-154.

¹⁰⁹ *SCWEE*, 27 November 1945, (No. 3, Book 2), 81-93. See also: Andrew Burtch, *Give Me Shelter: The Failure of Canada's Cold War Civil Defence*, (Vancouver: University of British Columbia Press, 2012).

¹¹⁰ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports (1944-1949)* compiled in author's Sales Database.

Government bought \$28,068 worth of “pumps with tools and accessories” while the City of Toronto purchased a Bickle Seagrave Trailer fire pump and accessories. The Laurentian Forest Protective Association Ltd., based in Quebec City, purchased six Bickle Seagrave fire pumps and 20,000 feet of rubber-lined hose. Given that the Laurentian Forest Protective Association paid \$8,050 for six pumps while the City of Toronto paid \$7,099 for one, shows how the quality of surplus goods could vary widely.¹¹¹

Some of the most important items acquired on priority claims were the assets reused in hospitals. In total the WAC sold a minimum of \$3,665,532 worth of hospital equipment to a variety of institutions and interest groups. By far the most frequent client was the DVA, though it only purchased \$242,240 worth of hospital equipment, medical and dental supplies, bandages, pharmaceutical supplies, and some hospital buildings.¹¹² The purchases were in line with the DVA’s expanding role in providing medical services to veterans. As part of the Veterans’ Charter and its provisions for rehabilitating the nation’s servicemen and women, the DVA had promised each veteran one year’s free general medical service after discharge. A precursor to medicare, this program proved wildly successful for all able-bodied veterans but it also required the DVA to improve its medical facilities, construct new hospitals, and budget for medical insurance for both the able-bodied and permanently disabled. Foreshadowing the war’s heavy casualty rates, the number of hospitals operated by the DVA and by its predecessor the Department of Pensions and National Health grew throughout the war. In September 1939 there were 2,720 beds available, but by April 1946, the DVA possessed 12,088 hospital beds with plans to acquire another 8,590 and by the end of 1946 the DND had transferred two navy, fourteen army, and four air force hospitals through the CAAC to the DVA.¹¹³ Although a small portion of the DVA’s medical services and expenses on rehabilitation, the reuse of surplus medical supplies and facilities helped improve the quality of care for veterans particularly during the 1946-1947 fiscal year when most of the supplies and equipment was purchased.

¹¹¹ Ibid

¹¹² Ibid.

¹¹³ Neary, *On to Civvy Street*, 136-137, 227-232.

A large amount of medical supplies and hospital facilities were sold throughout Canada. Notwithstanding the significant purchases of ambulances, trucks, and medical supplies from by the Red Cross and the French and Dutch governments, the WAC sold practically everything to priority holders and companies involved in the medical supply or pharmaceutical industries. Canadian municipalities, provinces, hospitals, and medical associations purchased all manner of items from beds and buildings, to consumable supplies like bandages and drugs. However, some transactions were bizarre such as the sale of seventy-five surplus South African frogs to the Ontario Department of Health in December 1945 for medical experiments.¹¹⁴ Private companies purchased items vaguely listed as “medical supplies & equipment” and a large amount of drugs. Three companies and the DVA cleared out the entire inventory of sulphonamide, a family of powerful anti-bacterial drugs used extensively to treat wounds during the Second World War. The two smallest purchases were made by Merck & Co. Ltd., which bought 12,512 oz. of quinine sulphate, and Bell & Craig Ltd., which bought 4,399,000 tablets of sulphadiazine and 686,988 tablets of sulphaquanidine. The DVA and Mark Export & Import Ltd. made the biggest purchases. In one \$7,685 transaction – almost \$2,000 less than Merck & Co. Ltd.’s – the DVA bought 600,000 tablets of sulphadiazine, 50,000 of sulphaguanidine, and 1,000,000 of sulphathiazole. Mark Export & Import Ltd. paid \$53,109 for a whopping 368,000 tablets of sulphathiazole, 2,000,000 of sulphaquanidine, 1,000,000 of sulphonamide, 4,600,000 of sulphadiazine, and 2,000,000 tablets of the malaria medication, Atabrine.¹¹⁵

Educational institutions also gained much from the reuse of surpluses. In general, two types of educational institutions purchased from the WAC: universities and the Department of Labour’s Canadian Vocational Training (CVT) program. The roots of these purchases stemmed from the fact that both universities and the CVT were completely overwhelmed with veterans after the war. As Peter Neary explained, by 31 March 1951, 53,788 and 80,110 veterans had received support to attend university or vocational schools respectively. The legacies of such a program were fundamental to the

¹¹⁴ CWM, Democracy at War, “Frogs Employed in War Effort,” *Hamilton Spectator*, 12 December 1945.

¹¹⁵ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database.

Canada's postwar political, economic, and social development. It trained a cadre of returning service personnel, many of whom might never have attained post-secondary education without the government's assistance through the Veterans Rehabilitation Act. This enabled them to pursue their studies and find meaningful and productive work in civilian life. Thanks to the government's assistance, many veterans who served as clerks, mechanics, radio operators, pilots, or engineers were able to take that tactical training and experience and reapply it to practical, civilian careers after the war.¹¹⁶ The educational entitlements offered under the Veterans Rehabilitation Act were the most important and successful provisions of Canada's original Veterans' Charter.

Although the educational entitlements were successful overall, universities and CVT schools faced some daunting challenges while in operation. In effect, the influx of students was more rapid than the growth of facilities. For instance, in March 1945 there were 3,607 veterans in the CVT program and a year later there were 36,341. Universities were similarly blindsided. In 1939 there were a total of 35,164 students enrolled in Canadian universities, but by 1946 there about 35,000 new students enrolled and supported by the government. Class sizes grew in record numbers; some went from fifty students in one year to well over 300 in the next.¹¹⁷ The numbers were overwhelming and educational institutions faced serious challenges to expand facilities and procure materials for classroom instruction. Moreover, the overcrowding in schools was compounded by material shortages and production delays which meant that new goods and building materials were not readily available. The universities and the CVT had little choice but to turn to the WAC for help. Thus, educational institutions reused government surpluses to fulfill their important function for veterans' rehabilitation.

Universities scrambled to make purchases from the WAC. In Montreal, McGill University spent at least \$114,155 on acquiring scientific and professional equipment, consumer goods, cafeteria equipment, barrack stores, and kitchenware. The Universities of Ottawa, New Brunswick, Alberta, and Saskatchewan along with Laval University purchased similar items. In fact, the sale of barrack stores, cafeteria equipment, and

¹¹⁶ Neary, *On to Civvy Street*, 197-215.

¹¹⁷ *Ibid*, 198-203.

buildings was common to almost every university and provides some indication of the most pressing issues facing schools: the space to both teach and house veterans.¹¹⁸ The Universities of British Columbia and Toronto were the most active in utilizing the WAC's inventories. In order to meet the expanding demand for classroom space, the University of Toronto's Faculty of Applied Sciences occupied an 800,000 sq. ft. section of the DIL plant established in Ajax, Ontario. Located twenty-five miles from campus, the surplus buildings and worker huts were turned into makeshift dormitories and classrooms. The University also purchased 2,623 tons of coal, 4,000 blankets, 500 mattresses, and 750 chairs to heat and outfit this significant amount of new real estate.¹¹⁹

The University of British Columbia was perhaps the most desperate institution. The Great Depression had struck particularly hard and few new buildings were erected in the decade before the war. Consequently, it was ill-prepared for the influx of student-veterans. In coordination with a \$5 million construction program, UBC bought 112 army huts for student housing. Other huts and buildings, which had just been evacuated by the military, were purchased to provide thirty-seven classrooms that could seat 4,000 students, another thirty-six were used as laboratories for 900 students, and one three-section hut became the university's new Faculty Club which opened on 5 January 1947.¹²⁰ As the *Maple Leaf* newspaper reported to its readers, "built to take care of a maximum of approximately 2,000 students, UBC solved the accommodation problem by converting the facilities of war to the immediate needs of peace. Wooden huts from army training camps, coastal defensive stations and aerodromes were brought to the campus to be used for every conceivable purpose connected with the activities of a modern

¹¹⁸ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

¹¹⁹ CMHC took over all over the Ajax plant. It comprised 2.5 million sq. ft. and leased nearly half of it to the University of Toronto. LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 20-21; "Sales of \$5,000 and Over" in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database; Neary, *On to Civvy Street*, 205.

¹²⁰ Harry T. Logan, *Tuum Est: A History of the University of British Columbia*, (Vancouver: University of British Columbia, 1958), 175-178; Neary, *On to Civvy Street*, 207; "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database; "The 'Original' Faculty Club," University of British Columbia Archives, (Accessed on 19 October 2015), <https://www.library.ubc.ca/archives/facclub/facclub1.html>; "Army huts transported and rebuilt on UBC campus," YouTube Video, 6:29, posted by BC History , 17 July 2014, (Accessed on 19 October 2015) <https://www.youtube.com/watch?v=ttEVS8UIZZw>.

university.”¹²¹ There is no small irony that the veterans using the makeshift facilities as students were also possibly the same people who had worked and lived in the huts during the war.

In some respects, the CVT program was almost entirely dependent on the WAC for its classroom materials. As R. F. Thompson, the Director of Training in the Department of Labour, explained to the SCWEE, the CVT program only purchased items from “outside” sources if it could not get them through the WAC.¹²² From the late 1930s and throughout the war, the Department of Labour ran a series of vocational and apprenticeship programs in cooperation with each province. These programs helped train war workers and by the end of the war a new curriculum was formed to train droves of discharged soldiers in a variety of skilled trades work, such as electrician, plumbing, radio technicians, machinists, mechanics, and construction work.¹²³ These trades were critical to Canada’s future prosperity in the postwar period, as a generation of vocationally-oriented professionals were trained to build and maintain the houses, roads, cars, gadgets, and everything else ubiquitous to an expanding consumer society.

Yet the program would never have been successful had it not been for the phenomenal amount of materials and facilities it acquired from the WAC. As Table 9 indicates, up to 31 March 1946, the WAC sold \$2,005,538 to outfit the CVT with thousands of machine tools, machinery, radio equipment, tools, saws, gauges, engines, transmitters, air conditioners, scientific equipment, tractors, typewriters, desks, chairs, adding machines, and thousands of dollars’ worth of other instructional equipment. The CVT even purchased several bowling alleys from the WAC.¹²⁴ The CVT also spent at least \$162,998 on bedframes, sheets, blankets, mattresses, pillows, benches, couches, tables, chairs, kitchenware, and other miscellaneous cafeteria and barrack stores. These items were in short supply and desperately needed to house veterans in residences, especially considering that some veterans travelled great distances to attend vocational

¹²¹ “U. B. C. Students Live in Army Huts,” *The Maple Leaf*, 11 January 1946, 3.

¹²² *SCWEE*, 23 July 1946, (No. 30, Book 3), 955-75.

¹²³ Neary, *On to Civvy Street*, 198-203.

¹²⁴ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database; *SCWEE*, 20 June 1946, (No. 24, Book 3), 785.

schools during the peak phases. Moreover, such purchases were doubly important given that few soldiers had acquired many possessions or civilian-style comforts while enlisted. Since the government had clothed, fed, and sheltered its service personnel during the war, it was crucial to continue doing so until they found the means to support themselves as veterans in civilian life.¹²⁵

Provinces	Total (\$)	Canadian Vocational Training Program (\$)	Educational Institutions (\$)
British Columbia	110,357.24	88,371.84	22,015.40
Alberta	233,864.64	215,493.14	18,371.50
Saskatchewan	221,154.43	213,377.63	7,776.80
Manitoba	94,941.48	91,095.51	3,845.97
Ontario	1,062,203.56	899,056.22	163,147.34
Quebec	330,911.85	232,142.59	98,769.26
New Brunswick	177,943.15	167,852.41	10,090.74
Nova Scotia	91,801.18	74,729.99	17,071.19
Prince Edward Island	23,853.45	23,418.75	434.70
Totals	2,347,060.98	2,005,538.08	341,522.90
Source: <i>SCWEE</i> , 20 June 1946, (No. 24, Book 3), 785.			

In some cases the CVT could not acquire the items it needed from the WAC. For instance, sometimes the WAC did not possess the equipment in its inventory or it prioritized the sale of some items to private interests (as was the case with certain machine tools). In other cases, administrative delays with the WAC forced the CVT to search for items elsewhere and it spent approximately \$600,000 on material and equipment from “outside” sources, particularly in the US.¹²⁶ As Thompson explained:

I must say that what we got were obtained, for the most part, from very small shops; say a man, probably an older man, had a small shop and wanted to sell out. Our representatives were scouring the country for those things and they would hear about it and they would take the opportunity to buy them...we have had to set up a lot of shoe repair shops, barber schools, hair-dressing

¹²⁵ Robert England. *Discharged: A Commentary on the Civil Re-Establishment of Veterans in Canada*, (Toronto: The MacMillan Company of Canada, 1943), 10-11.

¹²⁶ *SCWEE*, 23 July 1946, (No. 30, Book 3), 955-75.

schools, and all items that we bought outside were, for the most part, items of that kind that were not available from War Assets.¹²⁷

Although veterans and their associations were denied priority access to the WAC's inventory, they were clearly benefiting indirectly from the sales of surpluses to institutions and organizations set up to assist with rehabilitation.

Certainly educational institutions were deriving some benefits from the availability of surpluses. Yet this did not always translate into a harmonious relationship nor did it mean that educational institutions were satisfied with the arrangements. While Thompson was sympathetic to the WAC's difficulties and the logistics of disposal, he noted that delays with the WAC forced the CVT to look elsewhere for the items it needed immediately.¹²⁸ Perhaps the most outspoken critic of the WAC's support for educational institutions was Charles E. Phillips, the Secretary-Treasurer of the Canada Newfoundland Educational Association (CNEA). The CNEA was a non-profit educational association formed by the provincial departments of education and the Newfoundland government to act as a forum for cooperation and consultation. On behalf of educational institutions, Phillips undertook a letter writing campaign in 1946 that attacked the WAC's selling policies. In letters to Mackenzie King, Howe, Berry, and several members of the SCWEE, Phillips explained his concerns about the WAC's unhelpful practices and questioned the merits of making educational institutions pay market rates for surpluses that were sometimes in deteriorating condition.¹²⁹ Indeed, Phillips was angry about the WAC's "indefinite loan" policy in which the Corporation loaned items to educational institutions indefinitely and at minimal cost (only the shipping and handling was charged). However, items were only made available in this manner after the WAC attempted to sell them commercially. If private interests or higher-level priority holders

¹²⁷ Ibid, 967.

¹²⁸ Ibid, 968.

¹²⁹ Ibid, 840-865; *SCWEE*, 11 July 1946, (No. 27, Book 3), 869-898. The subject also reappears frequently in meetings over the summer of 1946. See also, LAC, MG28 I472, Canadian Education Association fonds, Vol. 10, various files and correspondence.

purchased the items than schools boards were out of luck, especially on items like machine tools and other types of reusable equipment that everyone coveted.¹³⁰

Assets to Ashes? Recycling and Upcycling Surplus Assets

Surplus supplies (and some munitions) were crucial to supporting economic and social reconstruction. The reuse of surplus assets provided businesses with items to sell during the postwar shortages and recirculated assets into the hands of organizations, institutions, and individuals who used those things to fulfill their postwar plans, improve living standards, and expand social services. Yet not everything was easily reusable in civilian life. Many items were purpose-built for the military and required extensive modifications to gain new forms, functions, and intentions. In other cases, pieces of weapon systems or items derived from destruction programs were adapted into improvised purposes. Thus, the reuse of surplus assets paralleled a pattern of recycling and upcycling that refashioned utility and meaning. A key factor in the recycling and upcycling of surplus assets was the ingenuity and creativity of the end user or the staff at the WAC and established businesses reselling the items. Despite the public criticism, the WAC did provision the second-hand economy while also promoting the recycling and upcycling of surplus goods, materials, and war junk.

Creativity and ingenuity were essential to material demobilization because surplus assets were not always the first choice or designed for their new-found purposes. This was especially the case when upcycling things. Upcycling is the act of repurposing objects by valuing the material from which they are made and the form that they maintain. It differs from the concepts of reuse and recycling in subtle ways. The reuse of an asset, as we have seen, involves repurposing it by valuing the materials composing it, the form they are in, and seeks to maintain the intended function. The recycling of something occurs only when the asset is valued for its component parts or materials.¹³¹ It requires a certain level of inventiveness and originality to imagine a possible use or adaptation for something that others might consider inert or worthless. In effect, recycling war junk into something new or upcycling surpluses into different uses helped

¹³⁰ *SCWEE*, 20 June 1946, (No. 24, Book 3), 774-785; *Ibid*, 9 July 1946, (No. 26, Book 3), 840-865.

¹³¹ Szaky, *Outsmart Waste*, 65-75.

reinvigorate private enterprise after years of heavy government regulation and scarcity. Recycling and upcycling are innovative processes that privilege entrepreneurial genius by forcing people to purchase second-choice materials and adapt them to their needs before making a profit.¹³² Given the widespread shortages of new goods, people had to get creative in order to fulfill their visions of victory. This was a healthy, though somewhat inconvenient, by-product of reduction and destruction programs and helped transition the economy out of a wartime mentality. In other words, wartime controls and propaganda had preached all-out production, thereby privileging the consumption of goods and resources, but now that hostilities were over it was time to refashion, reconfigured, and conserve what had already been produced.

To assist with material conversion, trade publications started publishing advice on how to recondition military surpluses and offered opinions about where future business opportunities might prevail. In 1945-1946, the *Canadian Automotive Trade* ran a nine-part series entitled “Servicing Surplus Army Vehicles.” Written as instructional and informational references, the articles pre-empted the flood of surplus vehicles by a few months. The goal was to offer advice and information to “Garagemen and Dealers” about the peculiarities of military-patterned vehicles and the special steps needed to recondition or repair them. The first installment, “Is Servicing These a Military Secret?” instructed readers that they “should have this information handy when surplus army vehicles come in for service or reconditioning” because they had “a number of controls and other features not ordinarily found on standard vehicles.”¹³³ The article then went on to provide short paragraphs of information on twenty-three different parts from light switches and lubrication, to fuel gauges, wheel bearings, and ignition switches. Subsequent articles in the series were focused more on specific aspects of military vehicles and trucks rather than a general overview. The second article informed readers that the tires and wheels on military-patterned vehicles were constructed differently and required an eighteen-step procedure for removing and mounting.¹³⁴ The other articles covered a range of important

¹³² Strasser, *Waste and Want*, 111-159.

¹³³ “Is Servicing These A Military Secret?” *Canadian Automotive Trade*, (June, 1945), 56-57, 102.

¹³⁴ “Wheels and Tires are Different on Military Vehicles,” *Canadian Automotive Trade*, (July, 1945), 32-34.

subjects: brakes, steering and axles servicing, steering repair, winches and special army vehicles, brake adjustments, power tire pumps, and transmissions.¹³⁵

The “Servicing Surplus Army Vehicles” series helped prepare the auto industry for a future reality. Since surplus military vehicles were going to be sold to Canadians on the domestic market, “garagemen and dealers” needed to familiarize themselves with these assets in order to adjust to a new marketplace and serve their clientele, especially since maintenance accounted for a large portion of profits in the automotive sector.¹³⁶ However, other contributors to the *Canadian Automotive Trade* seized on this reality and took things to another level by mixing fact and fantasy. In a somewhat overzealous article about future “opportunities for Garagemen and Dealers” to develop their businesses in the postwar period, Hiram McVicar wondered if the “corner garage” might not merge the automobile industry with aircraft servicing.¹³⁷ Swept up by the rapid wartime innovations in aeronautics and aircraft manufacturing, McVicar believed that a future existed where airplanes would be as commonly used as automobiles. On this point he was emphatic, as the reliability of new aircraft models and the mass production of “light planes” would open new and better travel methods – if only the government relaxed its restrictions on airport construction, airworthiness certification, and pilot licensing.¹³⁸

According to McVicar the automotive industry had to adapt to the changing times by investing in aircraft servicing and the construction of small airports adjacent to their garages. Quoting Russell Gibson, president of Cub Aircraft of Canada, whose company planned to build 300 small-plane airfields across Canada, McVicar opined that any new business venture would have to mimic some of the services already offered by the automobile industry, such as “joy rides, flying instruction, charter flights, air taxi, and

¹³⁵ The other articles appeared in various issues of the *Canadian Automotive Trade*: “Brakes are ‘Special’ on Military Vehicles,” (August, 1945) 40-41; “Steering and Axle Service on Surplus Military Vehicles” (September, 1945), 68-71; “Steering Repair & Servicing on Surplus Military Vehicles,” (October, 1945), 48-49, 94; “Special Army Vehicles,” (November, 1945), 40-41, 70; “Getting Down to Major Brake Adjustments on Military Vehicles,” (December, 1945), 40-41, 74; “Servicing the Power Tire Pump on Military Vehicles,” (February, 1946), 46-47, 94; “Servicing the Military Pattern Transmission,” (March, 1946), 55-56, 74, 76, 80.

¹³⁶ Edgerton, *The Shock of the Old*, 75-102.

¹³⁷ Hiram McVicar, “Aircraft and the Corner Garage,” *Canadian Automotive Trade*, (May, 1945), 31.

¹³⁸ *Ibid*, 31.

plane rental service.” He even added that “reconditioned used planes would be available as the development went forward” and if airports were combined with used-car lots it created a “drive-yourself” rental market for “visiting pilots.”¹³⁹ Indeed, the automotive industry had to get in on the action now because new technologies, like the flying car, were on the horizon. McVicar professed that the “York Commuter” – a four-seat, high winged, twin-engine “flying station wagon” designed by the York Manufacturing Co. of New York – was the way forward.¹⁴⁰ Although McVicar’s prophecies were flawed and the flying car turned out to be nothing more than a pipe-dream, they were indicative of how limitless imagination and creativity were in designing or improvising new applications for technologies. Indeed, wartime technological advances had proven their worth and reinvigorated further inventiveness, no matter how far-fetched or fanciful.

Although the technological sublime was exhilarating and inspired some new innovations, there were many other entrepreneurs who took a less risky approach than McVicar’s suggestions. Rather than banking on new technologies taking off (pun intended), these entrepreneurs looked to the future by turning backwards, towards items that were already manufactured. These individuals banked on their abilities to transform or renovate old assets into new purposes rather invent something completely new, such as the flying car. David Edgerton used the term “Creole technology” to describe this type of technological adaptation. As Edgerton explained, “Creole” is most commonly used to describe “local derivatives of something originally from elsewhere (typically the white and black populations of the Americas).”¹⁴¹ However, instead of people, he applied the concept to the history of technology as a means of demonstrating diffusion, usage, and human agency. In other words, the term “Creole technology” implies that a hybrid exists between the new and old designs, purposes, and compositions. Creole technology is “derived, but different from, the originating case,” meaning that technology does not

¹³⁹ Ibid, 31.

¹⁴⁰ Ibid, 32.

¹⁴¹ Edgerton, *The Shock of the Old*, 43.

remain constant and can be adapted to suit local conditions and requirements whenever and wherever it is used.¹⁴²

Changing an asset's form, function, and intention according to new potential uses or local circumstances ensured the steady development of hybrid technologies in postwar Canada. Consequently, surplus assets often underwent a process of upcycling that physically altered usage, design, or composition. One of the most striking examples involved some attempts at converting steel helmets. In late 1944, an enterprising Scotsman, Alexander McPherson Wilson, was in negotiations with the WAC to purchase 30,000 surplus helmets specifically for resale to farmers as "hens' nests."¹⁴³ The obvious practicality of stripping out the helmets' liners and flipping them upside down to make a convenient bowl for the chicken and its eggs was a notable hybrid of an old form and new function. Unfortunately, at the time, Wilson was not able to strike a deal with the WAC. Although his idea was clearly derived and different from the originating case, it is unclear if his "Creole" adaptation for steel helmets was ever attempted.

The recycling and upcycling of surplus ships and aircraft are probably the best documented examples of Creole technologies derived from military surpluses. For instance, in Brantford, where large numbers of surplus aircraft were being stored by the WAC one interesting story emerged in October 1946. After being discharged from the RCAF, two veterans, Henry Denbe and William Bickerdike, partnered in Montreal to create a company they called Airplane Mechanical Salvage. The company specialized in disassembling surplus aircraft and upcycling parts (and junk) to construct a variety of new items. It also salvaged workable airplane components for resale in other industries. Denbe, who served at the RCAF's testing and development branch in Ottawa, and Bikerdike, who was a pilot, had the requisite experience to make the most of the opportunity and pass the WAC's background checks.¹⁴⁴

Airplane Mechanical Salvage also provided employment for many RCAF veterans who picked apart "the planes like a chicken" to recover as much "meat" (workable parts)

¹⁴² Ibid, 28-51, especially 39-45.

¹⁴³ CWM, Democracy at War, "Steel Helmet Sale Not Yet Completed," *Hamilton Spectator*, 20 December 1944.

¹⁴⁴ Ibid, "Former Airmen Salvage 500 Planes at Brantford," *Globe and Mail*, 18 October 1946.

as possible.¹⁴⁵ In 1946, the company purchased about 1,000 planes from the WAC: 500 in Brantford, 300 in Mont Joli and 200 at St Johns, Quebec. From these derelict planes the company developed “some of the finest car trailers, in more than one size, and wheelbarrows, Canada has had.”¹⁴⁶ The trailers and wheelbarrows were pneumatic, had built in compressors, and cushioned wheels. Furthermore, the company recovered, refurbished, and sold a whole slate of other items, including starters, generators, lights, water-pressure tanks, gas tanks, batteries, hydraulic systems, “and a few other items” – all largely recovered from the Anson aircraft and other types they dismantled.¹⁴⁷ In fact, their business was so successful that the biggest challenge was disposing of the aircraft frames once they were picked clean.

The recycling and upcycling of surplus aircraft occurred in other ways as well. In one fascinating example, a veteran named John G. Lacourse purchased seven Ventura bombers from the WAC and located at the RCAF station in Burford, Ontario. Lacourse had the bombers shipped from Burford to the garage and service station he owned near Hannon, Ontario. Originally he wanted to fly them over, but he was unable to find a suitable landing site near his business. As a result, he rented several tow trucks to haul the planes in “one of the strangest convoys ever seen on Ontario highways.”¹⁴⁸ The convoy was escorted by provincial police and when traversing Brantford, city police assisted in redirecting traffic. Even with the wings removed the Ventura bombers were so large that they took up the full width of the roads. As the *Hamilton Spectator* reported, “low hanging branches were stripped from quite a few trees by the tails of the planes, and a highway crew, following behind with a truck was kept busy removing them from the roadway. In Brantford, a Hydro pole was broken off and service temporarily affected.”¹⁴⁹ According to Lacourse, the efforts were worth it. Before moving the planes he stripped them down and sold all their equipment, wheels, motors, wiring, instruments, tubing,

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

¹⁴⁷ Ibid; “Aircraft Mechanical Salvage Co. Ltd. Offering War Surplus Bargains,” *The Montreal Gazette*, 20 January 1947.

¹⁴⁸ CWM, Democracy at War, “Great Bombers Convoyed Along Highways Here,” *Hamilton Spectator*, 18 September 1947.

¹⁴⁹ Ibid.

toilets, chairs, scrap metal from the wings, and even some gasoline that was still in the tanks at the time of his purchase. The sale of the equipment and parts more than covered the planes' selling price and his transportation costs to Hannon.¹⁵⁰

For Lacourse, though, the real prize was the seven remaining fuselages. In fact, Lacourse purchased the planes specifically to upcycle the fuselages into "family overnight cabins" at his service station. "When stripped of all the fittings," he told the *Hamilton Spectator*, "the body of the planes is large enough to permit room for a double bed in the tail and two bunk beds in the nose. Tables, chairs, and other furniture will be placed in the centre."¹⁵¹ By purchasing surplus aircraft and renovating them so they could be converted into tourist cabins at his service station, Lacourse was both recycling and upcycling materiel into new and peaceful purposes. During a time of severe shortages in building materials, Lacourse improvised a hybrid between new and old uses for technology. In doing so, he was able to expand his business and build tourist cabins cheaply. Instead of paying a premium to construct a normal set of cabins, he adapted his plans to the availability of surplus aircraft and retrofitted them into his business operations.

Canadian naval vessels underwent similar transformations. Although only ships sold as scrap were barred from reuse, there were many other vessels that proved highly adaptable to peacetime conditions. For instance, the tugboats, barges, patrol vessels, and small boats that had serviced the RCN during the war were often purchased by private interests and reused in similar capacities. In some cases, these ships required very little alterations as was the case with the ex-naval tug HMCS *North Shore* purchased by the Gilley Brothers Ltd. which operated out of New Westminster, British Columbia.¹⁵² Patrol vessels were particularly coveted by fishing companies. In some cases, the Navy's patrol vessels were simply confiscated or loaned fishing vessels that were converted into various wartime roles, as was the case with HMCS *Crest*, a seiner originally named *May*

¹⁵⁰ Ibid.

¹⁵¹ Ibid.

¹⁵² The Straits Towing & Salvage Company did the same thing with HMCS *Hartwell*. DHH, 81/520/8000-800 Box 242 – File 10, "Enclosure memo," Staff Officer (Intelligence and Trade) Esquimalt to Director Naval Plans and Development, 1 August 1947, 6.

S and owned by Kunimatsu Saimoto, a Japanese Canadian living in Steveston, British Columbia. The vessel was confiscated in 1942 and used as a Canadian Naval Patrol Vessel until it was sold in 1945 to Gerrard Dal Secco who converted it back into a fishing boat.¹⁵³ Other naval patrol vessels had similar fates. HMCS *Valdez*, which was listed as an “Ex Japanese Fishing Vessel” that was “requisitioned during the war,” was sold first to a J. O. Horan in Vancouver and then found its way to Nelson Bros. Fisheries Ltd.¹⁵⁴ Several other patrol boats, HMCS *Standpoint*, *Skidegate*, *Moorlock*, *Merry Chase*, *Leelo*, *Kuitan*, and *Smith Sound*, also ended up in the West Coast fishing business as seiners, trawlers, tug boats, or cargo haulers for the logging industry.¹⁵⁵

Given how many corporations and individuals were interested in acquiring surplus boats, many clients were not able to buy the ships they wanted and had to settle for second choices. In these cases, the newly purchased ship had to be sufficiently renovated and modified to perform its new tasks. According to a variety of sources and sales lists, this was a common occurrence. In one case, HMCS *La Valee*, a minesweeper sold to National Fisheries Ltd. in Vancouver, was converted over the summer of 1947 into a transport vessel for fish meat.¹⁵⁶ In another case, an ex-RCN Fairmile, Q070, was purchased by the Radium Chemical Company in North Vancouver and subsequently converted to transfer “men and supplies” between “the mills owned by this company on the West Coast of Vancouver Island” and the home port of Port Alberni.¹⁵⁷ Fairmiles fulfilled a variety of other purposes including salvage rescue and pleasure craft. However, sometimes the boats were not as useful as first envisioned. In one case, the Fairmile Q069 was purchased by Mr. Garfield Weston and donated to the Sea Scouts at Vancouver in late 1945. But the vessel “proved unsuitable for the Sea Scouts” and they were looking to

¹⁵³ According to the website <http://www.nauticapedia.ca/> HMCS *Crest* was renamed *May S* in 1958 and the registry closed in June 2002. The ship was originally built in 1927. “Ship Details: Crest (H. M. C. S.),” (Accessed 24 October 2015) [http://www.nauticapedia.ca/dbase/Query/Shiplist4.php?&name=Crest%20\(H.M.C.S.\)&id=29753](http://www.nauticapedia.ca/dbase/Query/Shiplist4.php?&name=Crest%20(H.M.C.S.)&id=29753).

¹⁵⁴ DHH, 81/520/8000-800 Box 242 – File 10, “Enclosure memo,” Staff Officer (Intelligence and Trade) Esquimalt to Director Naval Plans and Development, 1 August 1947, 8-9.

¹⁵⁵ Ibid, 8-9.

¹⁵⁶ Ibid, 3.

¹⁵⁷ Ibid, 5.

sell it over the summer of 1947.¹⁵⁸ The boat was probably too expensive to keep in operation.

Perhaps the most intriguing examples of upcycled naval vessels related to the fate of Canada's destroyers, frigates, and corvettes. These classes of ships were purpose-built for war and, while large numbers were sold for scrapping, a fair number found useful second lives. In some cases, that second-life could be in another country's navy or it could be quite inglorious, such as the sinking of the venerable HMCS *Dunver* and *Charlottetown* to form breakwaters along the British Columbian coast.¹⁵⁹ However, the postwar utility of corvettes was slightly more flexible. Corvettes could be readily adapted to a variety of purposes, though their conversions tended to require more financial investments. On the West Coast, Union Steamship Ltd. bought three Castle-class corvettes HMCS *Leaside*, *St. Thomas*, and *Hespeler* for \$225,000 and four Bangor-class minesweepers, HMCS *Bellechasse*, *Chignecto*, *Courtenay*, and *Miramichi* for \$80,000. According to the company's Marine Superintendent, E. W. Suffield, Union Steamship completely overhauled the corvettes and turned them into passenger ferries. In response to an inquiry from the Navy about its former war ships, Suffield explained the modifications: "the main deck accommodation is staterooms of standard class, officer's accommodation, saloon and galley. The foc'sale deck is deluxe cabin accommodation with passenger lounge in after end. The boat deck has observation room accommodation from the break of the bridge to the funnel."¹⁶⁰ The four minesweepers had yet to be converted.

The key point here is that Union Steamship expanded its operations by turning corvettes into passenger ferries. All three vessels were altered to carry 100 first class passengers with twenty-five upper deck rooms and twenty-three standard deck rooms. The company also outfitted HMCS *Leaside*, *St. Thomas*, and *Hespeler* (renamed *Coquitlam*, *Camosun*, and *Chilcotin* respectively) with modern navigational aids and

¹⁵⁸ Ibid, 5.

¹⁵⁹ LAC, RG24, Vol. 3547, File: 8000-30 Vol. 4, "H. M. C. S. Dunver," Wagner, Stein, & Green Co. to Department of National Defence, 17 December 1948; Ibid, "H. M. C. S. Cape Breton," Wagner, Stein, & Green Co. to Department of National Defence, 5 November 1948.

¹⁶⁰ Ibid, "Disposal of H. M. C. Ships," E. W. Suffield to Naval Secretary, 19 November 1947.

radar (perhaps also purchased from the WAC). The *Coquitlam* had the longest route, ferrying passengers up the British Columbian coast from Vancouver to Prince Rupert, Alert Bay, Port Hardy, and Alaska. The *Camosun* and *Chilcotin* both operated in the vicinity of Vancouver and Vancouver Island.¹⁶¹

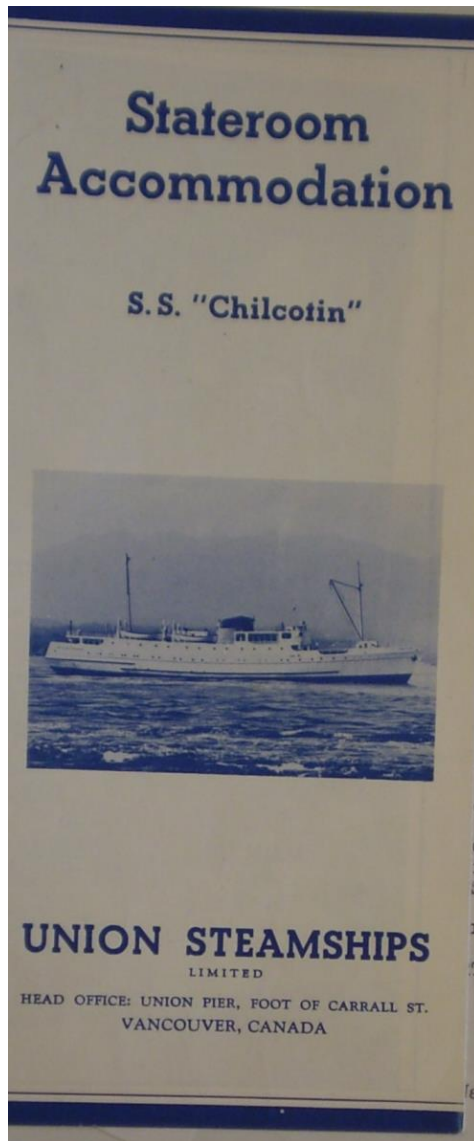


Photo 16 Brochure for the Union Steamship's S. S. "Chilcotin." Source: LAC, RG24, Vol. 3547, File: 8000-30 Vol. 4, "Disposal of H. M. C. Ships."

Union Steamship also had some competition from Gulf Lines Ltd. which bought and converted a minesweeper HMCS *Truro*, an ex-armed yacht, and a fairmile into passenger ferries. The *Truro*, renamed *Gulf Mariner*, was brought over from the East Coast through the Panama Canal and altered to service 500 day-passengers. The ex-armed yacht, renamed *Gulf Stream*, had two 440 H. P. Vivian Diesel motors installed to replace the original steam engines and its passenger accommodations were built from the bridge to vessel's stern. The new layout included five lounge cabins and a coffee bar. However, the *Gulf Stream* sunk on 11 October 1947 and was "declared a total loss."¹⁶² The fairmile, renamed *Gulf Wing*, underwent similar structural changes as the *Gulf Stream* but its new Vivian Diesel engines were only 320 H. P. and it was put into service quite quickly after the war.

Certainly businesses and entrepreneurs profited from buying surpluses and transforming them into something new.

¹⁶¹ DHH, 81/520/8000-800 Box 242 – File 10, "Enclosure memo," Staff Officer (Intelligence and Trade) Esquimalt to Director Naval Plans and Development, 1 August 1947, 1.

¹⁶² Ibid, 2, 4-5; LAC, RG24, Vol. 3547, File: 8000-30 Vol. 4, Gulf Lines Ltd. to Naval Secretary, 13 November 1947.

However, the profits derived from upcycled or recycled assets were not always financial, nor did companies always do the transforming. Indeed, in many instances it was the end users who gained the most from purchasing surpluses, though in these cases the profits were more aesthetic, intrinsic, or leisure-related. Fashioning wedding dresses from the silk, nylon, and cotton linings of parachutes is perhaps the most clichéd example. However, parachute linings were quite versatile and could be adapted into other things. In one case, several craftsmen and companies, including Bancroft Industries Ltd. and Canadian Hardware & Novelty Co., purchased thousands of surplus parachutes and altered the surfaces “free from threads” and reformed them “into smart ‘silk’ lamp shades.”¹⁶³ Other popular items included brass metals or shell casings, sold for art or decorative purposes. This fuelled a new generation of “trench art” or items constructed by soldiers (or forged by counterfeiters) from spent cartridge casings or other things found in military environments. The most enduring of these “pieces” are the ashtrays designed from spent artillery shells that were often fixtures in Legion halls.¹⁶⁴

Other people purchased surpluses for purely leisure pursuits. For example, sometime in 1946-1947, an American civilian living in Pasadena, California named Bearl Sprott was able to acquire an ex-RCN armed yacht named HMCS *Cougar*. Sprott purchased the *Cougar* from Jack Gilmour Ltd., a Vancouver-based company that had originally bought the vessel from the WAC.¹⁶⁵ He then proceeded to retrofit the *Cougar* into the ultimate pleasure-craft. According to a confidential list of postwar ship sales, Sprott added two new 300 horsepower diesel engines and closed the waists and quarterdeck to accommodate the housing and handling facilities for “a small float plane on the after deck.”¹⁶⁶ A few months after purchasing the boat Sprott transferred it to a US registry and changed the *Cougar*’s name back to its prewar moniker: *Breezin’ Thru*. Indeed, Sprott’s renaming was remarkably appropriate and his yacht-plane contraption

¹⁶³ Berry, “Functions of War Assets Corporation,” 39.

¹⁶⁴ Jane A. Kimball, *Trench Art: An Illustrated History*, (Davis, CA: Silverpenny Press, 2004), 331-336.

¹⁶⁵ DHH, 81/520/8000-800 Box 242 – File 10, “Enclosure memo” Staff Officer (Intelligence and Trade) Esquimalt to Director Naval Plans and Development, 1 August 1947, 3; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database. See also: Fraser McKee, *The Armed Yachts of Canada*, (Erin, ON: Boston Mills Press, 1983), 67-70, 81, 109, and 164.

¹⁶⁶ DHH, 81/520/8000-800 Box 242 – File 10, “Enclosure memo,” Staff Officer (Intelligence and Trade) Esquimalt to Director Naval Plans and Development, 1 August 1947, 3.

must have made him the envy of every other boater wherever his pleasure craft went! However, in mid-1950, Sprott sold the boat to someone he called “the Duke” in correspondence with the purchaser’s agent and while on route to its new home in Spain, *Breezin’ Thru* was caught in Hurricane Charlie and sunk in the harbour at Kingston, Jamaica.¹⁶⁷

Conclusion

The disposal of munitions and supplies was an integral part of reconstruction and rehabilitation. In selling its inventories, the WAC provisioned the postwar economy with the tools, objects, materials, and assets that were needed to complete postwar plans and objectives. Businesses, organizations, government agencies, and average citizens all benefitted from material demobilization, as they were able to reuse, recycle, and upcycle surplus munitions and supplies into productive peacetime purposes. Yet the ability to acquire and use objects was limited by severe material shortages, government policies, intense competition, and problems with industrial reconversion. This added greater importance and urgency to obtaining surplus assets, the availability of which helped mitigate the shortages by filling gaps in production or space in store shelves. Obviously, second-hand assets could not completely resolve the dearth of goods in postwar Canada, but they certainly took the edge off the crisis in several key areas. The WAC played an important role in stabilizing some of the political, economic, and social dislocation caused by the transition to peace. However, by the same token, the domestic marketplace was not always an ideal location to sell everything. Canada’s population and economy were too small relative to the vast quantities of unneeded government property, especially considering the selling restrictions on lethal assets and the array of weaponry, explosives, and ammunition accumulated by the military. International clients had to be found if the WAC was going to recoup as much money as possible.

¹⁶⁷ McKee, *The Armed Yachts of Canada*, 164.

Chapter 6

The Diplomacy of Disposal: Settling War Claims and Selling Surpluses Overseas

We want to try to do justice to the Canadian taxpayer, and we are proceeding with this disposal in close co-operation and collaboration with the British War Office and Ministry of Supply, especially in relation to the disposal of actual war-like stores to constitute the armies of Allied nations.¹

G. K. Sheils, Deputy Minister, Department of Munitions and Supply, 30 July 1945

Introduction

The WAC effort to maintain economic stability and supply the objects required to fulfill postwar plans was an important part of reconstruction and rehabilitation. The Corporation certainly prioritized the domestic marketplace when liquidating its inventories, resulting in an important peace dividend for the national economy and social welfare programs immediately following the war. Yet sales to the domestic market and Canadian customers were not the only outlets available, as foreign governments and international clients showed interest in Canada's surplus materiel. The export of surplus assets to international clients and the disposal of Canadian-owned property located overseas deserve further analysis particularly given the types of commodities sold and the fact that Canadian citizens were not the only people to reuse, recycle, and upcycle Canadian surpluses.

When hostilities ended, it was understood that the domestic economy and the military's postwar requirements could never fully absorb the vast inventories accumulated during the war. Therefore, the large stockpiles of arsenals and equipment in the UK and the Netherlands posed as significant challenge to both the WAC's mandate and the DND's postwar planning. Returning assets to Canada was an expensive and potentially redundant undertaking. In effect, the transportation and storage costs involved in repatriating assets from Europe, just to declare them surplus in Canada, were not worth

¹ CWM, Democracy at War, "Canada Selling Surplus Stores to Some Allies," *Globe and Mail*, 30 July 1945.

it. This was especially the case if similar types and models were available in Canada in sufficient numbers to fill postwar military requirements or aggregate demand.

The utility of international markets and alliances was obvious. Selling excess military stores already located overseas saved repatriation costs, while exporting surpluses from Canada ensured that the domestic economy would not get completely overwhelmed. Therefore, international markets provided important outlets that limited what items re-entered Canada's domestic economy, while also helping with the reconstruction of Europe or the reconstitution of friendly militaries in the years preceding the North Atlantic Treaty Organization (NATO). Furthermore, the disposal of surpluses overseas also truncated the size and cost of Canada's postwar reconstruction programs. This fortunate development resulted from the fact that Canadian industries procured only part of the munitions and supplies used by the country's armed forces. Consequently, Canadian military units had to draw heavily from British supply channels to offset shortages. When hostilities ended, this created a situation in which Canadian soldiers were in possession of kit that the military did not own and had to return.

The Canadian government also used the disposal of surplus munitions and supplies overseas as a means of settling war debts with the UK and the Netherlands. Entwinning surplus military assets with war claims was mutually beneficial since Canadian assets were already stockpiled in those countries and there was an acute demand for all manner of weapons and equipment in a war-ravaged Europe. War debts were generally settled in two ways: either through a lump sum payment issued to offset the difference between all claims, or by transferring surplus munitions and supplies in lieu of money. This created a flexible system for settling debts in which surplus property played a central role. In using international sales as an outlet to protect the domestic economy, Canada dabbled in the marketplace for military surpluses by selling large quantities of merchandise and, while supplies lasted, enjoyed some prosperity.

Yet the disposal of munitions and supplies internationally had mixed success and was far from straightforward. A large number of obstacles plagued the WAC's efforts overseas. In his dealings with the Canadian Military Headquarters in London (CMHQ) and National Defence Headquarters (NDHQ) in Ottawa, Major-General D. E. Dewar, the

WAC's Overseas Sales Director, encountered a range of issues while stationed in England from July 1945 to June 1946. Perhaps the biggest obstacles were created by the Army's slow and sometimes flawed procedures as well as its rapid demobilization plans. Moreover, the postwar foreign exchange crisis meant that officials in the Department of Finance only wanted Canadian or American dollars for surpluses, which prevented Dewar from selling to clients who could only pay in their native currencies. DEA and DRS officials also hindered Dewar's efforts through formal and informal diplomatic arrangements that closed off local British markets and required him to transfer any Canadian surpluses destined for the UK to the Ministry of Supply. Competition with his British and American counterparts also proved highly troublesome as the international market for military surpluses was hotly contested and easily flooded.

During the war, the Canadian military had grown substantially in size and capability, but this growth was disproportionate to the country's junior rank in world affairs. Therefore, when hostilities ended, Canada was primed to unload a large amount of weaponry, ammunition, and equipment. This brought Canada into the shadowy world of arms dealing. In fact, selling arms to reconstitute the armed forces of allied countries was perhaps Canada's most important postwar role in the establishment of collective security arrangements.² However, Canadian sales were often constrained by the interests and foreign policies of the UK and US. To navigate around British or American prohibitions, the DEA's objections, and the questionable morality of selling arms, the WAC "demilitarized" every ship and aircraft it sold by removing the armaments and ammunition, while Cabinet stringently reviewed all trade proposals involving the export of arms (both new and used). Canada's international disposal policies were driven by pragmatic necessities and were not overly concerned with how the asset was used after payments were received.

In that sense, the WAC played a role in the diffusion of military technologies, with both positive and negative consequences. The WAC sold systems without weapons, which recouped some of their original value, but there was little stopping the customer from finding armaments and ammunition elsewhere. The Corporation also sold surpluses

² Kilford, *The Other Cold War*, 55-94.

to help in the reconstruction of postwar Europe and the associated humanitarian crisis, but this always came as a secondary consideration since the Canadian government and military had to satisfy postwar requirements before selling the remainder. The WAC also played a role in the reconstitution of allied armies, but the quantity and quality of the second-hand weaponry acquired was dubious and in all likelihood had a negative impact on the combat effectiveness of Canada's Allies.

The Disposal of Surpluses Located Overseas

Canada's global footprint of surplus munitions and supplies was not as large as that of the UK or US, but it still possessed some important transnational and international dimensions. In fact, the country's alliances and imperial connections were extremely helpful in the disposal of assets used by its armed forces overseas. By using international markets and relying on Allies, Canada was able to reduce or even eliminate many of its liabilities for disposal. Just as it had during the war, Canada relied substantially on the UK in this regard. Despite Canada's remarkable wartime productivity, only about 30-40 percent of industrial output actually went to the country's armed forces. Instead, the vast majority of production went to the nation's Allies through the Mutual Aid program.³ As a result, when the war ended the ownership of all munitions and supplies in the hands of the Canadian Army had to be ascertained before disposal took place. After all, an Army using borrowed kit could not turn around and sell it for a profit without the original owner's consent.⁴

Over the summer of 1945 a special committee was established by the DND to vet all stores located in England and Northwest Europe in order to determine what objects were Canadian property. The committee, headed by an officer whose last name was Morrison (his rank and first name are unknown), was similar to the AOSAC except that it played a more direct role in examining property and accessing ownership. While the cynic might liken the Morrison Committee's work to a bunch of bureaucrats and army officers counting their beans, the task of establishing ownership and tabulating stocks

³ Stacey, *Arms, Men and Government*, 287, 488.

⁴ For example, a sale of trucks to the Dutch was held up in October 1945 "pending decision that the United States Government agrees to disposal of these assigned vehicles." LAC, MG27-III B20, Vol. 50, File: S-12-20-7, "Army Message," D. E. Dewar to C. D. Howe, October 1945.

was an essential if tedious component of postwar planning. Only once quantities and ownership were verified could surpluses be culled from available inventories for final disposal. Therefore, the bean-counting allowed the military to figure out what non-Canadian property had to be returned to the British (or American) supply depots. In doing so, this helped them establish the military's postwar requirements.

Establishing the size of the postwar military was both a political and strategic choice. Yet it also came with the pragmatic implications of calculating material needs, projecting future consumption rates, and selecting kit from available stocks. In determining postwar requirements each branch of the military forecasted the retention of "sufficient consumable stores" on a range of "3 to 5 years based on the anticipated rate of consumption" in peacetime.⁵ Given the extensive production and procurement programs, the Services were in a privileged position of picking from pre-existing arsenals that had already been paid for and declaring the remainder surplus. As Colonel W. G. Denney, Director of Ordnance Services (Provision) in the MGO Branch, explained to the SCWEE, "although there are many new developments which may, in the near future, change the type of some weapons with which the Army fights, it is somewhat too early to assess all these. Therefore, it has been decided that we will start with such battle proven equipment as we have available, and that as new weapons and equipment are developed, the Canadian Army will share in this development."⁶

In addition to forecasting future material requirements and separating out Canadian property from British- or American-owned assets, the establishment of postwar requirements also had to be done in light of where Canadian assets were located. During the war, Canada had effectively built up two separate militaries on either side of the Atlantic. By the end of the war 1.1 million Canadians had donned a khaki uniform with a little more than half serving overseas. When Germany was defeated, combat forces were stationed primarily in the Netherlands and northern Germany, while the bulk of remaining reserves and service personnel were stationed in Britain and in the coastal areas of the continent along the First Canadian Army's axis of advance. Major supply

⁵ SCWEE, 9 April 1946, (No. 4, Book 2), 85.

⁶ SCWEE, 16 April 1946, (No. 6, Book 2), 146.

centres were located at Camp Bordon and Aldershot in the UK and Apeldoorn and Deelen in the Netherlands.⁷ Back home in Canada, where the “other” half million served, Canadian forces were spread across the country at various training and storage depots, air bases, port cities and other strategic points. Major supply hubs were mainly located in central Canada, near places like Montreal, Valcartier, and Valleyfield in Quebec and Toronto, London, and Windsor in Ontario.⁸

In establishing postwar requirements each Service first had to tabulate what Canadian property existed in their inventories both at home and overseas, and then it had to figure out if the stores in Canada were sufficient to fill future needs. This calculation was critical: if stocks in Canada were not sufficient to meet postwar requirements then munitions and supplies located overseas had to be repatriated. Inversely, if postwar requirements were satisfied by stores available in Canada then every corresponding category of kit in Europe was surplus. There was simply no need to pay transportation and storage costs just so items could be disposed of in Canada. Assets were only repatriated if the stores available in Canada were insufficient. As one member of the SCWEE remarked in response to his question about surplus declarations and repatriated vehicles, “there would be no reason for returning these [vehicles] from overseas. If [the Army] declared some surplus that were new here in Canada, then the Ordnance Department has pulled a boner, I would say.”⁹

The military was intent on avoiding this “boner” and as a result everything that was considered surplus and located overseas was disposed of there, either by returning them to the original owner or through international sales. In doing so, Canada saved substantially on disposal costs. In May 1946, Colonel Denney explained the value of this strategy to the SCWEE. His testimony shows that almost every military asset brought home from Europe was deemed necessary for postwar purposes. Thus, the expense of returning (as of 2 May 1946) 8,312 military-patterned vehicles was justified since they

⁷ For more see: Tim Cook, *Fight to the Finish*, 117-402; C. P. Stacey and Barbara M. Wilson, *The Half Million: The Canadians in Britain, 1939-1946*, (Toronto: University of Toronto Press, 1987), 3-31, 156-180.

⁸ Despite the fact that nearly half of all who served remained in Canada there has yet to be a history written about their wartime experiences.

⁹ *SCWEE*, 7 May 1945 (No. 8, Book 2) 196.

were not available in Canada in sufficient quantities at the time.¹⁰ These vehicles augmented forces already stationed at home, though he did admit that as postwar budgets were confirmed several hundred of the returned vehicles unexpectedly became surplus. However, the Army considered this number quite reasonable given that its original estimates were made over the summer of 1945 and largely based on envisioned budgetary allotments for the next fiscal year. As Denney stated, “I would like to point out...that an estimate of the requirements for the post-war army immediately at the cessation of hostilities takes considerable calculation and investigation...I think that to come within 500 of the requirements was a fairly good reckoning on the part of the General Staff, who did the calculating practically ten months ago.”¹¹

In making solid estimates about postwar requirements and separating out Canadian-owned property so that everything else could be returned to the UK or US, the Army (in particular) drastically cut back on what was disposed of at home and abroad. In effect, Canada was able to pass off its liability for final disposal and avoid a sizable and worldwide destruction program for military assets similar to those undertaken by the UK and US. For instance, although Canada possessed large numbers of surplus aircraft, the WAC never had to develop a large network of permanent boneyards around the world where tactical aircraft were stored until reduced. Instead, they temporarily used former RCAF air bases for storage space. Moreover, since large portions of Canada’s air fleet were returned to the RAF or retained by the RCAF for future use, few intact tactical aircraft were declared surplus. As a result, by May 1946, the WAC had received a total of 6,790 aircraft (split between forty-three different types) totalling \$362,548,093 in original value, but by the author’s count only 850 can be classified as tactical aircraft for a total original value of \$81,656,893.¹² Although the numbers increased over the following years (especially for Mosquito bombers), the remaining 5,940 aircraft were all obsolete models with some civilian application such as, trainers, transport, and reconnaissance types.

¹⁰ Ibid, 191-198; *SCWEE*, 23 May 1946, (No. 14, Book 3), 447.

¹¹ *SCWEE*, 7 May 1945 (No. 8, Book 2) 196-198.

¹² Divided by number and aircraft type they were as follows: 391 Battles, 3 Beauforts, 6 Digbys, 1 Fortress, 169 Hurricane, 72 Kittyhawks, 28 Lancasters, 81 Liberators, 2 Mosquitos, 66 Swordfish, 31 Venturas, and not a single Spitfire. *SCWEE*, 9 May 1946, (No. 1, Book 2), 232.

The British and Canadian militaries developed many informal arrangements for exchanging assets free of charge and without declaring them surplus. This occurred whenever both countries owned identical types of, for instance, vehicles or ammunition located inside each other's borders.¹³ The general parameters for informal disposal arrangements were first studied over the summer and fall of 1944 and by February 1945 Berry finalized a comprehensive memorandum on the subject after circulating it to the CAAC, the DEA, and the Privy Council. Although some corrections were made, the basic logic and structure of his recommendations were accepted and served as a key starting point for future war claims negotiations, particularly with the British.¹⁴ Berry's recommendations were largely based around the Canadian-American disposal agreements outlined by the 33rd Recommendation of the PJBD. The key principle was the maintenance of sovereignty over the assets and property located in another country. Accordingly, each country involved retained the right to withdraw any property from the other for disposal either in Canada or another country. Berry's recommendations also stipulated that disposal could only occur through established agencies. This meant that Canadian surpluses could only be sold through the Ministry of Supply in the UK and British surpluses in Canada could only be liquidated through the WAC. Other important clauses included stipulations on acceptable currencies, that any sale of property within the territorial limits of the other required approval from both governments or their representatives, and that the British government was allowed to "pool any such surplus property with similar items, held by them for disposal" and that a share of the net proceeds would be credited to Canada.¹⁵

However, despite the thorough recommendations, an orderly liquidation of surpluses located in foreign countries was not always the outcome. Over the summer of

¹³ LAC, RG24, Vol. 34394, File: 5130-2, "Memorandum for the CNAS," E.H. Russell to M.A. Medland, 4 May 1946; *Ibid*, "Memorandum for Deputy Minister," H.T.W. Grant, 21 June 1946.

¹⁴ LAC, RG101, Vol. 4, CAAC Meeting Minutes, 24 August and 29 September 1944; LAC, RG2, Vol. 12, File: W-45-1, "re: International Aspects of Disposal of Surplus Materials," W. D. Matthews, 16 September 1944; *Ibid*, "Disposal of Surplus War Assets – International Agreements," P. A. Cumyn, 20 December 1944.

¹⁵ LAC, RG2, Vol. 12, File: W-45-1, "Crown Assets Allocation Committee: Recommendation for the Disposal of Surplus Canadian Property, Becoming Surplus within the Territorial Limits of any Allied Nation," 5 February 1945; LAC, RG101, Vol. 4, CAAC Meeting Minutes, 24 August and 29 September 1944.

1945, the difficulty of implementing arrangements and procedures devised on paper and coordinating them across multiple departments, governments, and militaries became quite apparent to those tasked with overseas disposal. Although establishing ownership and tabulating inventories eventually provided policymakers with an overall picture of what assets were available for sale or postwar purposes, it did very little to speed up disposal while the bean-counting and decision-making took place. In effect, while officials sorted out the details, others saw new opportunities. Starting around April 1945 average citizens, companies, organizations, and hospitals in the UK correctly predicted that Canadian forces would soon be returning home and started contacting officers at CMHQ about acquiring surplus equipment. Their appeals for help were met by a sympathetic audience, but despite their best intentions, these soldiers were unable to help. The Canadian Army was in the midst of its inventory appraisals for Pacific and postwar requirements. Nothing was technically surplus yet, so nothing could be sold.

Yet the flood of requests and appeals for special consideration did not let up. British hospitals and clinics were particularly persistent in their representations to Major-General Robert Marsden Luton, the Director of Medical Services at CMHQ. Impoverished, war-weary, and in some cases physically damaged, many British hospitals and their patrons – particularly in the London area – were in dire need of more supplies and improved facilities. In general, hospitals were searching for all manner of expendable stores, from bedding, stirrups, syringes, bandages, or narcotics, to some of the more specialized equipment like X-ray scanners, which was a recurring theme since X-ray equipment was in short supply and very expensive.¹⁶ One of the first requests Luton received was a 24 April 1945 letter from Colonel Kenneth Maitland, the Vice Chairman and Treasurer of the Queen Elizabeth Hospital for Children. Maitland's letter, written as a follow-up to an earlier telephone conversation, explained that the hospital needed to outfit a new branch opening at Banstead in Surrey and the hospital was hoping to acquire equipment at a low cost or as a free gift. The hospital's five-page wish list was combed over the next month by Luton who figured that Canada could spare, among many other

¹⁶ For examples see: LAC, RG24, Vol. 12590, File: 11/DISPOSAL MED/1, Letter from Queen Mary's Hospital for the East End, 24 May 1945; Ibid, Letter from Bearsted Memorial Hospital, 7 June 1945.

things, nine baby cots, twelve bed cradles, three blood pressure apparatuses, four X-Ray viewing boxes, two Oxygen tents, and 100 rubber hot water bottles.¹⁷

On June 22nd, Luton sent the request and inventory up the chain of command to Major-General E. G. Weeks, hoping that the supplies could be provided at “salvage price or as a gift to the hospital” since Maitland had been especially helpful to Canadians during the war.¹⁸ However, Luton’s request was at odds with official policy and procedures. CMHQ was not in a position to help anyone – not even a children’s hospital – because it did not know what was surplus yet.¹⁹ Moreover, through the on-going diplomatic discussions about surplus disposal, Canadian officials in Ottawa became aware that their British counterparts viewed these types of generous transactions very apprehensively, especially for stores that were easily convertible to civilian uses. Just as Canadian officials were concerned about the flood of American surpluses wreaking havoc in domestic markets and destroying prices for new goods, the concerns of British officials were magnified by the number of Allied armies stationed inside its borders and the fact that most would leave behind large amounts of surplus kit. Without any formal disposal agreements or settled war claims, these fears were prominent and concerning. Canadian officials no doubt found the British fears familiar, but for Luton and other CMHQ officers dealing with face-to-face requests, a different perspective developed.

Weeks’s refusal should not have surprised Luton. A month earlier, on 11 May 1945, Lieutenant-General P. J. Montague, the Chief of Staff at CMHQ, had relayed a CMHQ recommendation to NDHQ about the possible uses of Canadian-owned surplus medical and dental supplies. The recommendation (and correspondence), which crossed Luton’s desk while he compiled an inventory for Maitland, called for giving the nearly 2,000 medical and dental officers stationed overseas priority access to purchase surplus stores for their own rehabilitation since many had closed or sold their practices to enlist. However, NDHQ refused the request because of severe shortages of medical supplies in Canada, stating that medical and dental officers “who have not yet set up a practice face a

¹⁷ Ibid, “Surplus Canadian Medical Stores,” 19 June 1945.

¹⁸ Ibid, R. M. Luton to E. G. Weeks, 22 June 1945.

¹⁹ Ibid, E. G. Weeks to R. M. Luton, 23 June 1945.

difficult problem. Their plight however can only be considered as secondary to that in which armed service casualties (present and future) would be placed were we unable adequately to equip our own hospitals in Canada and overseas.”²⁰

In the absence of any formal claims settlement between Canada and the UK or much information on Berry’s February recommendations, it seems that Luton tried to improvise his own informal disposal arrangements that took advantage of the prevailing demand for surplus kit in Britain. Perhaps he hoped that common sense would prevail when his superiors learned of his actions, but this was not the case. In fact, Luton was working at odds with the policy parameters established in Ottawa. In the spring of 1945, and on the basis of Berry’s recommendations for the disposal of surpluses in foreign countries, an understanding was reached with the British when a Canadian delegation arrived in May at Cambridge for some financial talks with John Maynard Keynes and other British officials. The understanding was similar to the “Gentlemen’s Agreement” with the US, in that the Canadian and British governments agreed to let the British Ministry of Supply handle the disposal of Canadian surpluses in the UK by taking custody when necessary and by setting prices at or near market value. Whatever profits were collected from the sales was put in a suspense account and settled at a later date when the financial agreement and war claims settlements were finalized. Moreover, when dealing with countries other than the UK, Canadian officials in Ottawa urged caution and restraint in messages to their subordinates overseas.²¹ “To avoid embarrassment” and prevent officials from working at cross-purposes, all enquiries about Canadian surpluses were to be “directed through regular diplomatic channels in Ottawa by governments concerned” and officials overseas were to forward their remarks and comments to

²⁰ Ibid, Message Defensor to Canmilitary, 3 June 1945.

²¹ LAC, RG25, Vol. 3732, File: 5979-G-40 “Surplus Canadian War Materials Overseas,” Defensor to Canmilitary Financial Superintendent, 3 July 1945, 1-3; Ibid, A. Ross to W. D. Matthews, 4 July 1945; Ibid, “Telegram,” High Commissioner for Canada to Secretary of State for External Affairs, 5 July 1945; Ibid, J. H. Berry to R. B. Bryce, 23 July 1945; LAC, RG25, Vol. 2081, File: AR 13/5 Vol. 1 “U.K. – Canada – Disposal of Surplus War Material,” D. V. Le Pan to D. E. Dewar, 6 September 1945.

contextualize the requests.²² Under no circumstances were officials in the Canadian Army to negotiate or make promises to foreign dignitaries and officials.

However, the disposal arrangements devised in Ottawa and London remained incompatible with some local conditions. Indeed, for the WAC's Overseas Sales Director, Major-General D. E. Dewar, using the proper channels became one of the biggest hurdles of his job. When Dewar arrived in England in July 1945 the disposal of surplus Canadian medical supplies immediately fell into his lap and became one of his first major tasks.²³ Inundated with enquires and pressured by Luton, Dewar wanted to make some quick sales, but instead faced bureaucratic delays and diplomatic hurdles, and until the CMHQ finished its stock taking, he had little knowledge of what was available. For example, to facilitate the sale of surplus medical supplies to British hospitals, Dewar convened a meeting with Luton and British officials from the Ministries of Health and Supply on 4 September. At the time, it was unlikely that Dewar was fully briefed on the complete parameters of the Anglo-Canadian "Gentlemen's Agreement" since Howe informed him of the arrangements in writing on 1 October. However, his dealings with British officials certainly clarified the situation. At the September meeting, Luton stated his intentions: there were currently 22,500 unused hospital beds in the UK, half of which would be returned to Canada, but the other half would need new owners. Moreover, other valuable equipment and supplies totalling about £400,000 were just sitting in storage. Luton was worried that the "value to humanity" would be lost if this supply of equipment remained unused and not maintained. He wanted to use Maitland's hospital as a test case in which medical supplies were turned over for a nominal fee of £1,000.²⁴

Despite the need and cheaper prices, British officials resisted the overtures and openly spoke about destroying these supplies rather than purchasing them. Although the British officials did not object to the efforts to provide hospitals with supplies, they were looking at the bigger picture and worried that Canadian surpluses sold for such small

²² As the Army Message to CMHQ stated, "no negotiations or promises should be made except through diplomatic channels from Ottawa." LAC, RG25, Vol. 3732, File: 5979-G-40, "Army Message," CANMILITRY to Financial Superintendent, 3 July 1945, 3.

²³ LAC, MG27-IIIB20, Vol. 50, File: S-12-20-7, D. E. Dewar to C. D. Howe, 3 September 1945, 3-4.

²⁴ LAC, RG24, Vol. 12590, File: 11/DISPOSAL MED/1/2, "Minutes of Meeting at Department of Reconstruction Offices, 28 St. James's Square," 4 September 1945, 1-2.

amounts would damage postwar prices for new goods, thus crippling the vital industries that were manufacturing or expecting to produce them in the postwar economy.²⁵ British officials then referred to the parameters of Berry's recommendations, citing the need to dispose of everything through the Ministry of Supply. Both Luton and Dewar were taken aback: it seemed as though Canadian and British officials had conspired to prevent any attempts at filling the urgent need in the UK. In a moment of exasperation at the meeting Dewar lamented the fact that "the Canadian Disposal Body did not visualize the humanitarian aspect and that any action towards donations or sales at nominal prices must be dealt with by the Canadian Authorities as a question of Government policy."²⁶ Everyone's hands were tied for different reasons and it was clear that gifts were not possible. However, Luton and Dewar were able to secure some discretion over where the Ministry of Supply sold the equipment in that they could earmark items for delivery (with a twenty percent discount) to those hospitals that had helped Canadians during the war.²⁷

Throughout Dewar's tenure as Overseas Sales Director, a constant series of challenges and problems plagued his efforts. The sale of medical supplies in Britain was just the beginning and his frequent correspondence with Howe revealed much about the incumbent obstacles. It did not take long for Dewar's frustration with the Canadian Army's procedures to grow, particularly given their inherent flaws. To put it mildly, the Morrison Committee's task was thankless and boring, the overseas equivalent of the government-wide appraisals that preceded the flood of surplus declarations discussed in a previous chapter. Like with bureaucrats in Ottawa, the monotony of paper-pushing quickly wore out committee members who started taking advantage of whatever shortcuts they could. According to Dewar, those shortcuts had serious consequences and greatly complicated his work once the inventory lists arrived at his office in London. As he explained to Howe, those in charge of making the inventories did so based solely on unit

²⁵ Ibid, "Minutes of Meeting at Department of Reconstruction Offices, 28 St. James's Square," 1-2; LAC, MG27-IIIB20, Vol. 50, File: S-12-20-7, G. K. Sheils to D. E. Dewar, 3 October 1945.

²⁶ LAC, RG24, Vol. 12590, File: 11/DISPOSAL MED/1/2, "Minutes of Meeting at Department of Reconstruction Offices, 28 St. James's Square," 2; MG27-IIIB20, Vol. 50, File: S-12-20-7, D. E. Dewar to C. D. Howe, 3 September 1945, 3-4.

²⁷ LAC, RG24, Vol. 12590, File: 11/DISPOSAL MED/1/2, "Minutes of Meeting at Department of Reconstruction Offices, 28 St. James's Square," 1-5

war establishments and not by counting all the items available in depots or unit areas. In other words, committee members reasoned that if a unit was supposed to have X number of soldiers than it should also have Y number of socks or Z number of weapons – so there was no need to actually count everything. The reality, of course, was not so clear cut. This shortcut allowed the committee to quickly tabulate a general inventory for their superiors in Ottawa who were making the final decisions on all postwar requirements. However, for Dewar it caused confusion and delay since he needed exact totals for the purposes of marketing and sales negotiations.²⁸

The time it took to compile the lists and communicate them back to Ottawa for final approval also left Dewar without many goods to sell or indications of what might be unneeded in the future. Obviously he expected a postwar rush at some point but, as the summer turned to fall, Dewar grew exceedingly frustrated with the Army's intransigence. On 3 September 1945, he wrote to Howe explaining that "the army has been extremely slow in getting forward to me their surplus lists. They have been handicapped by a lack of knowledge of complete Canadian requirements as well as the complete requirements of the Occupational Force" – all of which were being dictated to CMHQ from Ottawa.²⁹ For Dewar the problem was getting out of hand. With each passing day he and other Canadian officials were inundated with requests for all types of munitions and supplies (such as vehicles, weapons, and medical supplies) from Allied governments, hospitals, relief organizations, and individual citizens who all predicted an imminent Canadian withdrawal from Europe.

However, Dewar had few items to offer and instead of consummating sales immediately, he was forced to politely inform customers to check back later when supplies might be available. Dewar felt as though he was missing a chance to take advantage of a materially-starved marketplace. Moreover, as he saw it, the window of opportunity was closing quickly, as rumours were rampant that other Allies were on the verge of liquidating their surpluses and this added further urgency to Dewar's complaints. As he wrote Howe on 9 October, "I have been advised that the United States will put on

²⁸ LAC, MG27-III B20, Vol. 50, File: S-12-20-7, D. E. Dewar to C. D. Howe, 3 September 1945, 3.

²⁹ Ibid, D. E. Dewar to C. D. Howe, 3 September 1945, 1.

the market approximately 40,000 vehicles in Belgium within the next two or three weeks. For that reason I am continuing the pressure on the Army to release as many vehicles as possible before the floods come.”³⁰ Indeed, with so much Allied kit likely to become available in Europe, getting a quick start on sales was essential. Prices and clients were only going to decrease in the future.

Dewar’s pressure on CMHQ officers did result in some isolated successes. In September 1945, he arranged one of the first major sales of Canadian assets overseas. In exchanged for \$5 million (USD) Canada sold about 3,600 trucks to Czechoslovakia and Poland through UNRRA. Although CMHQ was originally unwilling to write off the trucks as surplus, Dewar saved the transaction by prevailing “on CMHQ to give us a partial list in order to facilitate the movement.”³¹ As a result, CMHQ released the trucks from depots in the Netherlands and the whole transfer of assets was codenamed Operation *Canhar*. Overall, *Canhar* proved quite successful. Dewar’s work ensured that Canada found an early buyer for some of its surplus vehicles and the trucks arrived just in time to help save the harvest in Poland and Czechoslovakia which was the operation’s ultimate goal (note the merging of “CANada” and “HARvest”). Moreover, according to Susan Armstrong-Reid and David Murray the sale also helped improve UNRRA’s public image and offset some of the transportation issues that were plaguing the distribution of aid.³² However, like most disposal operations it was far from perfectly executed. Traversing the destroyed remnants of Germany to deliver the convoys of vehicles to the two Eastern European nations was a complicated undertaking. The convoys got lost multiple times when war damage caused detours and, inevitably, several accidents occurred on the treacherous journey across Central Europe and through different Allied occupation zones. The trip took several days to complete and accommodations (however

³⁰ Ibid, D. E. Dewar to C. D. Howe, 9 October 1945, 3.

³¹ Ibid, D. E. Dewar to C. D. Howe, 3 September 1945, 2.

³² According to Howe UNRRA had made an official order of 50,000 on 24 September 1945. Ibid, Howe to Dewar, 1 October 1945, 1; Susan Armstrong-Reid and David Murray, *Armies of Peace: Canada and the UNRRA Years*, (Toronto: University of Toronto Press, 2008), 82-84.

rudimentary) had to be arranged. Moreover, since it was a two-way trip for all 3,600 drivers, a return trip had to be planned as well.³³

Over the fall of 1945, and after the Pacific war ended, the armed forces finally established their postwar requirements and the flood of surpluses that Dewar had predicted commenced. Unlike at home where the WAC was reorganizing and expanding its storage facilities to accommodate the surging inventories, Canada's overseas disposal administration was completely dependent on the Army's and Air Force's logistical facilities. This proved to be quite a troublesome relationship given the amount of assets requiring liquidation, the summer inventory tabulations, and a lack of coordination with DND officials. In fact, it was only in early December that Howe and Berry found out that "the army expects to be out of Holland by February 1st [1946]" and that this timetable was arranged under the assumption that the WAC would somehow be in a position to accept all remaining surpluses overseas.³⁴ However, according to Berry it was not possible or practical to build up a large staff of trustworthy and capable people to maintain custody of surpluses overseas in the short time "prior to the Canadian Army being sent home."³⁵ Perhaps Dewar summed up the situation best when he told Howe, "the main idea in the minds of the Canadian Military Organization over here is to get the troops back to Canada with all speed. This is perhaps very logical but it is certainly not going to facilitate the work of disposal."³⁶

With all the Army's facilities closing down and Canadian troops returning home, no one would be left in Britain and Holland to guard or maintain Canada's surplus stockpiles. Although the new Minister of Defence, Douglas Abbott, assured Howe that the Army would find volunteers, the numbers fell far short of requirements and there were no guarantees that those with the necessary experience would agree to stay behind.³⁷

³³ See documents in: LAC, RG24, Vol. 10620, File: 113/CAAC/1/2, "Sale of Vehicles," August-October 1945.

³⁴ LAC, MG27-III B20, Vol. 50, File: S-12-20-7, C. D. Howe to J. H. Berry, 5 December 1945, 1.

³⁵ Quote from: Ibid, J. H. Berry to C. D. Howe, 30 November 1945, 1. See also: Ibid, "Army Message," D. E. Dewar to T. F. Flahiff, November 1945.

³⁶ Ibid, D. E. Dewar to C. D. Howe, 3 September 1945, 2.

³⁷ Ibid, C. D. Howe to J. H. Berry, 5 December 1945, 1; Ibid, C. D. Howe to D. E. Dewar, 12 December 1945, 1; Ibid, J. H. Berry to C. D. Howe, 30 November 1945, 1.

The WAC was left scrambling in front of an avalanche without the personnel, administration, or supporting infrastructure. In an effort to help Dewar, Howe dispatched Colonel T. F. Flahiff back overseas. Flahiff, who had just returned from his inspection tour of Northwest Europe to start a new job as an assistant in the office of the Deputy Minister of Reconstruction, was still in Halifax when he received his new and inconvenient orders to cross the Atlantic again.³⁸ In Britain, Dewar clambered to find the necessary manpower to help him and often had to improvise solutions. For instance, since the Army's mechanics were being demobilized and sent home, the Army's service and repair facilities were rapidly closing down at Camp Bordon. As a result, Dewar had to hire a local British company, Grantham Productions Ltd., to repair and retrofit surplus vehicles so they could be readied for sale.³⁹

Berry also tried getting Howe to pressure the Army to reconsider its timetable and stay another six months to facilitate an orderly liquidation. However, Abbott, who was brought in by Mackenzie King to expedite demobilization, politely declined. With the timetable set, Berry and Howe saw no alternative but to give Dewar the go-ahead and dispose of everything as quickly as possible. As Howe told Dewar in a Top Secret telegram on 12 December 1945, "the disposal of surpluses in Northwest Europe must now be shaped to coincide with availability of military personnel."⁴⁰ By the end of 1945, Dewar faced the reverse problem from the summer: he now had too many assets to sell in a very short time period. The pressure to liquidate stores quickly was intense since his mission was to recoup some of the original cost before the Army withdrew. Thankfully, Dewar proved to be a highly capable salesman for the WAC, but the job was immensely challenging as a never-ending series of obstacles complicated his efforts and limited his freedom of action. In February 1946, after several stressful months of heavy work, Dewar briefly considered resigning his post. Having served the DMS throughout the war as Director-General of the Arsenals and Small Arms Production Branch, Dewar was burning out. Adding to his burdens was the prolonged and unexpected separation from his wife,

³⁸ Ibid, C. D. Howe to D. E. Dewar, 12 December 1945, 2.

³⁹ Dewar was using 1,750 Harley Davidson motorcycles as a test case. Ibid, D. E. Dewar to C. D. Howe, 3 September 1945, 2; Ibid, D. E. Dewar to C. D. Howe, 9 October 1945, 1.

⁴⁰ Ibid, C. D. Howe to D. E. Dewar, 12 December 1945; Ibid, J. H. Berry to C. D. Howe, 30 November 1945, 1; Ibid, J. H. Berry to C. D. Howe, 7 December 1945, 1.

whose arrival in Britain was derailed because of bureaucratic regulations surrounding her visa application.⁴¹ However, a cooler head prevailed, and Dewar continued as Overseas Sales Director until the post was terminated in June 1946.

In late fall 1945, Dewar's work started piling up as sales negotiations with the Belgian and Dutch Governments commenced. Unfortunately, few documents outlining the negotiations survived and no comprehensive list detailing everything purchased exists. According to Berry's report to the WAC's Board of Directors in February 1946 roughly \$2 million worth of surpluses were sold or in the process of being sold to those countries and "negotiations were under way with the Belgian Government for additional sales of tanks and armoured vehicles to perhaps \$1,000,000."⁴² Furthermore, from 1946-1948, the Dutch also made several purchases from the WAC that were labelled as "Group Sales of Materials in Several Classifications" in the WAC's annual reports. In total, these sales amounted to over \$3 million, but unfortunately it is unknown what materials or classifications were exchanged. This suggests that these types of bulk purchases were one way to camouflage the amount and diversity of military assets liquidated from storage depots in the Netherlands.⁴³

Suffice it to say, the Dutch and Belgians bought many different things in bulk. In August 1945, the Dutch started negotiations for purchasing at least two divisions' worth of personal equipment that could outfit those citizens being called up for police duties, and, eventually, for overseas service in the Pacific. These negotiations for the equipment continued throughout the fall and sometime in the fiscal year of 1946-1947 dozens of sales were finalized for a variety of other materials and equipment. For example, a total of \$3,531,911 was paid to the WAC (in thirty-five separate transactions) for clothing and textiles by the Dutch government and the Canadian Red Cross for consignment to Holland. Some of the items purchased included approximately 200,000 pairs of trousers, 150,000 blouses, 50,000 rifle slings, 35,000 blankets, 160,000 pairs of socks, and

⁴¹ Ibid, D. E. Dewar to C. D. Howe, 15 February 1946, 2.

⁴² Although not recorded, it is very likely these were not original monetary values. LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 14 February 1946.

⁴³ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports* (1944-1949) compiled in author's Sales Database.

thousands of pairs of boots and shoes.⁴⁴ These types of sales put surplus uniforms and textiles to good use by providing many destitute Europeans with a change of clothes.

The sale of surplus assets for humanitarian purposes was an especially lucrative business for the WAC. Not only did they provide a reliable outlet for unloading unneeded materials and supplies, but sales to foreign governments, UNRRA, the Canadian Red Cross, and several other charitable organizations helped attenuate a desperate postwar humanitarian crisis. Crushed under the weight of heavy and prolonged fighting, much of Europe and Asia lay in ruins. Allied militaries, local governments, and aid organizations struggled to cope with the wretched and starving mass of humanity displaced by the war and its aftermath.⁴⁵ Although they certainly did not offset the entire crisis, surplus assets filled a gigantic vacuum in the supply of basic commodities and services. Clothing and textiles were some of the most coveted supplies and the Dutch were certainly not the only people to benefit from Canadian stocks. The Red Cross and UNRRA made particular use of old blouses, trousers, undergarments, coats, and boots. The Red Cross alone purchased at least \$3,804,911 worth of clothing and textiles, some motor transport spare parts, and fifty-six ambulances. The items were shipped all over world: to China, Poland, Hungary, Yugoslavia, Germany, Greece, Norway, Denmark, Belgium, France, and Holland.⁴⁶ UNRRA and other relief organizations profited as well. One November 1945 shipment to Athens, Greece totaled 140,000 lbs. of “mixed civilian clothing.”⁴⁷

Against the back drop of a very cold winter and the war’s devastation, surplus medical supplies were particularly coveted. The Belgians purchased long lists of equipment and supplies from Canada, including aseptic furniture, sundry field medical equipment, X-ray apparatuses and accessories, laboratory apparatuses, surgical appliances, slings, assorted surgical dressings, and surgical instruments and appliances.

⁴⁴ Ibid.

⁴⁵ For more on the postwar devastation in Europe, see: Keith Lowe, *Savage Continent: Europe in the Aftermath of World War II*, (London: Penguin, 2012).

⁴⁶ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database.

⁴⁷ The source of clothing was not only confined to the WAC. According to the Depot’s War Diarist, Longue Pointe received 1.5 million lbs. of clothing “from over fifty different places in Canada – from Regina in the West to Halifax in the East,” on the same day it shipped out UNRRA’s order for Athens. LAC, RG24, Vol. 16171, WD – LPOD, Log Entry, 17 November 1945.

The French Medical Mission purchased nearly half a million dollars' worth of narcotics, hospital equipment, and medical supplies, while the Dutch government purchased an entire hospital (No. 1 General Hospital) and all the medical stores consolidated at Nijmegen by 1st Canadian Army over the winter. Later in May 1946 (and as part of the war claims settlement), the Dutch purchased all the remaining medical and dental supplies situated in the Netherlands (mostly at Alverna), Canadian General Hospitals No. 2, 6, 8, 10, 12, and 21, and all the remaining armoured and unarmoured vehicles located at the Deelen airfield.⁴⁸

Despite these achievements, Dewar faced many obstacles along the way. Aside from working with a timetable established that did not facilitate disposal, his problems also stemmed from another government department based far away in Ottawa: the Department of Finance. Despite the Hyde Park agreements and Canada's best efforts to balance its payments between Sterling pounds and American dollars, at the end of hostilities Canada faced another foreign exchange crisis. As a result, Finance officials were less willing to accept other currencies when selling surpluses, such as the Dutch Guilder or Belgian Franc, and instead preferred to receive payments in Canadian or American dollars. In August and September, various deals were worked out with the Low Countries where local currencies were exchanged for surpluses under the conditions that the money "remain available" to cover the costs of occupation.⁴⁹ After subtracting those costs, if sufficient credit remained in favour of Canada, both Belgium and Holland agreed to pay the balance in American money. Such an agreement was important for all parties concerned. It facilitated sales over the fall of 1945 and in the end served as the basis of the war claims settlements that are discussed in the following section.⁵⁰

⁴⁸ "Sales of \$5,000 and Over," in *War Assets Corporation Annual Reports (1944-1949)* compiled in author's Sales Database; LAC, RG24, Vol. 12590, File: 11/DISPOSAL MED/1/2, "Narcotics Purchased by the French Government," N. D.; Ibid, Disposal Control No. (Army): 132, 133, 134, 140, 141, 145, and 147 (CAAC Release No. 86); Ibid, Army Disposal Control No. 324, (CAAC Release No. 171); Ibid, Army Disposal Control No. 64, 83, 86, 120, 174, 186, 250, 257, 260, 269, 281, 299, 339, and 345; Ibid, G. Weir to P. Lieftinck, 22 May 1946; Ibid, "Narcotics Purchased by the French Government," N. D.; "The Dutch Inheritance (1): Deelen Demob Vehicle Park" *Wheels & Tracks* (No. 55): 30-42.

⁴⁹ For instance, see: LAC, RG25, Vol. 3732, File: 5979-G-40, Pierre Dupuy to the Secretary of State for External Affairs, 8 September 1945, 1-2.

⁵⁰ Ibid, 1-2.

However, these currency agreements took several weeks to complete – and months to finalize into the war claims settlements – and therefore complicated Dewar’s task in the short-term. Would similar agreements need to be formulated with every nation interested in Canada’s surpluses? If so, then how was Dewar supposed to sell anything before February 1946? As the pressure for speedy sales mounted in December, Dewar’s work was severely limited by these conflicting policies and priorities. He now had lots of assets to liquidate but he could not sell to the highest bidder if payments were not in Canadian or American funds. As a result, the currency preference prevented Dewar from making several sales. For example, in April 1946 a potential deal with a Swedish customer fell through because Canada would not accept Swedish currency and no payments in Canadian or American dollars were possible.⁵¹ Dewar appears to have circumvented some of these restrictions by selling \$845,921 worth of typewriters, a printing plant, paper, and office equipment to a British intermediary, R. A. Brand & Co., who tried reselling them to the Swedish buyers. Although the sale to R. A. Brand & Co. went through on Dewar’s end, new currency and export restrictions enacted in September 1947 prevented Brand & Co. from selling to the Swedes. Consequently, they were unable to make payments to the WAC and, eventually, lawyers got involved.⁵²

In May 1946, Dewar requested additional time to complete potential sales with South Africa, Southern Rhodesia, Portugal, Spain, Sweden, and Russia.⁵³ His position as Overseas Sales Director was ending in June, but with an extra few weeks he was confident that several sales worth an extra few million American dollars could be arranged. He also believed that if Canada accepted currencies other than American or Canadian dollars, then even more sales would be possible. For instance, his contacts with

⁵¹ LAC, MG27-IIIB20, Vol. 50, File: S-12-20-7, 12 April 1946, 1-2; Ibid, D. E. Dewar to C. D. Howe, 15 February 1946, 2. The contract is located here: TNA, T 236/2466, D. E. Dewar to R. A. Brand & Co., 17 May 1946, 1-2.

⁵² Brand & Co. hired the solicitor, Herbert Oppenheimer, Nathan and Vandyk, to handle the situation. The solicitors wrote to the Exchange Control in the Bank of England and several officials in the UK Treasury Department. TNA, T 236/2466, Herbert Oppenheimer, Nathan & Vandyk to V. C. Tong, 29 December 1949, 1-2; Ibid, various other correspondence, January to February 1949. Canadian officials considered a lawsuit. See file: LAC, RG25, Vol. 3732, File: 5979-R-40, “Claim of War Assets Corporation Montreal, Against Firms of R. A. brand & Co. and C. J. Throne & Co. Ltd – London, Eng.”

⁵³ LAC, MG27-IIIB20, Vol. 50, File: S-12-20-7, “Army Message,” D. E. Dewar to C. D. Howe, 3 May 1946.

the Portuguese government informed him that it would purchase more Canadian surpluses, perhaps \$5-6 million worth of remaining equipment, if it could use the Portuguese escudo instead of the American dollar.⁵⁴ Although Southern Rhodesia purchased several types of vehicles and engineering equipment for just under a million dollars, Dewar was not able to complete many of these potential transactions because he was not granted an extension and Finance would not compromise on the currency issue.⁵⁵

Another set of problems that caused headaches for Dewar was the brewing competition between the Allies for a share in the marketplace. Every Allied country faced the disposal problem and in other countries, like the UK and US, the problem was exponentially larger and more complex than in Canada. The worldwide marketplace for military surpluses was finite, easily flooded, and hotly contested. In January 1946, when traveling in Holland to finalize the sale of clothing, medical supplies, vehicles, and personal equipment, Dewar received his initiation into this competition when he was confronted by suddenly cautious representatives of the Dutch Quartermaster General. In conversations with the Dutch officers, Dewar learned that the Head of the British Military Mission at The Hague had informed the Dutch Minister of War that the Canadians would not be able to “deliver complete equipment for a division and that if the Minister of War persisted in buying from [Canada], the [British] War Office would not be disposed to fill in the gaps.”⁵⁶ Flabbergasted by the story, Dewar prevailed upon the Dutch and convinced them of the good faith of Canadians despite the “adverse reports” circulated by representatives of the War Office.⁵⁷

In retrospect the “adverse reports” emanating from the British Military Mission were not totally inaccurate since the Canadian armed forces were returning significant amounts of kit to British supply depots. To British officers it was clear that Canada could

⁵⁴ Ibid, “Army Message,” D. E. Dewar to C. D. Howe, 3 May 1946.

⁵⁵ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database; LAC, MG27-III B20, Vol. 50, File: S-12-20-7, J. H. Berry to D. E. Dewar, 10 April 1946, 1-2; *War Assets Corporation Second Annual Report*, 14-15; *War Assets Corporation Third Annual Report*, 6-7.

⁵⁶ LAC, MG27-III B20, Vol. 50, File: S-12-20-7, D. E. Dewar to J. H. Berry, 15 February 1946, 4; Ibid, D. E. Dewar to C. D. Howe, 15 February 1946, 1; Ibid, D. E. Dewar to C. D. Howe, 12 April 1946, 1; Ibid, C. P. Hebert to D. E. Dewar, 20 March 1946, 1-2.

⁵⁷ Ibid, D. E. Dewar to J. H. Berry, 15 February 1946, 1-2.

not sell everything required by a full-strength division, but whatever they did sell hurt Britain's share in the postwar marketplace for military surpluses. Something had to be done to protect potential outlets for disposal and hinder Canadian activities in the interim. Clearly, Canada's speedy plans for demobilization were ruffling some feathers. Moreover, the hostility of British officials was also, perhaps, linked to Canada's advantageous postwar position. As a medium-sized power with a sizeable army, but without significant occupation duties or major global security interests, Canada got an early jump on selling British-patterned kit. In doing so, Canadian sales were cutting into potential export markets for British surpluses and such actions were making some forward-thinking British officials anxious.

Settling Debts and Selling Arms

The sales arranged by Dewar over the fall and winter of 1945-1946 coincided with the negotiations of numerous war claims settlements between Canada and several countries including the UK, US, and Netherlands. Agreements with the British and Dutch followed a parallel timeline to the Canadian-American disposal agreements and, in general, a similar vein. However, there were some distinctive elements to the British and Dutch war claims settlements that deserve further attention, particularly in reference to the precarious postwar positions of these two European powers. The Dutch settlement also highlights the international significance of Canada's postwar disposal program through which it sold surplus arms and equipment to help reconstitute the armed forces of future NATO allies.

In general, the war claims settlements are overshadowed by the Anglo-American and Anglo-Canadian financial agreements negotiated throughout the fall of 1945 and winter of 1946 respectively.⁵⁸ Although these two financial agreements were significant achievements, they differed from the claims settlements in their intent and scope. For the most part, the financial treaties were future-oriented agreements that sought to maintain

⁵⁸ An article in the *Winnipeg Free Press* called the claims settlement a "supplementary agreement." See: Chester Bloom, "\$1,250,000,000 Loan Made to Britain, Debt for Air Training Plan Is Cancelled by Canada" *Winnipeg Free Press*, 1 March 1946, 1. See also: Hector MacKenzie, "The Path to Temptation: The Negotiation of Canada's Reconstruction Loan to Britain in 1946" *Historical Papers/Communications historiques*, Vol. 17, No. 1 (1982): 196-220.

postwar prosperity in trans-Atlantic trade by propping up the British economy with loans. The Anglo-American financial agreement provided the British with a five-year, \$3.75 billion loan with a two percent interest rate and it stipulated that Britain had to open up the Sterling area by converting more currency earnings into American dollars. The US and UK also negotiated a separate claims settlement to resolve the outstanding debts for Lend-Lease supplies and the sale of remaining American surplus property in the UK. Once completed in March 1946, it was appended to the financial treaty.⁵⁹ The Anglo-Canadian financial agreement furnished the UK with a loan of \$1.25 billion over five years with a two percent interest rate. The loan's purposes were threefold: it allowed the British to make their balance of payments between dollars and sterling, it helped maintain adequate gold and dollar reserves in London, and it required Britain to maintain certain obligations for multilateral trade with Canada. Although the financial agreement cancelled the outstanding \$425 million owed Canada for the BCATP, the agreement was negotiated separately from the Anglo-Canadian war claims settlement, though both treaties were signed the same day in Ottawa, 6 March 1946.⁶⁰

By contrast, the war claims settlements were completed as a means of resolving any outstanding debts accumulated during the war. Rather than accommodating future economic stability, the claims settlements were more backwards focused and sought to wipe the slate clean by putting the signatories on an even financial footing. War debts were accrued in many ways – through credits and loans, lending or leasing military equipment and facilities, billeting troops, and damages attributable to service personnel after liberation. Luckily for Dewar, the settlement of war claims coincided with the

⁵⁹ Robert Bryce, *Canada and the Cost of World War II: The International Operations of Canada's Department of Finance, 1939-1947*, Matthew J. Bellamy, ed., (Montreal & Kingston: McGill-Queen's University Press, 2005), 289-295; Hall, *North American Supply*, 471-492; Wardhaugh, *Behind the Scenes*, 261-324.

⁶⁰ Government of Canada, Treaty Series 1946, No. 9, *Financial Agreement between Canada and the United Kingdom*, 6 March 1946; Government of Canada, Treaty Series 1946, No. 10, *Agreement Between Canada and the United Kingdom on the Settlement of War Claims*, 6 March 1946. Bryce, *Canada and the Cost of World War II*, 296-309; Hall, *North American Supply*, 471-492; Wardhaugh, *Behind the Scenes*, 261-324; MacKenzie, "The Path to Temptation," 196-220; Hector MacKenzie, "The White Paper on Reconstruction and Canada's Postwar Trade Policy" in Greg Donaghy, ed. *Uncertain Horizons: Canadians and Their World in 1945*, (Ottawa: Canadian Committee for the History of the Second World War, 1997), 167-190; Francine McKenzie, "Preparing for Peace: Canada and the Reconstruction of Postwar trade, 1943-1950" in Donaghy ed., *Uncertain Horizons*, 135-166.

accelerated demobilization timetables and helped ease some of the pressure since assets were written off at the bargaining table and, in the case of the Dutch settlement, negotiations were handled personally by the DND's Deputy Minister (Army) Alexander Ross while he was assigned to CMHQ.⁶¹

The war claims settlements should not be confused with Canada's billion-dollar gift or the larger American loan. In fact, the two types of treaties were kept intentionally separate in order to fulfill vastly different purposes. In Canada's case, the extension of loans to Britain and several other nations (including the Netherlands) was intended to secure foreign markets for Canadian exports. The logic was simple: extending Canadian credits to other countries would secure foreign purchases of new products being manufactured by Canadian industries. It also fit with prevailing economic priorities favouring exports and the producer emphasis but, unfortunately, the loans never managed to stimulate economic growth in the way that policymakers hoped. Instead they precipitated another balance of payments problem in 1947 when Britain drew heavily from its loan in the early stages.⁶² However, since the loans were designed to stimulate new production in Canada, they could not be used to sop up the residues of old, wartime production. As a result, the loans could not be used to purchase Canadian surpluses unless special adjustments were granted, such as in the case of Nationalist China and the \$25 million credit specifically set aside to cover weapon sales.⁶³

Apart from establishing financial solvency amongst Allied nations, there were four important hallmarks to Canada's war claims settlements. The first, and perhaps most basic, was the bilateral nature of each agreement. There were very few – if any – multilateral war claims settlements between Allies. When first discussing international arrangements for the disposal of Canadian surpluses, Berry had originally proposed a series of multilateral agreements between all Allied nations, the creation of an

⁶¹ See: DHH, CA ON00093 92/4, Alexander Ross Fonds, Boxes 14-19, "Series 5 – Deputy Minister's Files on Overseas Finances."

⁶² Parr, *Domestic Goods*, 64-83; Bryce, *Canada and the Cost of World War II*, 313-321.

⁶³ LAC, RG25, Vol. 3732, File: 5979-G-40, R. B. Bryce to J. H. Berry, 9 August 1945, 1-3. Under the plan, the Mutual Aid Board extended the Nationalists \$60 million, \$25 million of which would be used for munitions and supplies. Kim Richard Nossal, "Business As Usual: Canadian Relations with China in the 1940's" *Historical Papers/Communications historiques*, Vol. 13, No. 1, (1978): 141.

international committee to handle the disposition of surpluses, and the division of the world into zones through which the transfer of surplus would be intentionally blocked. These ideas were later amended in September 1944 and very few survived in the final version circulated in February 1945.⁶⁴ In fact, the multilateral approach was largely dismissed as too impractical and eventually it was superseded by a series of bilateral agreements that were determined based upon the scope of wartime developments, debts, and the physical locations of surpluses at the end of the war.

The second hallmark was the lump sum payment in exchange for title to the assets. This was the simplest method for settling claims as it established an approximate value for surpluses located in foreign countries and transferred ownership accordingly. Surplus assets became the pawns of peacemaking – something akin to reparations-in-kind – exchanged between allies to settle debts. The key negotiating challenge was in determining which country had to pay the lump sum, determining what properties were covered (and not covered) by the payment, and establishing a dollar figure acceptable to all parties concerned. In the Anglo-Canadian war claims settlement the British paid Canada \$150 million in order to cancel all outstanding debts between the two countries. In the case of the Dutch-Canadian claims settlement, the Canadian Army paid the Dutch government \$33 million to settle all outstanding claims, though most of that total was paid through the transfer of Canada's formidable stocks of military hardware located in the Netherlands.

Although the lump sum payment was not the only method available for enticing sales of leftover war junk or settling claims, Canada never really deviated from this type of arrangement.⁶⁵ The lump sum payment worked for Canada given the narrow geographic dispersion of its surpluses (predominately Northwest Europe and the UK) and the fact that quantities were not sufficient to necessitate any special measures. As a result of these circumstances, Canada's war claims settlements had to possess a repatriation clause, the third hallmark of claims settlements. The repatriation clause allowed either

⁶⁴ LAC, RG101, Vol. 4, File: 1-1-13, CAAC – Meeting Minutes, “Suggested International Arrangements for the Disposal of Surplus,” by J. H. Berry, 24 August 1944.

⁶⁵ For more on other types of disposal methods see: Lebovic, “From War Junk to Educational Exchange,” 280-312.

country to remove or withdraw from the other whatever property it desired to keep. For instance, in the Anglo-Canadian war claims settlement, Article 3e cancelled all claims incurred by either Government in the disposal of surplus assets by combining Britain's lump sum payment (Article 1) with the clearly stated caveat of Article 3e: "this Agreement shall not prejudice the right of either Government to remove any of its surplus war assets from the country of the other, either for its own use or for transfer to others."⁶⁶ This qualifying statement provided the legal basis for both countries to repatriate whatever munitions or supplies were needed for postwar requirements, thereby ensuring that the high demand and ready market in Europe would not always take precedence over Canadian needs at home. The military was free to repatriate what it wanted, while the WAC also retained some flexibility to find other international customers. Largely based on the precedent of Berry's February recommendations, this type of clause was used in all disposal agreements – informal or formal – and also legitimized any sales that were made by Dewar before the settlement came into effect.

The fourth hallmark had to do with the origins of the claims settlements. Usually preceded by informal arrangements, the formal claims settlements were always a reflection of wartime developments and necessities. The main claims of the UK against Canada arose from the supplies and services it provided for all Canadian Army and Air Force personnel while stationed in the British Isles or in operations in Europe. This was known as "capitation rates" (or payments to the British for supplies, arms, munitions, and services overseas) and the DND had been unable to reach an agreement with the War Office to resolve the capitation rates for 1944 and 1945.⁶⁷ For Canada, the main claims stemmed from several contracts completed after the Mutual Aid Board ceased functioning in September 1945. These contracts were for the production of several cargo vessels for the British Admiralty (the cost of which was born by the WAC) and the manufacture of new rolling stock for India since its existing railcars and transport infrastructure were badly worn out by the war. There were also several other claims

⁶⁶ Government of Canada, Treaty Series 1946, No. 10, *Agreement Between Canada and the United Kingdom on the Settlement of War Claims*, 6 March 1946, Article 3e.

⁶⁷ Bryce, *Canada and the Cost of World War II*, 310.

originating from munitions production or jointly-owned facilities, such as those of the Inspection Board or the BCATP.⁶⁸

The negotiations for the Anglo-Canadian war claims settlement happened concurrently with those for the loan agreement. However, they were much shorter in duration and occurred only at the end of February 1946, just before the loan agreement was finalized. R. B. Bryce, Canada's main negotiator for the claims settlement, received a formal proposal on 25 February 1946 in which the British offered to pay Canada \$150 million in exchange for cancelling all claims. That Britain paid Canada (and not vice versa) to settle claims not only demonstrated the value of some of the post-Mutual Aid contracts for ships and rolling stock, but also the recognition that certain properties and assets in Canada equaled the balance owing for capitulation rates. After reviewing the proposal, Bryce charted the mixture of claims and estimated costs in a memo to Ilsley and Clark. Although far from detailed, his calculations showed that "there was a rough balance between British and Canadian claims when the \$150 million cash payment was taken into account."⁶⁹ As a result, the agreement was drawn up by 2 March with "very sweeping" and "general terms" in order to account for both "known and unknown claims."⁷⁰ The settlement also stipulated that any Canadian property left over in the UK or not slated for sale to another country would be turned over to the British Ministry of Supply by 15 May 1946.

Following the settlement's conclusion, some issues emerged when implementing its conditions in Britain. Although the sweeping terms covering "known and unknown claims" would greatly assist British officials in solving the dilemmas, the settlement was implemented while Dewar busily attempted to sell as much as possible. This created certain legal technicalities if sales were not completed before 15 May or if negotiations were ongoing at the time. While there was some leeway at first, by July 1946 British officials started flexing their muscles. Apparently, in an effort to make as many sales as possible, Dewar sold surplus assets to as many different business interests as possible.

⁶⁸ Ibid, 310.

⁶⁹ Ibid, 312.

⁷⁰ Government of Canada, Treaty Series 1946, No. 10, *Agreement Between Canada and the United Kingdom on the Settlement of War Claims*, 6 March 1946.

Some companies were less than desirable and British officials took advantage of the 15 May cut-off to prevent them from occurring. In one case, the Ministry of Supply and the Treasury impeded the sale of 120 Canadian Chevrolet lorries to the London & Suburban Commercial Vehicles (Brixton) Ltd. The deal was brokered by Grantham Traders Ltd. (the sister company of Grantham Productions hired by Dewar to repair Canadian vehicles at Camp Bordon), but the three companies were tarnished by their suspicious “commercial morality” and association with a controversial Member of Parliament for Grantham, Denis Kendall.⁷¹ Kendall, who was suspected of espionage and heavily involved in the black market according to MI5 and MI6 security files, was also closely associated with right-wing extremists during his time as MP.⁷² As a result, the sale was blocked but in September 1946 Grantham Productions suddenly retaliated by claiming that the Canadians owed them a startling £19,000 for repair work at Camp Bordon. The claim was quietly dismissed after consultations with Dewar.⁷³

Throughout his time in Britain, Dewar’s freedom of action was greatly limited by the British insistence on remitting all Canadian surpluses destined for British markets to the Ministry of Supply. This closed off the local marketplace and forced Dewar to broker sales with British merchants under export-only restrictions. In other words, the informal and formal arrangements between Canada and the UK disproportionately affected the terms and conditions under which Dewar worked. However, the situation was quite different in the Netherlands where the war’s devastation left so many people deprived and destitute. Consequently, Dutch officials were less scrupulous about eroding prices and controlling sales through government ministries. In fact, the need for equipment and supplies was so high that the Dutch were most interested in preventing assets from leaving their borders. This gave Dewar and Flahiff, who was stationed on the continent, wide latitude in Holland where the First Canadian Army was quickly demobilizing. By

⁷¹ TNA, T 236/2466, London & Suburban Commercial Vehicles (Brixton) Ltd. to J. F. Cahan, 8 July 1946, 1-2; Ibid, Grantham Traders Ltd. to J. F. Cahan, 12 July 1946; Ibid, J. F. Cahan to O. L. Williams and Mr. Cainross, no date; O. L. Williams to J. F. Cahan, 10 July 1946.

⁷² “Denis Kendall” *Wikipedia*, (Accessed 10 November 2015), https://en.wikipedia.org/wiki/Denis_Kendall#National_Archive_files.

⁷³ Dewar was adamant that this claim was fabricated. TNA, T 236/2466, J. F. Cahan to O. L. Williams, 2 September 1946; Ibid, O. L. Williams to V. H. Coleman, 5 September 1946.

March 1946 Dewar had sold \$7,068,047 worth of materials to France, Belgium, UNRRA, and the Red Cross. In the following year he sold \$7,665,550, of which \$2,503,750 was from UNRRA for motor transport and the Dutch government spent \$566,241 on spare parts and tools for Browning machine guns, motorcycles, ammunition, dental equipment, workshop equipment, and motor transport.⁷⁴

These sales to the Dutch government were over and above the large amount of munitions and supplies it acquired from First Army as part of the war claims settlement. Piggy-backing on the currency arrangements negotiated over the fall of 1945, the war claims settlement with the Netherlands was finalized on 22 May 1946. Under its terms all remaining Canadian military equipment on the continent (apart from the kit used by the occupation forces) was transferred to the Dutch military. In the claims settlement, the Canadian Army and Dutch Government agreed that the Army owed \$33 million for the costs of occupation. In order to cover the payment the Army agreed to turn over \$25 million worth of surplus munitions and supplies to the Dutch while \$8 million in Dutch payments on orders placed with Canadian industries were cancelled.⁷⁵ In addition to the settlement of claims, Canada also negotiated a separate financial treaty with the Netherlands, signed earlier on 5 February 1946, in which the Canadian government agreed to loan the Dutch \$25 million in credits for purchasing exports from Canadian industries and extended another \$15 million for the Netherlands East Indies (Indonesia).⁷⁶

Unfortunately, documentation on the Dutch claims settlement did not definitely identify what munitions and supplies constituted the \$25 million total or how they were appraised. However, what is certain is that a substantial amount of munitions and supplies changed hands within a year following VE-Day. Even when accounting for the return of assets to the UK and Canada, the First Canadian Army was the largest military force ever fielded by the country, consisting of five fighting divisions (three infantry and two armoured) and many other auxiliary and supporting units. Given that the postwar

⁷⁴ *War Assets Corporation Second Annual Report*, 14-15; *War Assets Corporation Third Annual Report*, 7.

⁷⁵ LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 14 March 1946.

⁷⁶ Government of Canada, Treaty Series 1946, No. 19, *Financial Agreement between Canada and the Netherlands*, 5 February 1946; David Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World*, (Vancouver: University of British Columbia Press, 2009), 16-17.

Army would never approach a similar size and considering its shrinking budget, the expense of repatriation, and its rapid demobilization, the Army was primed to unload surplus kit and needed an outlet quickly. The Dutch, by contrast, were in desperate need of everything and faced a growing colonial war in Indonesia. With First Canadian Army stationed in Holland and Northwestern Germany, it must have been a rather fortuitous moment when officials from both countries realized how closely their priorities aligned.

The prized set of First Army assets was its formidable array of motor transport and armoured vehicles. Over the summer and fall, the bulk of First Army's "A" (armoured) and "B" (unarmoured) vehicles were concentrated at the Deelen airfield, located between Arnhem and Apeldoorn, which became a glorified parking lot for Canadian vehicles. After conquering the Netherlands in May 1940, the Germans undertook an extensive construction program to build airfields for fighters. The facility was large and extensive, as its buildings, hangars, runways, and roads eventually covered an area larger than 60,000 acres. The Canadians captured the shattered remnants of the airfield in April 1945 and together with local authorities set about repairing and redeveloping the site.⁷⁷ By the late fall, First Army designated Deelen airfield as "No. 1 Demob Vehicle Park" and every conceivable type of vehicle was sent there for storage and disposal. The "Deelen dump" was sub-divided into two areas, Deelen I where all the workable vehicles in good condition were stored and Deelen II was the junkyard where the derelict machines and broken vehicles were left.⁷⁸ Amongst published accounts there is no consensus on how many vehicles ended up in Deelen, but the number is probably about 30,000. The Deelen Airbase Museum's website states that Canadians left over 37,000 there in "rows and rows of vehicles, as far as the eye could see."⁷⁹ However, a 16 May 1946 inventory (probably of Deelen I only) taken just before the facility was transferred to Dutch control, counted 27,931 vehicles (3,261 motorcycles, 3,163 cars and utilities, 13,310 trucks and tractors,

⁷⁷ "The Dutch Inheritance (1): Deelen Demob Vehicle Park," 30-35.

⁷⁸ *Ibid*, 38-39.

⁷⁹ "Deelen Dump," (Accessed 15 May 2015), <http://www.museumvlbdeelen.nl/dump-deelen/?lang=en>.

4,970 trailers 10-cwt to 40-ton, and 3,227 armoured vehicles).⁸⁰ Whatever the total, a significant amount of vehicles exchanged hands.

Although further research into Dutch records is needed, it is quite obvious that Canada directly equipped part of the Royal Netherlands Army immediately following the war. Moreover, it is also apparent that a sizeable amount of what the Dutch purchased from Canada ended up being redeployed to the Netherlands East Indies to fight against Indonesian revolutionaries. Indeed, it was no coincidence that the Dutch were scrambling to acquire “personal equipment for 50,000 men to be called up in the Netherlands” at the beginning of August, as Indonesian leaders declared independence shortly thereafter on 17 August 1945.⁸¹ Thus, immediately following the war Canada turned into a quasi-arms dealer; as Christopher Kilford explained, outfitting its allies with military paraphernalia was one of Canada’s key contributions to the early history of NATO.⁸² The large Canadian military was rapidly transforming through substantial reductions, but its munitions would not easily disperse into civilian life at a similar pace as returning veterans. Therefore, Canadian munitions were not only *demobilized*, they were also *remobilized* by the Dutch.

The colonial emergency was also one of the reasons why the Dutch government started objecting to the destruction of kit and captured German weaponry. On 19 July 1945, the Dutch government officially protested the practice in a letter to the DEA, explaining that “the Netherlands Government...is encountering the greatest difficulties in its endeavour to equip her police and special security troops with the necessary weapons, and therefore if the arming of these units cannot be efficiently carried out the maintenance of peace and order is seriously threatened.” The letter also stated that at different salvage dumps in the Netherlands “goods which are not appropriate for use by the Allied troops are burned” and that the “bicycles, shoes, clothing, revolvers, carbines etc. etc.” that were still useable but nonetheless destroyed “[were] creating an

⁸⁰ “The Dutch Inheritance (1): Deelen Demob Vehicle Park,” 38.

⁸¹ LAC, RG25, Vol. 3732, File: 5979-G-40, Charge D’Affairs to the Allied Governments in London to Secretary of State for External Affairs, 7 August 1945.

⁸² Kilford, *The Other Cold War*, 55-94; Desmond Morton, *A Military History of Canada*, (Toronto: McClelland & Stewart, 1999), 225-239.

unfavourable impression on the population who are at present suffering from every form of shortage.”⁸³

The need to re-integrate the Resistance movement into the regular armed forces and undertake more training operations was a central preoccupation for the Dutch. As a result, the use of Canadian or German equipment for training and police purposes was stressed in official communications between Prince Bernard, the Commander-in-Chief of the Royal Netherlands Army, and Pierre Dupuy, the Canadian Ambassador to the Netherlands. On 2 August 1945, Dupuy relayed the substance of his encounters with Bernard to his superiors and attempted to impress the urgency upon them by pointing out that “the longer a decision [on surplus sales] was delayed the more difficult it would be to discipline [the Resistance fighters] and keep them well under control.”⁸⁴ However, the sub-context to these protests was difficult to miss. Given the timing and continued correspondence on the issue throughout early August, some ideological and imperial motivations were likely at work. As Jennifer Foray and Kirk Goodlet point out, the “Indies Question” and the revival of the Dutch Empire through the re-conquest of its prized colony, Indonesia, was seen by Dutch leaders as a prerequisite for recovery and rehabilitation. Wider cultural and psychological factors pointed them towards the use of military forces to re-establish Dutch legitimacy by bringing “order” and “stability” to its Empire.⁸⁵ In light of the ideological and imperial aspirations of Dutch leaders, statements to Canadian diplomats about the equipment’s usage in Holland were probably a smokescreen designed to obscure their intended destination and hide the precarious position facing the Dutch Empire fighting a revolution in its Pacific colonies with second-hand munitions and supplies.

In a shadowy story with few supporting documents, surplus Canadian tanks, firearms, artillery, and ammunition ended up in Indonesia when the Dutch ramped up

⁸³ LAC, RG25, Vol. 3732, File: 5979-G-40, Letter to The Secretary of State for External Affairs, 19 July 1945, 1-2. See also: Ibid, “re: Disposal of Enemy Material in Holland,” A. Ross to N. A. Robertson, 5 August 1945, 1-2.

⁸⁴ LAC, RG25, Vol. 3732, File: 5979-G-40, Pierre Dupuy to Secretary of State for External Affairs, 2 August 1945, 1.

⁸⁵ Jennifer L. Foray, *Visions of Empire in the Nazi-Occupied Netherlands*, (Cambridge: Cambridge University Press, 2012), 28-254, 299-307; Kirk Goodlet, “In the Shadows of the Sea: the Destruction and Recovery of Zeeland, the Netherlands, 1940-1948,” (PhD Thesis: University of Waterloo, 2014), 186-190.

their military presence in 1946 and 1947. The war continued until December 1949, though by that time Canadian surplus munitions and supplies were long used up. According to secondary sources, of the three Dutch divisions sent to Indonesia from Holland, one was completely outfitted with Canadian surplus weapons and equipment while the other two used kit procured from British sources.⁸⁶ However, there are three additional layers of complexity that cloud a straightforward connection between the purchase, redeployment, and utility of Canada's military hardware. In the first case, there was a constant drain on the sources of supply. Dutch scavengers or desperate civilians often raided the Deelen dump to steal equipment or items they required. Additionally, numerous vehicles and equipment acquired from Canada were refurbished or adapted to meet urgent civilian needs in Holland. Therefore, the mobilization of units for service in the East Indies was done in competition with a steady drain on parts and equipment along with the intrepid work of those engaged in material rehabilitation.⁸⁷

Second, by the time all the sales were finalized in May 1946, the Canadian Army had already picked through its inventories, returned the assets it did not own, and repatriated those it wanted to keep. Since militaries have an insatiable appetite for the most advanced and newest technologies, the Canadian Army kept the best materiel for itself, especially since the Army was preparing to redeploy an expeditionary force to the Pacific and postwar budgets had yet to be finalized at the time.⁸⁸ Even when accounting for the Pacific Expeditionary Force's planned reliance on American supply channels and the deceitful practice of categorizing whole tanks or armoured vehicles as "steel" or "chassis" in order to camouflage the size of weapons sales, the Dutch still received a lot of worthless junk. No doubt, they received substantial amounts of pristine and useable military gear, but it was always mixed in with the derelict leftovers Canada did not want to repatriate.

Third, regardless of the quality and quantity of assets exchanged by the war claims settlement, their deteriorating condition throughout 1945-1946 is the most complicating

⁸⁶ Webster, *Fire and the Full Moon*, 16-17, 21.

⁸⁷ "The Dutch Inheritance (1): Deelen Demob Vehicle Park," 40-42.

⁸⁸ *SCWEE*, 23 May 1946, (No. 14, Book 3), 447.

layer shrouding the diffusion of Canadian munitions. Much of Canada's materiel in Northwest Europe went unused over the summer and since personnel were rapidly demobilized there were fewer mechanics around to maintain them. Canada's weaponry was left "lying in open air depots in the Netherlands" and was "likely to be damaged by the heavy rains [that began] in September."⁸⁹ Under the circumstances of demobilization, it is highly probable that whatever was purchased by May 1946 had deteriorated (to varying extents) in storage and without proper maintenance. Thus, the materiel acquired by the Dutch was probably only really suitable for training and police purposes in the Netherlands – if at all – and may not have survived long when deployed on the frontlines in Indonesia. Although there is no doubt that some of the materiel the Dutch purchased was first-rate and battle-tested, it is equally obvious that a large portion of the kit outfitting the Dutch army had limited lifespans and was liable to deteriorate or breakdown rapidly especially in the challenging environment and climate of Indonesia.

Without question the Army's \$33 million settlement with the Dutch was the single largest arms transaction, but it was an exception to the norm of international sales. The general pattern of Canada's overseas disposal operations – which included either the sale of Canadian-owned property already located in foreign countries or exported from Canada to foreign buyers – followed a slightly different path. Usually the WAC's representative was the main point of contact, though the Corporation always consulted with Howe's office and the relevant officials in the DEA and DRS before making a sale. After all, this was Dewar's main role as Overseas Sales Director. As we have seen, he arranged sales of Canadian property located in Europe, but strangely, he was not involved in the Dutch transaction. Furthermore, the sale of surpluses internationally was almost always done in smaller quantities and spread across many different customers. This meant that when the WAC sold its stockpiles internationally it did so in piecemeal fashion and not in bulk quantities. The Corporation certainly had preferential clients, especially American brokers who resold Canadian surpluses to foreign buyers, but even then a single broker or end user rarely cornered the entire stock. The general pattern of international sales never approached the scale or scope of the Dutch claims settlement.

⁸⁹ LAC, RG25, Vol. 3732, File: 5979-G-40, N. A. Robertson to General R. B. Gibson, 4 August 1945.

Perhaps the most striking departure from the general pattern of international sales was the near unanimity that greeted the Dutch purchases in Ottawa. The sale of surplus arms and ammunition was a delicate business. Internally, Canadian officials disagreed on how best to approach weapon sales and, externally, Canada had to navigate around the confines of American and British interests which often limited options. Some officials in the DEA expressed misgivings about the final destination of Canadian weaponry and worried that arms sales would enable the violent repression of “colonial peoples” in Indonesia and other places.⁹⁰ The DEA also worried that arms sales might disturb the regional balance of power and contradict policies or embargoes set up by Canada’s allies. Moreover, it was also difficult to determine local allegiances or how far the communist influence had spread.⁹¹ Thus, making international sales was an uncertain and risky business, as no one wanted to sell arms to the wrong people.

Most of the DEA’s concerns were summarized by Norman Robertson, the Under-Secretary of State for External Affairs, in a memorandum submitted to Cabinet in May 1946. Robertson outlined three potential courses of action. The first was one where Canada refused arms sales to all countries except “those such as the United Kingdom and the United States with which we have exceptionally close political relations and a clearly established community of defence interests.”⁹² Second, Canada could “parallel” the policies of the US and UK, thereby permitting expanded sales to some additional countries, such as Brazil or Mexico. Third, Canada could institute no restrictions and “sell freely to all countries.”⁹³ Robertson believed that option one was the best course of action as it supported Canada’s historic alliance systems but allowed some flexibility for Cabinet to review potential sales on a case-by-case basis. Option two left Canada in a discriminatory position of refusing some sales but favouring others, while option three

⁹⁰ LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, “Memorandum to Mr. St. Laurent: Export of Armaments (including Ammunition and Implements of War) to Foreign Governments,” E. Reid, 2 April 1947, 2.

⁹¹ *Ibid.*, 2.

⁹² As quoted in: *Ibid.*, 1; Jean-Pierre Marchant, “The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957,” (University of Calgary: Master’s Thesis, 2005), 29.

⁹³ LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, “Memorandum to Mr. St. Laurent: Export of Armaments (including Ammunition and Implements of War) to Foreign Governments,” E. Reid, 2 April 1947, 1; Marchant, “The (Im)Polite World of Diplomacy,” 29.

would elicit strong protests from the UK and US.⁹⁴ On 24 May 1946, Cabinet adopted option one as its preferred policy. Although Robertson's memo greatly influenced Cabinet's future decisions on arms sales, the timing of this decision was not insignificant. By May 1946, Canada had already sold, exchanged, repatriated, or consigned most of its weaponry, ammunition, and supplies in Europe. In other words, during that critical interval between May 1945 and May 1946 the bulk of surplus lethal assets were divested.

Up to May 1946, policies about the sale of weapon systems were generally guided by the necessity of disposal. It made pragmatic, fiscal, political, and economic sense to sell munitions to the Dutch and other close Allies. However, as the balance of payments crisis resurfaced and the range of clientele dried up, the stocks of surplus munitions and supplies continued to piling up. After all, surplus declarations only peaked in March and April 1946, and the largest volume of sales occurred throughout the whole calendar year of 1946. Thus, while nearly all of the military's surpluses located in Europe were dealt with by May 1946, there still remained large quantities at home. Canada's economy and military could never possibly absorb everything, so inevitably the WAC had to sell its commodities to international customers. International sales became a key outlet for unloading unwanted materiel, thereby saving Canadian taxpayers from funding larger destruction programs or, inversely, saving the domestic economy from absorbing the complete flood of assets. This situation became a source of tension and conflict in Cabinet, as Howe sought permission to sell both new and used weaponry to Nationalist China and several Latin American countries, while the new Secretary of State for External Affairs, Louis St. Laurent, pushed back.⁹⁵ Howe's logic was pragmatic as Canada had assets to dispose of as quickly as possible, but his position did not always conform to the local and international conditions that concerned the DEA.

Canada could not barge ahead with sales, as external pressures from the UK and US limited the range of available options. The pressures came in two general forms. First, as already noted, the international market for military surpluses was hotly contested and

⁹⁴ LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, "Memorandum to Mr. St. Laurent: Export of Armaments (including Ammunition and Implements of War) to Foreign Governments," E. Reid, 2 April 1947, 1; Marchant, "The (Im)Polite World of Diplomacy," 29.

⁹⁵ Cabinet disagreements are mentioned in many scholarly works. For examples, see: Nossal, "Business As Usual," 141-147.

easily flooded. As a result, the Allies competed with each other for a share of the marketplace. Just as the British had reacted unfavourably to Canadian sales, the Americans were similarly displeased when Canada started infringing on potential markets. During the war's latter stages, Canada sold some production surpluses, including weapons and vehicles, to Nationalist China. However, the Americans were hostile to these developments as they viewed Canada's efforts as an encroachment into an American theatre of operations where the deployment and sale of American materiel was used to influence Nationalist strategy and tactics. Moreover, there were suspicions that the Americans were also trying to guard the Chinese marketplace for the disposal of their own surpluses.⁹⁶

The second external pressure was related to the first. Canadian arms sales were not only constrained by a competitive marketplace; they were also affected by British and American interests and foreign policies. Canada had little choice but to follow its more powerful Allies and keep its foreign policies in line with their objectives, which could preclude sales. For instance, the UK and US upheld an unofficial arms embargo during the first half of the Chinese civil war and therefore Canada could not sell weapons to the Nationalists until mid-1947. However, the embargo was never publicly announced, which allowed Cabinet to follow a dichotomous policy that both upheld and undermined the clandestine sanctions. Until the Americans lifted the unofficial ban, Cabinet denied all requests for munitions (for both surplus and new production) from Chinese representatives unless the request was made before the Mutual Aid program was terminated in September 1945. Throughout late 1945 and 1946 Cabinet approved several sales from the Mutual Aid backlog, but they were negotiated under new payment terms outlined by the Sino-Canadian financial treaty.⁹⁷

In the case of Latin American countries, Canada had little choice but to defer to American interests and decisions. American policy was decidedly against arming any Latin American state, though it was willing to grant export permits for Mexico and Brazil

⁹⁶ Ibid, 138.

⁹⁷ Ibid, 141-147. See also: LAC, RG28, Vol. 856, File: "Purchase of Munitions by China, 1946-1947," various correspondence.

possibly because both countries had fought during the war.⁹⁸ Apparently, a major concern of the American State Department was to “discourage expenditures on military equipment which would seriously strain the economy of the purchasing country.”⁹⁹ The US was insisting on cash payments for weapons since most Latin American republics were not “in a position to pay cash on a substantial scale. Peru and Chile [were] virtually bankrupt.”¹⁰⁰ Moreover, the State Department was particularly hostile to Argentina and its leader Juan Peron. At American insistence, the sale of a single corvette, HMCS *Barrie*, to the Argentinian Navy was held up for two years, even though dozens of other Canadian ships were sold in Latin America through American brokers.¹⁰¹

In order to navigate these international pressures and successfully dispose of surpluses to Canada’s best advantage, officials in the DEA and the DRS had to get creative. In the end, they came to an ingenious – if devious – set of compromises and initiatives that helped them bypass most reservations about dealing arms and avoid clashing with British or American interests. For those countries outside Canada’s traditional alliance systems, the government implemented a policy of selling only demilitarized assets. This meant that every ship or aircraft sold by the WAC was stripped of all armaments and ammunition before the sale was made. This effectively rendered munitions harmless and allowed Canadians to sell them without being considered weapons. In other words, demilitarized corvettes, frigates, and destroyers were no longer warships and could be sold as boats. As a result, every vessel entering the WAC’s custody had its armaments removed so as to facilitate its potential sale and conversion.¹⁰² In the case of HMCS *Barrie*, when skeptical American officials finally relented and allowed the transaction to take place, the demilitarized corvette was renamed *Capitan*

⁹⁸ Marchant, “The (Im)Polite World of Diplomacy,” 28.

⁹⁹ LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, “Export of Armaments from Canada,” E. Reid, 2 April 1947, 4.

¹⁰⁰ Ibid, “Export of Armaments from Canada,” E. Reid, 2 April 1947, 4.

¹⁰¹ Marchant, “The (Im)Polite World of Diplomacy,” 21-47.

¹⁰² LAC, RG101, Vol. 1, File: R-1-1-9, “History of War Assets Corporation,” 15 July 1950, 11; Marchant, “The (Im)Polite World of Diplomacy,” 21-47.

Canepa by the Argentinian navy and turned into an oceanographic vessel with “five labs” that “probe[d] [Argentina’s] coastal waters.”¹⁰³

According to some newspaper accounts roughly 75 percent of all surpluses sold by the WAC went to Canadian businesses and citizens.¹⁰⁴ However, this was actually an inflated and misleading statistic. In fact, when accounting for resales to third parties, a large portion of sales – certainly more than 25 percent – were made to foreign interests and companies. This discrepancy between policy, propaganda, and outcome was a product of the WAC’s reliance on brokers and established businesses. As we have seen with the sale of cargo ships, some brokers and foreign companies formed subsidiary corporations in Canada so they could tacitly fulfill the sale provisions and gain access to the WAC’s inventories. These corporate entities were only Canadian on paper, as there was never any intention of using the assets in Canada. People like Charles Babb, who was hired as an agent by the WAC, profited substantially from his dealings in surplus aircraft and by forming a Canadian subsidiary. The airplanes he purchased all went to third parties, many from Latin America.¹⁰⁵ A similar trend existed with naval vessels. For instance, in September 1945, the New York based United Ship Corporation bought twenty-four corvettes from the WAC for \$570,000 and at least twelve were resold to three Latin American countries. Chile bought HMCS *Strathroy*, *Stellarton*, and *Thorlock*, while Panama received HMCS *Norsyd*, *Guelph*, and *St. Lambert*. United Ship Corporation also resold HMCS *Rivière du Loup*, *Lachute*, *Peterborough*, *Louisburg (II)*, *Belleville*, and *Asbestos* to the Dominican Republic. The Dominican government also acquired the frigate HMCS *Carlplace* for \$140,000 in a direct sale from the WAC.¹⁰⁶

¹⁰³ DHH, 81/520/8000-800, Box 242, File: 8, Newspaper clippings, Monroe Johnstone, “Whatever happened to OUR LITTLE SHIPS?” *Toronto Star*, 18 December 1964.

¹⁰⁴ CWM, Democracy at War, “75% of War Asset Sales Are Made to Canadians,” *Financial Post*, 6 September 1947.

¹⁰⁵ Brown, “Assets to Ashes,” 52-53; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database; LAC, RG101, Vol. 7, WAC – Board of Directors, Meeting Minutes, 12 April 1945. See also: LAC, RG25, Vol. 3257, File: 5979-B-40, “Disposal of Surplus Aircraft,” various correspondence and documents.

¹⁰⁶ Marchant, “The (Im)Polite World of Diplomacy,” 25; “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports* (1944-1949) compiled in author’s Sales Database.

The case of Aristotle Onassis, a Greek shipping magnate, exemplifies the point further. Sometime between April 1946 and March 1947, he purchased the demilitarized frigate HMCS *Stormont* for \$70,000 through Constantino Konialdis, a broker based in Montevideo, Uruguay. The *Stormont* never returned to Canada, as Onassis brought it to Naples, Italy, and renamed it *Christina* (after his daughter) just before investing \$4 million converting it into a “floating palace” with ten guest apartments.¹⁰⁷ Within a decade the *Christina* became synonymous with conspicuous wealth as Onassis had a full-sized swimming pool installed and many other attractions. Perhaps, the strangest addition to this luxury yacht were the bar stools. Onassis had them covered in minke whale foreskin and reportedly loved to tell his female guests – who included Marilyn Monroe and Elizabeth Taylor – “Madame, you are sitting on the largest penis in the world.”¹⁰⁸ Onassis hosted many distinguished guests on his boat, including Winston Churchill, John F. Kennedy, and in 1956 Monaco’s Prince Rainier and Grace Kelly were married on board. In 1999, the ship was relaunched by new owners as the *Christina O*, a pleasure craft for the extremely wealthy (rental rates were reportedly \$60,000 per day between 2006 and 2009). According to *The National Post*, in 2013 the *Christina O* was moored in a shipyard outside London awaiting new owners. The reported asking price was \$34 million which makes HMCS *Stormont*, perhaps, the only surplus asset to substantially appreciate in value after the war.¹⁰⁹

Canadian officials and politicians were not overly concerned about where demilitarized assets ended up after the broker purchased them. Their complacency originated from the removal of weapons and the WAC’s reliance on American brokers. These conditions obviated any Canadian liability, as the export permits and conditions of any subsequent sale would happen under American laws. Once the WAC made the sale,

¹⁰⁷ DHH, 81/520/8000-800, Box 242, File: 8, Newspaper clippings, Johnstone, “Whatever happened to OUR LITTLE SHIPS?” *Toronto Star*, 18 December 1964.

¹⁰⁸ Randy Boswell, “‘The last word in opulence’: Lavishly refitted D-Day warship, Christina O, on sale for \$34-million,” *National Post*, 3 July 2013, (Accessed 18 November 2015), <http://news.nationalpost.com/news/canada/christina-o-lavishly-refitted-d-day-warship-on-sale-for-34-million>

¹⁰⁹ Randy Boswell, “Canadian war ship turned luxury yacht opens to London sightseers” *National Post*, 23 February 2012, (Accessed 18 November 2015) <http://news.nationalpost.com/news/canada/canadian-war-ship-turned-luxury-yacht-opens-to-london-sightseers>.

it was no longer considered a Canadian matter and this probably accounts for the fact that the Corporation rarely tracked assets after leaving its possession. Instead, transactions like the one with United Ship Corporation were listed as sales to American companies or American interests and the paper trail petered out.¹¹⁰ To be sure, the WAC entertained many offers for purchasing surplus munitions and supplies and it made a fair share of direct sales to foreign governments as a result. For instance, sales to the Venezuelan government recouped \$3,312,166 in eleven transactions from 1945 to 1947. The Venezuelans purchased seven corvettes and at least 1,499 Dodge 3-ton trucks and 100 Chevrolet 3-ton “tilting trucks.”¹¹¹ Additionally, the Government of Jamaica spent \$34,000 on “trucks and various spare parts” in 1946-1947, the Chilean Government bought three frigates, HMCS *Joliette*, *Seacliffe*, and *Glace Bay*, for \$390,000, and Peru bought HMCS *Poundmaker* and *St. Pierre* in late 1947.¹¹² Yet it is obvious that these direct sales were not the norm and that large numbers of surplus ended up with foreign interests through intermediaries.

It would be easy to deride the WAC’s international sales and disposal policies, labelling it as an arms dealer. After all, Canada supplied a variety of new and used assets to its allies.¹¹³ Yet the arms dealer characterization might not be completely accurate. Canada’s postwar disposal policies and international sales walked a thin line between the two extremes of peacekeeper and arms dealer. In effect, Canada was both and neither at the same time. There is little question Canada sold arms to allies, but these sales usually had rational purposes that furthered Canadian interests, such as when the weapons were used to reconstitute an ally’s armed forces or settle debts incurred by the war. When dealing with non-traditional allies or trading partners, WAC officials restricted the types of assets it sold. Demilitarizing warships and aircraft, for instance, ensured that Canada was not selling any functional weapon systems thereby allowing officials to dispose of

¹¹⁰ Marchant, “The (Im)Polite World of Diplomacy,” 27.

¹¹¹ “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database. See various correspondence in: LAC, RG25, Vol. 3257, File: 5979-C-40, “Disposal of Trucks by War Assets Corporation, 1944-1946.”

¹¹² “Sales of \$5,000 and Over,” in *War Assets Corporation Annual Reports (1944-1949)* compiled in author’s Sales Database; LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, “Export of Armaments from Canada,” E. Reid, 2 April 1947, 3-5.

¹¹³ Kilford, *The Other Cold War*, 69-94.

surpluses while navigating around American and British embargoes or conflicting interests. In Canada's case, the diplomacy of disposal was formed by a pragmatic compromise between ideals and intentions.

However, once a demilitarized asset was sold, there was little stopping the purchaser from acquiring the armaments elsewhere. Therefore, Canada was also inadvertently selling arms, or perhaps more accurately, it was selling systems without weapons. Canada's international disposal policies lived in the "grey zone."¹¹⁴ Canadian officials in the DEA and DRS were satisfied with selling ships to American brokers even if they ended up outfitting the navies of dictators like Generalissimo Rafael Trujillo, President of the Dominican Republic. Yet when Trujillo later tried to acquire armaments for the ships from Canada, he was firmly rebuffed and a similar request from the Chileans was also refused.¹¹⁵ After May 1946, Canada also started refusing new Dutch requests for armaments. Sometime in late 1946 or early 1947, the Netherlands Purchasing Commission wanted to order one million rounds of .303-inch rifle ammunition and an earlier request for "10,000 Sten machine guns and ammunition to be used in policing Indonesia" was made. However, Cabinet refused the sales "on the ground[s] that these would be used to pacify the native populations [in Indonesia]" and that "a million rounds of rifle ammunition [was] an excessive issue for normal police purposes."¹¹⁶

The sale of Mosquito bombers also followed a similar trajectory, though several contradictions emerged when Cabinet approved sales to some countries and not others. Since the RCAF expected to maintain some of its fighter squadrons with Mosquitos large batches were not declared surplus right after the war. However, once the RCAF settled on a postwar procurement strategy involving Vampire jets, the need for Mosquitos dropped substantially throughout 1946 and 1947. Consequently, Mosquitos started forming an increasingly large part of the WAC's inventories. In early 1947, Argentina submitted a

¹¹⁴ Marchant, "The (Im)Polite World of Diplomacy," 31.

¹¹⁵ Ibid, 26-27; LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, "Export of Armaments from Canada" E. Reid, 2 April 1947, 4.

¹¹⁶ There is some discrepancy. Kilford indicates that a sale of Sten gun kits went through from new production, but documents indicate that an order of 10,000 Sten guns was rejected. Both quotes from: LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, "Export of Armaments from Canada," E. Reid, 2 April 1947, 5-6; Kilford, *The Other Cold War*, 72-73.

request to purchase 100 Mosquitos from the WAC. However, the “grey zone” of these aircraft hardly existed, as few civilian uses were possible for the Mosquito. The twin-engined bomber could carry a payload of 4,000 lbs. and was heavily armed with at least four 20mm cannons or four .303 Browning machine guns. In early April, when DEA officials broached the Argentinean proposal with the State Department, their American counterparts used the loaded terms “dismayed” and “disappointed” to describe their attitude if the transaction went ahead. Given American attitudes, Cabinet deferred to American opinions and refused the sale.¹¹⁷

However, just a few months later, Cabinet jumped at the opportunity to sell 174 Mosquitos to Nationalist China. On 25 August 1947, Cabinet formally approved the sale in light of several factors that signaled a slight deviation from policies and patterns established after May 1946. In this case, American policy towards arms sales in China had changed. Up to late 1946, the US and UK upheld their unofficial embargo, but with the Nationalist fairing so poorly, the Americans lifted it completely by May 1947 and an export permit for 131,000,000 rounds of small arms ammunition was quickly granted.¹¹⁸ Now the Americans were looking more favourably upon weapon sales to the Nationalists, but Canada had already been selling China munitions and supplies as part of its credit agreement.¹¹⁹ Despite serious reservations from the DEA and St. Laurent, Howe prevailed in Cabinet and gained approval for the Mosquito sale. The Chinese agreed to use \$2.5 million of their Canadian credit for the purchase and separately pay \$3.5 million for armaments and ammunition in American dollars. As Kim Richard Nossal pointed out, the 1947 exchange crisis made Cabinet especially eager for American dollars. Unfortunately, Cabinet never received the American money it was promised. As soon as the sale was approved, the Nationalist government reneged and wanted the whole sale applied to the military credit and Howe, “happy at the prospect of clearing the obsolete

¹¹⁷ LAC, RG25, Vol. 2081, File: 12/5 Vol. 1, Secretary of State for External Affairs to High Commissioner for Canada, London, 11 April 1947, 1-2; Marchant, “The (Im)Polite World of Diplomacy,” 42-44.

¹¹⁸ As the British Secretary of State for Dominion Affairs stated, “United States emphasize that no change of policy is involved in that existence of embargo was never publicly announced nor were Chinese Government officially informed.” LAC, MG27-IIIB20, Vol. 50, File: S-12-20-7, Secretary of State for Dominion Affairs to Secretary of State for External Affairs, Canada, 18 July 1947, 1-2.

¹¹⁹ Nossal, “Business As Usual,” 141.

Mosquitos from War Assets Corporation warehouses, pressured St. Laurent into agreeing to the Chinese request.”¹²⁰

Although sales to China fulfilled pragmatic purposes for Canada, the diffusion of military technologies was not necessarily productive for end users. As Victor Shiu Chiang Cheng explained, the battlefields of the Chinese Civil War were decidedly “low tech environments” and the Nationalists (as well as the Communists) had trouble incorporating modern technologies and weapon systems into their strategies and tactics.¹²¹ For example, the Americans supplied the Nationalists with a phenomenal amount of materiel. By late 1945, thirty-nine divisions in Chiang Kai-shek’s army were completely outfitted with standard American weaponry and the US also sold \$900 million worth of war surpluses for \$175 million.¹²² However, a variety of cultural, environmental, and logistical factors conspired to limit their effectiveness on the battlefield. For instance, surplus American uniforms and boots did not fit the “shorter and slighter Chinese soldiers” while many Chinese commanders had little experience with mechanized warfare and consequently did not deploy their tanks or mobile forces in accordance with the principles of modern warfare.¹²³ Eventually, both sides developed an aversion to military technologies that Chiang Cheng described as “technophobic misperceptions.”¹²⁴

Canada’s sale of 174 Mosquito bombers fit into this problematic pattern. Like with the Dutch arms sales, the utility of these assets was dubious. Even for the most experienced pilots, the Mosquito bomber was a difficult plane to fly, so Chinese pilots faced a steep learning curve. However, reports from the Canadian Military Attaché in Nanking explained that this curve was likely insurmountable. Summarizing the situation, he stated “that the [Chinese pilots] were the best pilots according to Chinese standards...and [they] should not have had too much difficulty flying the aircraft,” but

¹²⁰ Quote from: *Ibid*, 144.

¹²¹ Victor Shiu Chiang Cheng, “Modern War on an Ancient Battlefield: The Diffusion of American Military Technology and Ideas in the Chinese Civil War, 1946-1949,” *Modern China*, Vol. 35, No. 1 (January, 2009), 38-42.

¹²² *Ibid*, 39.

¹²³ *Ibid*, 42-52.

¹²⁴ *Ibid*, 47-52.

while training in Canada “they were quite unused to aircraft of such speed and power.”¹²⁵ There were also concerns about reaction times which were “reported as being in some cases five seconds slower than the averagely good British or Canadian pilot.” Consequently, a higher number of crashes took place and a “small number of aircraft were written off in this training.”¹²⁶

There were serious problems with the logistical and maintenance services. After purchasing the Mosquitos the Chinese paid De Havilland to train pilots, ship the aircraft overseas, and provide in theatre technical support. However, De Havilland failed to meet its contractual obligations since the planes were not packaged correctly and many arrived damaged, while the seven or eight technicians sent to China were “unpunctual” and lacked “the requisite engineering knowledge” to perform their jobs.¹²⁷ Moreover, aircraft assembly was behind schedule and the conduct of the Chinese officers did nothing to maintain control over the workers. According to the Attaché, “Chinese parties” responsible for the assembly work changed so frequently that, “it [was] not unusual to find scores of additional personnel gazing entranced at the entire proceedings.”¹²⁸ Perhaps, T. C. Davis, the Canadian Ambassador to China, summed up the situation best in his remarks appended as a covering letter to the Attaché’s report:

I am afraid that this transaction is not going to be a very satisfactory one from the standpoint of the Government of China...In the first place, I do not know where they are going to effectively use these machines and, secondly, I think that a lot of Chinese crews are going to be killed in the attempted use thereof as it would seem that very few Chinese pilots are capable of safely operating this type of bomber.¹²⁹

Clearly, the utility of Mosquitos was suspect. The diffusion of military technologies was complicated by many factors that ultimately affected the types and utility of arms sales. In the end, it would seem that Canadian surplus weaponry might have done more harm than good for its Allies on battlefields in China and Indonesia.

¹²⁵ LAC, MG27-IIIB20, Vol. 50, File: S-12-20-7, “Mosquito Project – Aircraft Sold to the Chinese Government,” Colonel Clifford to T. C. Davis, 1.

¹²⁶ Ibid, 1.

¹²⁷ Ibid, 2.

¹²⁸ Ibid, 2.

¹²⁹ Ibid, “Mosquito Aircraft” T. C. Davis to Secretary of State for External Affairs, 18 April 1948.

Conclusion

The disposal of Canada's munitions and supplies had international significance and provided Canada with some advantages. Since the cost of repatriating assets just to declare them surplus was prohibitive, surplus stockpiles accumulated in Europe posed a special challenge. Over the summer of 1945, the military took stock of its inventories both at home and overseas to determine ownership and postwar requirements. If Canada did not own the kit then it had to be returned to British or American depots. Moreover, if stocks of munitions and supplies in Canada were sufficient for postwar requirements then every corresponding type of Canadian-owned materiel overseas was surplus and had to be sold there. This saved logistical expenses and reduced disposal liabilities. Coupled with its junior status in world affairs, Canada was able to embark on a rapid overseas demobilization program and quickly entered the market for surplus materiel, much to the dissatisfaction of the British and Americans. Furthermore, in order to facilitate the international disposal of surpluses, a series of informal and formal diplomatic arrangements were negotiated to regulate sales and, whenever possible, help settle outstanding war debts. International sales also offered Canada another outlet to alleviate the flood of assets in domestic markets, while also allowing the Department of Finance to accrue additional American or Canadian dollars off sales.

However, international sales also came with some serious complications and consequences. For Dewar, the workload was intense as he lacked the necessary staff and organization overseas. Additionally, he was forced to operate under timelines and restrictions that did not accommodate the disposal process and sometimes scuttled his efforts. Sales of surplus supplies to UNRRA and the Red Cross went a long way in relieving strife, while sales of weaponry and ammunition helped reconstitute the armed forces of Allied governments. The WAC was not an arms dealer as it only sold weapons and ammunition to close Allied partners and demilitarized whatever else it sold to foreign interests. Although surpluses were highly coveted, their quality and durability was suspect. Therefore, it is doubtful that end users derived many advantages from the bulk of surpluses they purchased, as the eclectic collection of second-hand items deteriorated rapidly and the diffusion of Canadian materiel hindered combat effectiveness.

Chapter 7

Drowned at Sea: Ammunition Destruction and Ocean Dumping

*The sea washes away all the ills of men.*¹

Euripides

Introduction

From 1940 to 1945, Canada's wartime economy produced 4.4 billion rounds of small arms ammunition and 72 million artillery shells. Although these production totals were vastly eclipsed by Canada's major Allies, it still ranked as a substantial wartime achievement for a country of 11 million people. However, by 1945, these tools of death and destruction posed a serious dilemma for policymakers and military authorities. After years of conflict that wrought devastation across every corner of the globe, there were no illusions about how destabilizing and dangerous these items were to public safety and the rule of law. During the war, a large fraction of all manufactured explosives and ammunition was expended by Allied soldiers, while the ample leftovers far exceeded postwar requirements. Without a proper disposal strategy the dangers posed by these deadly assets were magnified by the mountains of ordnance piling up everywhere after hostilities ended. What would happen to all the surplus ammunition and explosives? Where would all this destructive potential end up?

The government and military understood that all the munitions accumulated to fight the war would not simply dematerialize once victory was declared. The dangers would persist for as long as the objects maintained their primary forms and remained capable of fulfilling their intended functions. In the case of ammunition and artillery shells, that form and function was to kill and maim, so they would carry little value into peacetime and portend future disasters wherever they were stored. Therefore, victory in the Second World War precipitated a serious crisis in logistics and storage that became a major

¹ As quoted in: R. C. Ballinger, "Managing Marine Waste Disposal," in H. D. Smith, ed., *The Oceans: Key Issues in Marine Affairs*, (Dordrecht, NL: Kluwer Academic Publishers, 2004), 175.

headache for the WAC and the military. The quantities of ammunition and shells were especially problematic and they required a special set of policies and practices.

This chapter begins with an examination of how destruction policies and practices for lethal assets evolved over time. Immediately following the war, a serious storage crisis developed as huge quantities of munitions piled up at factories, depots, and warehouses across the country. The storage crisis was exacerbated by three factors. The first was the inability of the WAC and the military to coordinate an ammunition disposal program that satisfied everyone's needs. When combined with a second factor, political interference – in the form of adverse media reports about wanton destruction, prying questions from politicians, and bureaucratic procedures that prioritized making sales before destroying weaponry – a volatile situation developed and threatened to escalate once the flood of surpluses commenced and as the WAC started monopolizing destruction programs after its reorganization. The third factor was the limited amount of stowage space specially designed to house ammunition and explosives. After the war, bunkers and magazines were rapidly filled when military units demobilized and returned their armaments to storage.

Few contemporaries appear to have recognized the full scope and danger of the storage crisis until July 1945 when the confluence of sales restrictions, storage requirements, departmental jurisdictions, stalled destruction programs, and the profuse quantities of weaponry, ammunition, and explosives piling up across the country resulted in the “other” Halifax Explosion. The fallout from the Bedford Magazine Explosion, as it was called later to distinguish it from the Halifax Explosion of 1917, served as a catalyst for policy changes and the acceleration of destruction programs throughout 1946-1947. The explosion pushed policymakers to consider public safety as the paramount issue and merged with growing fears about rising crime rates and gun violence that seemed to be sweeping across the country. When it came to the destruction of ammunition and explosives, the main concerns of policymakers were pragmatic and related directly to the profuse existence of dangerous assets, the technical aspects of the destruction process, the inconvenience of storage, and the continuing threat they posed to public safety.

The destruction method that best mitigated these concerns was ocean dumping, which became the primary method for disarmament used by all belligerent powers. In fact, the practice became so common it gained a colloquial moniker: “drowned at sea.” The long-term environmental and ecological consequences of throwing ammunition in the oceans were not considered a priority as a complex web of scientific and international precedents guided decision-makers away from such considerations and back to the reality of the moment: munitions accumulated to fight do not simply dematerialize when peace is declared. Instead, they require a location of deposit and diligent disposal methods in order to attenuate their potentially devastating impact on public safety. Rather than worry about the future effects of saltwater corrosion and the eventual release of all the carcinogens, chemicals, acids, and metals that formed each projectile tossed overboard, policymakers were more perturbed by the Bedford disaster. This time, unlike in 1917, the explosion was not caused by a chance collision of two ships in the harbour but by overcrowded magazines and a strained relationship between the armed forces and the government’s disposal administration. Under such circumstances it was imperative to destroy the dangerous assets as quickly as possible. In the wake of the Bedford disaster Canada’s ocean dumping program commenced with vigour. The military and the WAC worked out the issues that confounded their relationship in regards to ammunition and explosive disposal, as policies and procedures were adapted to limit delays in final disposition and the two organizations started working in tandem to alleviate the storage crisis. As a result, all types of surplus ordnance ended up on the ocean floor.

Storage Wars: The Evolution of Destruction Policies and Practices

Almost immediately after the CAAC and WAC were established in November 1943, the three Services started declaring surplus small amounts of obsolete kit categorized as “war-like material which is a danger to life” and assets of a purely military design with “no known peace-time uses.”² From January to May 1944, these declarations included, among other things, approximately 12,000 magazines of ammunition, and at least 797 cases of dynamite and 20,000 blasting caps left over in Newfoundland from

² *SCWEE*, 21 May 1946, (No. 13, Book 3), 340.

building the Gander-Lewisporte-Bishop's Falls highway.³ As a result, in May the CAAC approved a special exemption to the DND that authorized its trained experts and weapons specialists to destroy all unneeded small arms, ammunition, and explosives without formally declaring them surplus through the CAAC.⁴ This exemption, renewed in September, mirrored the other exemptions issued by the CAAC and greatly cut down on the amount of munitions entering the WAC's custody, while also saving the Corporation the cost of hiring weapon experts and building specialized storage facilities. To that end, the CAAC formulated two general policies related to weapons, ammunition, and items of a purely military design or lethal nature:

(i) that where it was represented to the Committee that live ammunition was of no further use in the prosecution of the war or for any other purpose, and the cost and/or the hazard of unloading the same was such as to render unloading unadvisable, such live ammunition should be disposed of by a suitable method of elimination, such as dumping into the sea;

(ii) that no general policy be recommended at the present time in respect of other items of purely military equipment declared surplus but the same be dealt with from time to time as they come before the Committee.⁵

The first clause of this general policy was profoundly influential because it allowed the Services to destroy unneeded or deteriorating ammunition and explosives by dumping them in the ocean. Given its gravity, the CAAC sent the order to Cabinet for consideration. This resulted in PC6099 issued on 4 August 1944 that approved the disposal procedures for dangerous objects. PC6099 stated that if weapons, ammunition, or explosives were declared surplus, priority went to the DMS for war purposes and if no purchaser was found then the WAC could dispose of these items by "suitable method of elimination, such as dumping into the sea, reducing to basic materials should such reduction be considered economical and the hazard involved therein be considered not excessive"⁶ The second clause stopped short of enshrining ocean dumping as the only standard procedure for destroying war-like stores with no known peacetime uses. Instead,

³ LAC, RG101, Vol. 4, File: 1-1-13, CAAC Meeting Minutes, Schedule D and E 21 April 1944; Schedule B 23 February 1944.

⁴ *SCWEE*, 20 November 1945, (No. 1, Book 2), 13, 20, and 24.

⁵ LAC, RG101, Vol. 4, File 1-1-13, CAAC Meeting Minutes, 19 May 1944.

⁶ LAC, RG101, Vol. 2, File 9-2-1, PC6099.

the Committee reserved some flexibility by allowing for the development of ad hoc disposal policies for specific types of weapon systems. To policymakers this seemed like a prudent course of action; even if the weaponry and ammunition were labelled dangerous, some attempt at salvaging value was preferable to paying the costs of destruction. This way the CAAC and WAC maintained a free hand to explore other disposal options as lethal assets became available and PC6099 tacitly approved these arrangements by structuring the priority for selling ahead of destruction. However, this selling imperative would later become a major source of problems and precipitated a storage crisis within the military's logistical infrastructure.

Originally, the CAAC's exemption served a very important function for both the military and the WAC. Prior to the end of the war it made perfect sense to authorize the Services to dispose of their surplus weapons and ammunition in accordance with their wartime objectives, strategies, and deployments. Therefore, disposal procedures were grafted into the armed forces' pre-existing operational priorities that favoured the deployment of the newest and most advanced weapon systems. In other words, the CAAC's exemption provided the Army, Navy, and Air Force with a free hand to cannibalize unneeded weapon systems and utilize surpluses as sources of spare parts for repair and maintenance purposes. The only types of tactical assets that were declared surplus before hostilities ended were obsolete weaponry that was badly worn out or completely unneeded.⁷ Thus, during the war the disposal of all weaponry and ammunition was mostly kept in-house and overseen through the DND's disposal agencies connected to the AOSAC and the units in actual possession of the items.

While the CAAC's exemption allowed the armed forces to dispose of weapons and ammunition as needed, it also accommodated the WAC's lack of storage space. Before the WAC's reorganization and expansion, the Corporation operated few warehouses and relied heavily on custodial arrangements with the DND. Indeed, most of the items declared surplus – lethal or otherwise – by the Services between January 1944 and August 1945 never actually left the custody of the military until the WAC found a buyer or approved their destruction. Without any storage capacity of its own, the WAC was

⁷ *SCWEE*, 23 May 1946, (No. 14, Book 3), 447.

completely dependent on the Services and had to relinquish a certain level of control over the fate and treatment of surpluses. In effect, the armed force's exemption for disposing of weapons and ammunition was essential for creating workable custodial arrangements with the DND. It made practical and economic sense to enable the military to free up storage space by either breaking down items into smaller pieces or completely destroying the unneeded assets in its custody.

However, these arrangements came with some inconvenient baggage which influenced the trajectory of disposal operations and led to the modification of the armed forces' exemption in August 1945. As Chapter 2 explained, a number of problems plagued the custodial arrangements and cooperation between the Services and the WAC. These issues came to a head in mid-1945 when the WAC and armed forces first came under attack from politicians and public accusations about the wanton destruction of government property dutifully paid for by public money. Under the political and public fallout from the Penhold incident in February 1945, the WAC revised the CAAC's exemption to the armed forces. In August 1945, the Corporation ordered the armed forces to stop all destruction programs involving weapon systems and equipment unless otherwise instructed by the Corporation.

The only exception to the WAC's new order was ammunition: the Services were allowed to continue destroying all types of ammunition and explosives without declaring them to the CAAC.⁸ This caveat was maintained because bombs and bullets lacked any obvious or widespread civilian applications but still occupied valuable storage space. Moreover, they also posed a serious danger to public safety if stockpiled in large amounts while awaiting orders for destruction from the WAC after it had explored all possible avenues for selling them. Furthermore, the policy change coincided with the WAC's expansion and reorganization to better accommodate its increased custodial responsibilities through material clearance and warehousing operations. As a result, the newly created Supply Department gained two additional elements, the Scrap Disposal

⁸ As an undated order from Naval Service Headquarters stated: "On authority of the Minister concerned surplus ammunition not required by the Services may be dumped at sea...without proceeding through normal channels of surplus disposal." LAC, RG24, Vol. 11121, File: 70-2-6, "Restricted Naval Message from NSHQ," no date.

Section and the Ammunition and Chemical Disposal Board, which took over most destruction programs involving surplus declarations of weapon systems, tactical equipment, and even ammunition (if the Services elected to declare it surplus through regular channels).⁹

For a time, the Services gladly obliged the WAC and refrained from destroying weapon systems, while continuing to dump increasingly larger quantities of ammunition. Over the summer and fall of 1945 there were simply few surplus weapon systems available to declare. Canada's participation in the Pacific war remained on the horizon until Japan's surrender and each Service was in the midst of tabulating its inventories, budgets, and postwar requirements. However, once the flood of surpluses commenced, the WAC's order to halt destruction efforts came back to bite everyone. With the curtailment of the DND's special exemption for destroying all war-like stores, the WAC assimilated these new functions into its already overwhelmed operations. Coupled with the selling imperative built into PC6099 (and the requisite pre-sale storage requirements), the available space to physically store things was quickly consumed at supply depots and warehouses where munitions of all types started piling up next to radios, bedframes, and everything else from Canada's wartime arsenal.¹⁰

The space to physically locate assets was the critical postwar issue. This was especially the case since the Services had relied on the availability of storage space from civilian sources during the war but with hostilities over and budget cuts looming the high rental prices were one expense that was quickly targeted for cutting. For example, the Navy had 7.96 acres of leased or rented space from civilian sources on the books at the time of VE-Day, but by June 1946 that total had dropped to 1.09 acres.¹¹ When the rental contracts expired, the surpluses inside those facilities had to be removed to the WAC's warehouses, thus providing the armed forces with alternative storage space for their

⁹ *SCWEE*, 21 May 1946, (No. 13, Book 3), 340-343; *War Assets Corporation Second Annual Report*, 7-8.

¹⁰ In August 1945 the Navy rented a 3,200 sq. ft. warehouse in Levis, Que from the Army so it had more storage space while it "de-ammunitioned" ships. LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1, Naval Officer-in-Charge Pointe-a-Carcy, Que. to Commander in Chief, Canadian North West Atlantic, Halifax, NS. 14 August 1945.

¹¹ LAC, RG24, Vol. 8178, File: NSS 1813-1, "Memorandum to the Deputy Minister," Captain G. B. Hope, 22 June 1946.

unneded things. However, unlike with non-lethal surpluses, the WAC was not prepared to or capable of providing the necessary facilities for all the surplus weaponry, ammunition, and explosives. While the WAC's reorganization and expansion created fifty-one warehouses across the country, it had to rely on the military's purpose-built magazines and ammunition bunkers. This meant that at ammunition depots and other bases where weaponry was stored, surplus and non-surplus munitions had to be stored together. This strategy saved the WAC from paying for transportation, maintenance, construction, and security, but it did very little to help the Services actively engaged in demobilizing personnel, slashing budgets, and consolidating inventories of munitions they wished to keep. In fact, when combined with the high rate of personnel turnover at ammunition depots and the relaxation of storage procedures to accommodate overcrowding, the possibility of disaster grew with each incoming shipment.¹²

In hindsight, the looming crisis and subsequent disaster was fairly obvious. Both the military and the WAC were burning the candle at both ends. On the one end were the armed forces sifting through inventories to determine postwar requirements while a seemingly endless array of new and used equipment continued piling up at bases and depots. Like a speeding train, loaded down with many carloads of heavy materials, Canada's war machine took time to slow down and come to a complete stop. War production had hit its peak in late 1943 and consumption rates spiked in 1944 and 1945, so the logistics of moving munitions overseas had also ramped up over that time. After VE- and VJ-Day, munitions shipments overseas tailed off while the residues of production programs continued to arrive from war factories, and shortly thereafter, repatriated units were demobilized and disarmed. This compounded the storage crisis that was already hitting acute levels in Halifax and Montreal. The key to avoiding disaster was in providing the necessary space and braking power for the train to stop. However, this proved difficult to do within the context of decreasing total storage capacities and

¹² For Ogilvie's reports, see: LAC, RG24, Vol. 8070, File: 1270-41 v.1, G. Ogilvie to Douglas Abbott, 22 August 1945 and G. Ogilvie to W. G. Mills, 1 October 1945.

logistical arrangements designed to move products to the war fronts quickly, not hold them in prolonged stasis.¹³

The military was expecting the WAC to be proactive and help absorb this abrupt reverse in its supply chain management, but at the candle's other end, the WAC remained largely reactive. Overwhelmed with the flood of surpluses and stacks of paperwork the WAC hastily expanded and reorganized to better handle its increasing responsibilities. Delays in the destruction or sale of all types of assets developed and, in the case of weapons and ammunition, the time lags were compounded by selling restrictions and the necessity of testing for civilian applications. Throughout the immediate postwar period, the WAC was playing catch up and, in doing so, it was hindering the military's demobilization plans. Where the Services thought they could count on the WAC to remove and relocate all types of surpluses, the WAC wanted the weapons and ammunition to stay put. In other words, the WAC sought to control large portions of lethal assets from within the military's purpose-built facilities, rather than hastily fund the construction and management of new magazines nearby.¹⁴

A further issue affecting the WAC were both the informal and formal disposal arrangements with Britain that took place over a parallel time frame. The agreements with Britain greatly affected the WAC's operations because it created another source of surplus weapons (and supplies). Since the arrangements all stipulated that the WAC was the only organization designated to handle the disposal of all surplus foreign property in Canada, it came into possession of any surplus British (or American) ammunition and weaponry located in Canada. For instance, during the war the Royal Navy built up large stockpiles of naval weapons and ordnance in Halifax, but by May 1946 the British Admiralty had returned most of what it needed from Canadian ports "for present or

¹³ LAC, RG24, Vol. 17161 and 17162, WD – LPOD, various Log Entries, May 1945, October 1945, January 1946, February 1946. The War Diary repeatedly mentions the increased amounts of shipments coming in and leaving the Depot. The flow of goods in and out of Canada's largest Depot picked up significantly right after the war. See also: LAC, RG24, Vol. 8178, File: NSS 1813-1, "Memorandum to the Deputy Minister," Captain G. B. Hope, 22 June 1946.

¹⁴ *War Assets Corporation Third Annual Report*, 8.

possible future reserve.”¹⁵ What remained required storage and was usually transferred, through informal arrangements, directly to the RCN “free of charge” and if the British munitions were not required by the RCN then the “remaining surplus Imperial stocks” were immediately reported to the CAAC “in accordance with usual procedure.”¹⁶ Given that the surplus ammunition was not owned by Canada, the RCN felt it was important to involve the CAAC/WAC because anything left behind “might be construed as being involved in the UK Settlement Account.”¹⁷

The WAC also acquired lethal assets from other British sources in Canada, such as the British Admiralty Technical Mission (BATM) and the Joint Inspection Board of the United Kingdom and Canada. Since the BATM and Inspection Board were closely affiliated with the DMS, it made sense that their termination, decontamination, and disposal fell under its jurisdiction. As a result the British Admiralty’s magazines at St. Polycarpe and St. Lazare in Quebec were transferred directly to the WAC for disposal. Although all the arsenals at St. Polycarpe and St. Lazare (as well as other types of ammunition at Valcartier) were offered to the Services through the CAAC, only a small portion was claimed.¹⁸ The rest was tagged for destruction through late 1946 or early 1947. Thus, despite the CAAC’s exemptions and the WAC’s attempts at saving the financial costs of ammunition and explosive disposal, the Corporation was nonetheless forced to fund its own destruction programs overseen by the Scrap Disposal Branch, the Ammunition and Chemical Disposal Board, and the PDC (which was transferred into the WAC’s organization in August 1946). Of course, before destruction or sale took place,

¹⁵ LAC, RG24, Vol. 34394, File: 5130-2, “Memorandum for the CNAS,” E.H. Russell to M.A. Medland, 4 May 1946; TNA, ADM 1/17547, “Re: Shipment of Imperial Ammunition Stores to A.S. C. United Kingdom,” 8 August 1946, 1-2.

¹⁶ Ibid, “Memorandum for Deputy Minister,” H.T.W. Grant, 21 June 1946. See also: TNA, ADM 1/17547, “Clearance of Surplus Ammunition Held in America and Canada,” various correspondence and briefing notes, December 1945 January 1947.

¹⁷ LAC, RG24, Vol. 34394, File: 5130-2, “Memorandum for Deputy Minister,” H.T.W. Grant, 21 June 1946.

¹⁸ See the CAAC’s transfer notices for the St. Lazare Magazine. LAC, RG24, Vol. 34394, File: 5130-2, “Notice of Allocation,” (and cover letter), 12 September 1946. Ibid, “Memorandum for the CNAS,” E.H. Russell to M.A. Medland, 4 May 1946; Ibid, “Memorandum for Deputy Minister,” H.T.W. Grant, 21 June 1946.

the items had to be stored somewhere safe, which usually meant cramming more lethal assets into already overcrowded depots.

The WAC's destruction program for ammunition paralleled the Navy's dumping program and piggy-backed on the armed forces' storage facilities and expertise, thus adding more burdens to an already strained relationship. Financial data indicates that over the fiscal year of 1946-1947 the WAC's destruction program commenced when \$472,903.19 was spent on ammunition disposal, including \$182,056.82 on the demolition of "miscellaneous ammunition & explosives," depth charges, and mustard gas.¹⁹ During the next fiscal year the Corporation spent another \$456,925.47 on "ammunition disposal expenses," including \$243,394.00 from June to September 1947.²⁰ However, because the Corporation lacked the space and expertise for handling these dangerous things, it paid the DND for these services. As a result, the Army received \$775,285.83 in 1946-1947 to store ammunition for the WAC, but the following year this expense dropped substantially as only \$21,887.92 was paid for the use of ammunition depots.²¹ This significant drop in storage costs demonstrates the rapid timeline for ammunition destruction. However, such diligent efforts, commencing around the midpoint of 1946, came too late to relieve the postwar congestion that developed in the military's logistical infrastructure. In fact, the velocity of destruction programs in 1946-1947 was a direct result of events immediately following VE-Day when munitions and supplies were piling up and confounding the coordination between the WAC and armed forces.

It did not take long for a disaster to strike in Halifax. On the evening of 18 July 1945, a fire broke out around 6:30PM on the south jetty of the Bedford Magazine, Canada's largest ammunition depot. The fire quickly spread to a nearby ammunition barge (or "floating magazine") that exploded and ignited the surrounding piles of ammunition temporarily stored outside because of overcrowding inside the stowage bunkers. The chain reaction of explosions that resulted continued for more than twenty-four hours, completely destroying the Bedford Magazine and terrorizing Haligonians who

¹⁹ *War Assets Corporation Third Annual Report*, 26.

²⁰ *War Assets Corporation Fourth Annual Report*, 20.

²¹ *War Assets Corporation Third Annual Report*, 26; *War Assets Corporation Fourth Annual Report*, 20.

had lived through a similar disaster twenty-eight years earlier. However, an orderly evacuation plan limited casualties to one fatality and several dozen injuries. Luckily, the 1945 explosion was nowhere near as large or devastating as the earlier blast that levelled large parts of the city and killed almost 2,000 people.²²

The Bedford Magazine Explosion was a turning point in Canada's postwar disarmament. In late July a committee, chaired by Lt-Col. Ogilvie, was established to investigate the explosion. The Ogilvie committee published two reports on the incident, the first in August (on the causes of and responses to the explosion) and the second in



Photo 17 Picture showing some of the devastation from the Bedford Magazine Explosion. Source: LAC, RG24, Vol. 8070, File: 1270-41 Ammunition Disposal Committee, Bedford Basin, Colonel Ogilvie's Reports, Copy Negative HS 1509-71.

October (making recommendations for reconstructing the facility).²³ Despite extensive research and interviews with witnesses and first responders, Ogilvie's committee could not definitively prove what started the fire, but concluded that the probable cause was careless smoking in combination with overcrowded storage facilities, a large personnel turnover, and a laxity in the enforcement of safety regulations.²⁴ However, the fact that a fire originally started on a dock where an ammunition barge exploded into a chain reaction that engulfed an overcrowded magazine, indicates that Canada's fledgling ammunition dumping program was at fault or, at least, indirectly responsible. Indeed, the Bedford disaster exposed the serious

²² For more on the Halifax Explosion, see: John Griffith Armstrong, *The Halifax Explosion and the Royal Canadian Navy: Inquiry and Intrigue*, (Vancouver: University of British Columbia Press, 2002).

²³ LAC, RG24, Vol. 8070, File: 1270-41 v.1, G. Ogilvie to Douglas Abbott, 22 August 1945 1-8; Ibid, G. Ogilvie to W. G. Mills, 1 October 1945

²⁴ Ibid, G. Ogilvie to Douglas Abbott, 22 August 1945 1-8; Ibid, G. Ogilvie to W. G. Mills, 1 October 1945.

storage problems plaguing the system of custodial arrangements for lethal assets and demonstrated the need for adapting existing procedures to better handle the disposal of ammunition and explosives.

According to correspondence in August, November, and December 1945 between Berry, Howe, and several officials in the DND and DMS, the explosion threw off dumping timetables and inventory tabulations, and greatly affected the scope and nature of future destruction programs. In fact, the correspondence revealed that most of the ordnance that exploded was surplus ammunition awaiting destruction and a large portion



Photo 18 Picture showing one of the two major craters caused by the Bedford Magazine Explosion. This crater was made by ordnance improperly stored outside of the ammunition bunkers. LAC, RG24, Vol. 8070, File: 1270-41 Ammunition Disposal Committee, Bedford Basin, Colonel Ogilvie's Reports, Copy Negative HS 1509-64

appears to have been British in origin – thus putting the WAC's role in the accident into clearer focus.²⁵ However, in the immediate aftermath, the origin, ownership, and quantities involved were unknown to contemporaries since no one knew exactly what had exploded. As Captain R. W. Wood, the RCN's Director of Naval Ordnance, explained in a letter to an official in the DMS's Ammunition Filling Division, the lists of surplus ammunition that Berry had submitted to Shiels (on

the Navy's behalf) were now outdated and had to be cancelled "due to the explosion in Halifax where most of the surplus ammunition was held."²⁶ He continued, "in view of the above it is requested that the disposal of the ammunition as previously submitted be held in abeyance until a firm stock report is received from our Halifax depot at which time a

²⁵ TNA, ADM 1/17547, "Clearance of Surplus Ammunition Held in America and Canada," briefing note, paragraphs 5 and 6, December 1945.

²⁶ LAC, RG24, Vol. 34394, File: 5130-1, "Re: Disposal of Ammunition Surplus to Royal Canadian Navy Requirements," Captain R.W. Wood to Mr. K.M. MacKenzie, 13 August 1945.

new list will be forwarded.”²⁷ Thus, a new inventory list had to be compiled while facilities and storage sites were repaired before any more surplus ammunition could be sent to Halifax and dumped. However, this was not possible until sometime in the spring of 1947, so in the meantime Canada’s dumping program shifted north to Sydney (where most ships were being decommissioned and de-ammunitioned) and south to Shelburne (where the WAC had established a temporary ship graveyard).²⁸

For Berry it seems that the Bedford Magazine Explosion served as a catalyst for change and in its aftermath he moved aggressively to address the situation. At the heart of his concerns was public safety which was now under threat from stocks of surplus ordnance accidentally exploding. In the hands of trained specialists and purpose-built facilities, accidents of this nature were not supposed to happen, especially since none had taken place in Canada during the war. Berry’s concerns mirrored a growing alarm from politicians about the “flood of weapons going about the country” at the close of hostilities.²⁹ In the fall of 1945, gun crime and weapon ownership became an increasingly larger political and social issue as the media and politicians worried about illegal gun sales and a purported increase in gun violence. As Blake Brown explained, by 1945 the RCMP had compiled a temporary wartime gun registry that had a total of 1,949,921 registered rifles, shotguns, and pistols.³⁰ Of course that total excluded the roughly 1.5 million rifles, pistols, and machine guns manufactured for the war effort, as well as the rising number of unregistered firearms – especially those smuggled home as souvenirs by returning soldiers – which some conservatively estimated to constitute another 500,000 weapons.³¹

²⁷ Ibid, “Re: Disposal of Ammunition Surplus to Royal Canadian Navy Requirements,” Captain R.W. Wood to Mr. K.M. MacKenzie, 13 August 1945.

²⁸ LAC, RG24, Vol. 6796, File: 8375-10, “Naval Message to C.O.A.C. from N.S.H.Q.,” 28 June 1946.

²⁹ As quoted in: Brown, *Arming and Disarming*, 156. The statement in the House of Commons was made by R. W. Gladstone. Debates, House of Commons, 20th Parliament, 1st Session, Vol. 2, (22 October 1945), 1351.

³⁰ Brown, *Arming and Disarming*, 152-158.

³¹ Andrew Burtch, “Dead Man’s Gun: True Crime in Postwar Ottawa 1945-1946” *Ontario History* Vol. CII, No. 1 (Spring 2010): 15-16. The War Diary of No. 1 Canadian Kit Storage Depot (Clayton Barracks in Aldershot) shows how the Army regulated the return of kit and weapons. Much of what a soldier brought home was transferred through Clayton Barracks in the UK and shipped to Longue Pointe Ordnance Depot

A social catastrophe seemed imminent. Through the DMS and DND, the federal government had nurtured the expansion of an industrial war machine, purchased its death-dealing commodities in vast numbers, trained 1.1 million citizens in their use, and another 1.1 million in their manufacture. What would result from this wartime marriage of materiel and everyday life? Worst-case scenarios seemed to pop up everywhere, as several gun-related incidents in 1945 added fuel to the fire. In one poignant accident, an Ottawa boy was shot and killed by his friend showing off his father's souvenir revolver. In another incident in late-October 1945, three thieves broke into the Canadian War Museum and stole weapons from several display cases, one of which was used in the shooting death of an Ottawa police officer, Detective Thomas Stoneman.³²

Perhaps the most notorious string of gun-related crimes in postwar Canada happened over the late summer and fall of 1945 in Southwestern Ontario. Armed to the teeth with handguns, four Sten sub-machine guns, and polka dot handkerchiefs covering their faces, the five-member Polka Dot Gang embarked on a spree of robberies that turned them into the "leading figures" of "a crime wave" that swept through Ontario.³³ On 18 October the *Toronto Daily Star* reported that "gangs" and criminals had netted close to \$500,000 in stolen cash and bonds, though the Polka Dot Gang was only thought responsible for stealing a portion of that alarming total.³⁴ From August to October, the Polka Dot Gang struck with impunity. Their largest single haul was \$10,000 taken from a safe in Hamilton, but they also hit several creameries, dairies, packing plants, and a flour mill in Parkhill, Stratford, London, Guelph, York, and Port Dalhousie. On several other occasions they were thwarted from carrying out their heists, but they were never afraid to use force when necessary: the *Toronto Daily Star* reported that the gang had assaulted uncooperative employees, nearly killed a night watchman, and shot at pursuing police officers in York Township.³⁵ The Polka Dot Gang was eventually arrested after a 15

in Montreal. By 1946, the War Diary repeatedly noted how many firearms were taken out of kit bags. LAC, RG24, Vol. 17501, WD – No. 1 Canadian Kit Storage Depot, various Log Entries, especially April 1946.

³² Brown, *Arming and Disarming*, 156; Burch, "Dead Man's Gun," 1-19.

³³ "Polka Dot Gang in Hiding, It's too Hot, Police Sure," *Toronto Daily Star*, 18 October 1945, 3.

³⁴ *Ibid*, 3.

³⁵ "3 Safes Reported Stolen May be Polka Dot Gang," *Toronto Daily Star*, 15 October 1945, 2; "Polka Dot Gang in Hiding, It's too Hot, Police Sure," *Toronto Daily Star*, 18 October 1945, 3; "Polka Dot Suspects

October heist during which they forced their way into the home of a St. Catharines businessman named Thomas Heit, but left witnesses who gave police the license plate number of their getaway car.³⁶ These events, and others like them, came on the heels of other wartime incidents that conditioned fears of rising rates in juvenile delinquency and violent crime, despite the fact that Canada's actual crime rate in 1945 had dropped from its peak in the 1930s.³⁷

It was in this apprehensive climate that Berry started pressing Howe to modify PC6099 and approve a new disposal policy in November 1945. In light of "recent events" and the termination of hostilities, Berry was concerned about the length of time that the WAC and armed forces were required to store surplus weapons and ammunition while an attempt was made to find customers and make a sale.³⁸ This meant that a lengthy and costly delay was built into the disposal process that obstructed the start of any destruction program. Moreover, with the damaged storage facilities in Halifax and the delays caused after the explosion, ammunition destruction (which had heretofore been in continuous operation) was now running behind schedule. Berry wanted Howe to decide whether surplus weapons and ammunition would be kept for a "prescribed period" to await potential sales or if they should be destroyed immediately, "if no known sale for this type of surplus at the time it becomes available" was possible.³⁹ Given the situation, it is clear that Berry preferred the second option.

Howe wrote Berry back on 5 December and agreed with him. "The matter is so important," he wrote in his short cryptic reply, a Council decision was required and it was brought up at the 12 December meeting of the Cabinet Committee on Reconstruction.⁴⁰ At the meeting Howe explained that "in view of the lack of market, inadvisability in

Remanded to Nov. 16," *Toronto Daily Star*, 8 November 1945; "Gunfight Described, Commit Three Polka Dot Suspects," *Toronto Daily Star*, 28 November 1945.

³⁶ "3 Safes Reported Stolen May be Polka Dot Gang," *Toronto Daily Star*, 15 October 1945, 2.

³⁷ Keshen, *Saints, Sinners, and Soldiers*, 94-121 and 194-228; Burtch, "Dead Man's Gun," 15-17; House of Commons, *Debates*, Statement by J. G. Diefenbaker, 20th Parliament, 1st Session, Vol. 3 (12 December 1945), 3350-3351. See also: LAC, RG28-A-5-d, Vol. 167-168, "Quarterly Summaries of Activities," Report for July-September 1943.

³⁸ LAC, RG101, Vol. 2, File: 9-2-1, Memorandum to C. D. Howe from J. H. Berry, 23 November 1945.

³⁹ *Ibid*, Memorandum to C. D. Howe from J. H. Berry, 23 November 1945.

⁴⁰ *Ibid*, C. D. Howe to Berry, 5 December 1945.

certain instances of general sale, and substantial costs of storage, it appeared desirable to destroy the goods in question rather than retain them in storage.”⁴¹ The Committee concurred and approved a vaguely worded order to direct the WAC that “where no known sale for surplus small arms and ammunition existed, to proceed with mutilation and sale as scrap of the arms and ammunition involved.”⁴² Because Berry’s original concern was about storing lethal assets in expectation of a sale, ocean dumping was never expressly mentioned in this exchange since there was never any intention to sell the surplus ordnance already slated for dumping.



Photo 19 Picture showing the devastation of the Bedford Magazine Explosion. Note the unexploded ordnance scattered throughout. Source: LAC, RG24, Vol. 8070, File: 1270-41 Ammunition Disposal Committee, Bedford Basin, Colonel Ogilvie’s Reports, Copy Negative HS 1509-108.

However, the new orders drastically increased and accelerated the scope of all destruction programs since the armed forces and the WAC were now relieved of the necessity of stockpiling surplus munitions while attempting to sell them. At all times the over-riding considerations for the destruction of lethal assets were speed and efficiency, the public’s safety and

security, the safety of the specialists and technicians tasked with destruction, the financial costs, and, perhaps most pressing of all, freeing storage space at ammunition depots. As one official from the DND wrote to M. A. Medland, Wood’s successor as Director of Naval Ordnance, in May 1946, “it is intended to dump all surplus imperial stocks of ammunition and explosives stores held at [Royal Canadian Naval Armaments Depot]’s so

⁴¹ Ibid, Memorandum to J. H. Berry from V. W. Scully, 15 December 1945.

⁴² Ibid, Memorandum to J. H. Berry from V. W. Scully, 15 December 1945; LAC, RG2, Vol. 121, File W-45, V. W. Scully to J. R. Baldwin, 7 December 1945 and attached exemplar of surplus weapons.

that further stowage space which is urgently required may be made available at an early date.”⁴³

In the aftermath of the Bedford Explosion, concerns were coalescing in the minds of military officers and government officials. Naval officers, who were still debating postwar requirements and tabulating inventories over the summer, swiftly decided on the fate of all remaining ordnance in Bedford. Instead of inspecting all the ammunition still littering the blast area or consigned to “floating magazines,” the Director of Naval Ordnance was instructed “to proceed from the standpoint of clearance rather than of future use” and write off all stocks of ammunition and explosives in Bedford in order to commence “dumping at once.”⁴⁴ Not only were these assets replaceable from other sources should the Navy require them in the future, but what had not detonated was probably damaged in some capacity, so there was little use in trying to sell them.⁴⁵ Indeed, at every step of the demobilization and disposal process, the concerns of policymakers were shaped by the immediacy and proximity of dangerous munitions as well as the technical feats required for purging them from their spheres of responsibility.

Davey’s Storage Locker: Canada’s Ammunition Dumping Program

When hostilities ended, the standard procedures for the disposal of all war-like stores were well-established on paper and tested with the limited amounts of tactical equipment declared surplus by the DND. The Services cannibalized what they needed and declared the remainder surplus. Any lethal assets entering the WAC’s possession were frozen from general sale and usually held by the armed forces (at depots or magazines or air bases) pending the Merchandising Department’s ability to sell to a select clientele that included foreign governments, allied armies, police forces, and dealers who acquired the requisite permits and passed the RCMP’s background checks. If the “single purpose implements of war” could not be sold and no possible civilian applications were

⁴³ LAC, RG24, Vol. 34394, File: 5130-2, “Memorandum for the CNAS,” E.H. Russell to M.A. Medland, 4 May 1946.

⁴⁴ LAC, RG24, Vol. 8070, File: 1270-41 Vol. 1, “Memorandum to the Minister,” 28 August 1945.

⁴⁵ The biggest concern were the depth charges (Mark XI) which were particularly volatile and needed special attention to release the gasses building up inside them before dumping them at sea. LAC, RG24, Vol. 8070, File: 1270-41 v.1, G. Ogilvie to Douglas Abbott, 22 August 1945, 4.

discovered by the WAC then the items were referred to either the Scrap Disposal Branch or the Ammunition and Chemical Disposal Board for final disposition.⁴⁶ At that point the assets were usually tagged for destruction either by scrapping, mutilation, incineration, or ocean dumping.

The fact that there were four available options for destroying surplus weapons and ammunition demonstrates that drowning was not a forgone conclusion once surplus ordnance became available, nor was ocean dumping the sole method utilized by the WAC or the armed forces. However, given the numbers requiring disposal, the concerns for public safety, the desired speed and efficiency, and the international precedents established by Canada's closest Allies, ocean dumping became the favoured destruction method for ammunition and explosives. The long-term environmental and ecological consequences of ammunition dumping were hardly considered relevant and largely ignored or misunderstood by the scientific community, military officials, and government bureaucrats making disposal policies.

At first glance, scrapping and mutilation were obvious starting points and, as Chapter 4 explained, the favoured destruction method for all types of weapon systems since their materials and components were salvaged. However, scrapping and mutilation came with some baggage that made them less practical to implement with ammunition. To correctly scrap and mutilate ordnance, suitable amounts of time and care were needed, particularly given the technical nature of the task. A continuous supply of expertise was essential for ensuring quality control and efficiency, while storage facilities and extensive security precautions were required to guard against reassembly or thefts from storage areas.⁴⁷ Overcoming these challenges meant forestalling the demobilization of trained weapons specialists and the acquisition of larger facilities where the objects could be securely stored before processing. In Europe and Asia, storage and manpower

⁴⁶ *SCWEE*, 20 November 1945, (No. 1, Book 2), 13; LAC, RG101, Vol. 7 WAC – Board of Directors, Meeting Minutes, 11 May 1944; LAC, RG101, Vol. 4, File 1-1-13, CAAC Meeting Minutes, 19 May 1944; PC6099.

⁴⁷ Ogilvie's August report stresses the importance of having good officers overseeing the cleanup. There was some worry that the three officers leading the cleanup (Lieutenants Rollo, Monroe, and Rundle) would "leave the Service in the near future." LAC, RG24, Vol. 8070, File: 1270-41 v.1, G. Ogilvie to Douglas Abbott, 22 August 1945, 7.

arrangements were further complicated by the devastation wrought by Allied victory as well as the significant quantities of ammunition located there. At home, the rapid demobilization of Canadian personnel coupled with the fact that most munitions factories were quickly dismantled or reconverted to civilian needs meant that both the expertise and locations for scrapping ammunition shrank drastically after May 1945. Indeed, the amount of ordnance requiring destruction across the world was so large that scrapping and mutilation alone could not possibly finish the job within the context of demobilization and reconstruction timetables.

A further challenge to mutilation and scrapping was the explosive compounds and chemicals inside the war's deadliest ammunition: artillery shells. Although some isolated successes demonstrated that scrapping shells could be done efficiently in order to recycle the metals in the casings, the time, effort, and numbers conspired to negate its widespread feasibility. How could every single shell be taken apart safely and in line with rapid demobilization schedules? And how would the millions of tons of chemical weapons produced but never used in combat be destroyed? In these cases, it was best to destroy these chemicals and impregnated materials rather than risk the death or injury of inspectors and specialists tasked with taking them apart and appraising what could be salvaged. Thus, it was clear that mutilation and scrapping were best for weapons systems (such as aircraft, ships, tanks, and firearms) that were composed of many reusable parts and materials, but they were not that useful for destroying the highly contaminated materials or small arms ammunition, artillery shells, and chemical weapons.

Incineration and controlled explosions were the other available alternatives, and while utilized wherever feasible, they faced similar obstacles as scrapping and mutilation. Using explosions to destroy munitions had to happen in a place that was both safely and securely distant from any population centre but still within proximity of good and operational transit networks that could be devoted only to the movement of munitions rather than, for example, displaced persons or food or commercial goods. Finding suitable locations and facilities after the war was limited by the quantities requiring destruction, their proximity to military installations, industrial production, and, in Europe and Asia, the devastated nature of the transportation networks. Aside from storage and security concerns prior to detonation, another major obstacle was simply keeping pace

with cleanup operations. This was exceedingly difficult once landscapes were remediated and destroyed cities rebuilt. In this case, controlled explosions would need to move further away from rebounding population centres and storage sites, while any salvageable materials inside the munitions would literally go up in smoke. Indeed, reconstruction and rebuilding efforts seriously limited the space and time in which large explosions and fires could take place.

The numbers were just too large to make controlled explosions and burns practical as the singular method of destruction, especially for TNT. To understand their impracticality, consider the total blast yields involved in comparison to the atomic bombs used on Hiroshima and Nagasaki. The blast yield from Little Boy, the atomic bomb dropped on Hiroshima, registered between 12 and 18 kilotons or the equivalent of 12,000 to 18,000 tons of TNT exploding at one time. Such a large explosion is estimated to have killed in the vicinity of 70,000 people – many vaporized instantly or killed by flying debris – and at least another 20,000 over the following days from severe radiation poisoning.⁴⁸ Yet, hypothetically, if the quantities of conventional explosives requiring disposal were concentrated in one location and detonated together, the resulting explosion would have made Hiroshima look like a gentle gust of wind. According to Terrence Long, Chairman of the International Dialogue on Underwater Munitions (IDUM), there is a minimum of 80,000 tons of conventional ammunition on the seafloor around Cape Breton alone.⁴⁹ Even if only a quarter of that conservative estimate is actually TNT, its blast yield – if it had been centralized and detonated in a single location rather than dumped at sea – would be 20 kilotons or the equivalent yield of Fat Man the atomic weapon that obliterated most of Nagasaki.

Obviously, controlled explosions of such magnitude were not advisable. Yet if numerous smaller explosions and fires were organized another serious problem surfaces: longevity. Consider that France's *demineurs* – the army unit created to collect and destroy unexploded ordnance in France predominantly from the Great War – utilize

⁴⁸ For more on the atomic bombs and war with Japan, see: Richard B. Frank, *Downfall: The End of the Imperial Japanese Empire*, (New York: Random House, 1999).

⁴⁹ Terrence P. Long, "Introduction to Sea Dumped Munitions and Hazardous Wrecks," Strategic Environmental Assessment, Misaine Bank Region, 14 July 2005, (Accessed 4 January 2015) <http://www.underwatermunitions.org/research.php>.

explosive detonations along the Channel coast at Le Crotoy as their primary method of disposal. In performing this highly dangerous and deadly job, they collect and destroy roughly 300 tons of unexploded ordnance annually. Although this is a substantial total, the cleanup will likely continue for centuries!⁵⁰ Because of better blasting caps and fuses, the Second World War yielded significantly less unexploded ordnance, but in 1945 it was the stockpiles awaiting future use that were most troubling.⁵¹ The numbers are simply mind-boggling: the Americans produced about *41 billion* rounds of ammunition (all calibers, including artillery shells) and the Germans built 3.35 million tons of ordnance in 1944 alone (and despite the intensity of bombing raids).⁵² Of course not all of these arsenals were tagged for destruction and large portions were already fired, but the leftovers may have taken centuries to destroy solely by fire and combustion.

Thus, to destroy large stocks of ammunition and shells properly, a storage site and efficient destruction method were essential. The site had to be located somewhere inaccessible so that nobody could easily steal the items and the destruction method had to ensure that reassembly was not possible. The site and method had to accommodate the devastated nature of local conditions and take advantage of the available expertise, equipment, and transportation of the Allied armies. Above all, the site had to be large enough to store all the lethal assets, either as a whole or in parts, so that they would never again be used for their intended function. Finally, the destruction method had to be relatively quick and efficient so that it could keep pace with rebuilding efforts and demobilization, thereby adding even greater importance to the location's indefinite size and proximity.

In fact, the ideal option would combine the location and method together, meaning that the site where the lethal assets were placed *was* their destruction. As things turned out, a solution was close at hand, and it was also one that the Western Allies knew all too well. Wherever their armies had fought, the tyranny of distance was conquered before the

⁵⁰ Webster, *Aftermath*, 53-60.

⁵¹ *Ibid.*, 35-36, 52.

⁵² See: Herman, *Freedom's Forge*, iv and 335; Richard Overy, *The Bombers and the Bombed: Allied Air War over Europe, 1940-1945*, (New York: Viking, 2013), 278, Table 4.1. Overy's table divides munitions from armour, artillery, aircraft, and submarines.

enemy was defeated. The vast bodies of water separating the war front from the industrial front posed the greatest geographic and logistical obstacles to victory.⁵³ However, in peace, they became the ideal places for discarding the detritus of war. Not only did the Allies possess the available shipping capacity, but ground transportation networks would only need to ship munitions one way (to the ports). The water and seafloor provided the location and perimeter security thus rendering the assets completely inaccessible and unusable. Moreover, the objects could be dumped as a whole or in parts which limited handling and negated the need for extensive mutilation. At the time, the long-term corrosive powers of saltwater and the profuse amount of chemicals inside each shell were hardly considered relevant. Instead, the water's colder temperatures were seen as ideal for insulating the bombs so they were less likely to ignite or explode accidentally in the short term. Finally, as long as rough seas and bad weather were minimal, ocean dumping could continue without disruptions, far away from prying eyes, and in controlled locations so as not to disturb shipping or the fishing industries.

In many respects the dumping of munitions in the oceans might appear today like some immoral transgression and that the Allies consciously perpetrated an environmental disaster in disarming themselves and their enemies. No doubt there is some truth to that assertion, particularly in reference to the dumping of chemical weapons, and later radioactive waste, but the objective here is not to debate the morality of dumping within the context of today's growing environmental concerns.⁵⁴ Instead, the objective is to understand why and how ocean dumping became a viable and widely-used option for the destruction of ammunition and some types of weapon systems. At the heart of the matter was the contemporary attitude towards the environmental impact of munitions dumping. There were simply few concerns about the effects of saltwater corrosion or the ecological consequences of introducing large quantities of chemicals, acids, metals, and carcinogens into marine environments. Instead concerns were focused on the pragmatic aspects of

⁵³ Paul Kennedy, *Engineers of Victory: The Problem Solvers Who Turned the Tide in the Second World War* (Toronto: HarperCollins, 2013), 283. See also: Gerhard L. Weinberg, *A World At Arms: A Global History of World War II*, (New York: Cambridge University Press, 2005).

⁵⁴ Jacob Darwin Hamblin, *Poison in the Well: Radioactive Waste in the Oceans at the Dawn of the Nuclear Age*, (Piscataway, NJ: Rutgers University Press, 2009), ix and 1-9.

disposal, the quantities involved, speed, and the public's general safety if these items remained in storage facilities on land.

Some discussion of the broader historical and international context helps clarify contemporary attitudes about the marine environment and the permissibility of dumping munitions. The precedents that guided policymakers to their decisions came in many forms. In fact, for both practical and symbolic reasons, humans have had a long history of dumping weapons and military accoutrements in water. For instance, in 1950 Danish workers digging a drainage pipe at Illerup near Skanderborg on the Jutland Peninsula discovered a major weapons deposit in what is now a dry lake bed. Archeological excavations and scientific testing found that most of the objects dated from 200 A. D. and, to the great surprise of all concerned, were identified as Roman in origin. Far from any Roman frontier, the items were dumped there by early Germanic peoples who were actively resisting Roman conquest at the time. The act of dumping was obviously significant to the dumpers since the objects were first captured in battle and then transported many miles before ending up under water. The fact that the lake at Illerup was chosen over some other bodies of water closer to the battlefield has led experts to conclude that the primary motivation for dumping was symbolic and religious. The thousands of objects at Illerup were thrown into the lake as a sacrifice to the gods for helping defeat the enemy.⁵⁵

Obviously, the actions of ancient cultures were far removed from those of modern societies and the choices of political and military leaders after the Second World War. Yet they demonstrate the *Longue durée* of human interaction with bodies of water. As Philip Steinberg explained in his book *The Social Construction of the Ocean*, throughout recorded history humans have used the world's oceans and waterways for a variety of economic, political, and social practices. Societies, corporations, and governments have continuously consumed and regulated ocean space for their own advantages by controlling access, usage, transportation, resource exploitation, sovereignty, and

⁵⁵ Peter S. Wells, *The Barbarians Speak: How the Conquered Peoples Shaped Roman Europe*, (Princeton: Princeton University Press, 1999), 3-6.

defence.⁵⁶ However, Steinberg's theoretical approach and political-economic focus ignored another critical aspect of how humans have historically interacted with and envisioned the oceans: as a place and means for discarding waste.⁵⁷ For centuries, humans have used oceans, rivers, and lakes to "store" unwanted items or dispose of garbage, sewage, and more recently, munitions and atomic waste. As Joel Tarr explained in *The Search for the Ultimate Sink*, every process "be it natural, consumer, or production...requires location of a place of deposit, or a 'sink.'"⁵⁸ Most relevant for our purposes is Tarr's contention that in the search for the "ultimate sink" for industrial wastes and urban pollution, the preferred option was the "cheapest and most convenient manner possible."⁵⁹ Unfortunately, this often meant pumping and dumping waste into the closest waterway or the ocean.

The industrial revolution and rise of mass consumerism throughout the nineteenth and twentieth centuries resulted in a dramatic increase of marine pollution and ocean dumping that has left a frightening legacy for the twenty-first century. Some experts and environmentalists now believe that the oceans are on the brink of dying and that humans have "killed" their ecosystems with plastic, garbage, industrial wastes, radioactive materials, and discarded munitions.⁶⁰ One recent study found that between 4 and 12 million tons of plastic are dumped in the oceans every year, a shocking revelation connected to other pressing environmental concerns such as ocean acidification, global warming, over-consumption, and the birth of the plastic industry in the 1930s and

⁵⁶ Philip E. Steinberg, *The Social Construction of the Ocean*, (New York: Cambridge University Press, 2001).

⁵⁷ Steinberg also overlooked leisure pursuits (such as cruises or surfing). Marine pollution comes up only periodically. See also: James Salzman, *Drinking Water: A History*, (New York: Overlook Press, 2012).

⁵⁸ Joel A. Tarr, *The Search for the Ultimate Sink: Urban Pollution in Historical Perspective*, (Akron, Ohio: The University of Akron Press, 1996), 385.

⁵⁹ *Ibid*, 385.

⁶⁰ Margo McDiarmid, "Plastics Dumped in World's Oceans Estimated at 8M Tonnes Annually," *CBC*, 12 February 2015, (Accessed 15 February 2015), <http://www.cbc.ca/news/politics/plastics-dumped-in-world-s-oceans-estimated-at-8m-tonnes-annually-1.2954813>; "Marine Pollution: Centuries of Abuse Have Taken a Heavy Toll," *National Geographic*, no date, (Accessed 15 February 2015), <http://ocean.nationalgeographic.com/ocean/critical-issues-marine-pollution/>; Greg Ray, "The Ocean is Broken," *Newcastle Herald*, 18 October 2013, (Accessed 15 February 2015), <http://www.theherald.com.au/story/1848433/the-ocean-is-broken/>.

1940s.⁶¹ A contributing factor to creating this environmental catastrophe was the contemporary attitudes of government officials and scientists in the mid-twentieth century. As Jacob Hamblin explained, these attitudes centred on the phenomenon of “acceptable thresholds” or the idea that somehow water could repeatedly absorb a dose of pollution without affecting humans, marine life, or the ocean’s chemistry.⁶² In other words, the cumulative measurement did not matter as much as the individual dosage so the pollution of waterways and oceans could continue as long as it did not harm public health immediately following the act. There was little concern for the ocean itself or any consideration for the long-term effects that dumping could have on the marine environment. Somehow the water would recover and the pollutants would disappear.⁶³

Building on contemporary attitudes toward marine pollution, it is not difficult to understand how the ocean dumping of munitions entered the equation in the 1940s, especially since the precedent was already well established after the Great War. Because the First World War ended so unexpectedly in November 1918, and during a series of crushing Allied offensives in its last hundred days, a profuse amount of munitions were stockpiled across Western Europe, especially at the front and along the Channel Coast. As a result, the French and British organized various dumping operations along the coast at Boulogne, Calais, and Dunkirk under the auspices of the Ministry of Munitions and Ministère de la Guerre. In practice, however, the job was contracted out to several private contractors that purchased the munitions. These companies, such as F. N. Pickett et Fils and George Cohen & Co., bought the weapons for scrap resources and were obligated to destroy the unwanted remainder or unsalvageable items usually by dumping or incineration.⁶⁴ The records of the British Disposal and Liquidation Commission provide some indication about their scope after the Great War. Despite the protests of British oyster merchants, who saw their stocks drop precipitously in the 1920s, several thousand tons of conventional weapons were dumped in the English Channel along with over

⁶¹ McDiarmid, “Plastics Dumped in World’s Oceans Estimated at 8M Tonnes Annually.”

⁶² Hamblin, *Poison in the Well*, 10-38.

⁶³ Tarr, *The Search for the Ultimate Sink*, 398-403; Hamblin, *Poison in the Well*, 10-38.

⁶⁴ TNA, MUN 4/6046, Letter to Messrs. George Cohen & Co., 19 November 1920; Ibid, Letter to Secretary of the Disposal Board (French Section), 6 December 1920; Ibid, Letter to Secretary of the Disposal Board, 14 January 1921.

12,000 tons of mustard gas. However, the numbers were probably much larger than what was documented in this set of records.⁶⁵

When Canadians started dumping ammunition in the ocean in 1945, they were not trailblazers. In fact, the Canadian government and military were following the precedents set by their larger Allies, particularly in reference to the disarmament of Germany and Japan. When the Allies occupied the shattered remnants of Germany and Japan they immediately initiated a process of demilitarization and disarmament, while formal agreements were negotiated by subcommittees of the Allied Control Council.⁶⁶ This was *realpolitik* in practice. Disarming the enemy was a central duty of the occupation forces, as it eliminated any challenge to Allied supremacy. Right as humanitarian aid trickled into devastated areas, the Allies undertook extensive surveys and inspections to facilitate an exodus of weapons, ammunition, scientific equipment, and production machinery. This process of demilitarization and disarmament is often discussed by historians in the context of rising tensions between the superpowers, the plundering of German scientific and industrial resources (both human and material), the removal of factories by the Soviets, or the improvement of future weapon designs and procurement programs in the early stages of the Cold War.⁶⁷ Yet disarmament and demilitarization created a major

⁶⁵ TNA, MUN 4/6046, Letter from Administrator of the Disposal Board France, Belgium and Germany to The Secretary of the Disposal Board, 27 April 1921; Ibid, "Minutes of Proceedings of the Commission Appointed to Examine the request of Messrs. Pickett & Son to Dump in the Sea from the Port of Boulogne 5,000 tons of Shell Containing Mustard & Yellow Cross Gas," 30 May 1921, 1-3; Ibid, "Minutes of Proceedings of the Commission Appointed to Examine the request of Messrs. Pickett & Son to Dump in the Sea from the Port of Dunkerque Gas Shells and other Ammunition," 1 June 1921, 1-6; Ibid, "Proceedings of the Commission Appointed by the French Government on Dumping of Ammunition Assembled at Dunkerque," 7 July 1921, 1-4; Ibid, "Conference with the Oyster Merchants and Planters Association on the Dumping of Waste Explosives," 26 September 1921, 1-5; Ibid, "Oyster Morality Investigation," Letter to Sir Herbert Creedy from J. Wrench Towse, 10 November 1920, 1-2. See also: Thomas Stock and Karlheinz Lohs, eds., *The Challenge of Old Chemical Munitions and Toxic Armament Wastes*, Chemical & Biological Warfare Studies No. 16, Stockholm International Peace Research Institute, (Oxford: Oxford University Press, 1997).

⁶⁶ *Report on Sea Dumping of Chemical Weapons by the United Kingdom in the Skaggerrak Waters Post World War Two* (UK: Ministry of Defence, no date), 1-4 (hereafter *Skaggerrak Report*). For more on German disarmament, see: Earl F. Ziemke, *The U.S. Army in the Occupation of Germany, 1944-1946*, (Washington: Centre of Military History, United States Army, 1975); Ian D. Turner, ed., *Reconstruction in Post-War Germany: British Occupation Policy and the Western Zones, 1945-1955*, (New York: Oxford, 1989); Edmund Spevack, *Allied Control and German Freedom*, (Berlin: LIT Verlag, 2001).

⁶⁷ For examples see: Michael J. Neufeld, *Von Braun: Dreamer of Space, Engineer of War*, (New York: Alfred A. Knopf, 2008); Annie Jacobsen, *Operation Paperclip: The Secret Intelligence Program that Brought Nazi Scientists to America*, (New York: Little, Brown, & Company, 2014). On the Cold War, see:

pragmatic dilemma: the Allies collected a massive array of munitions and supplies in Europe and Asia, but not every weapon or gadget was desired for postwar purposes. In fact, only a small fraction of what was confiscated had any residual scientific or military value, while the remainder was a serious security liability.

The situation was further compounded by the demobilization of Allied armies and the downsizing of manpower and materiel requirements which produced a large amount of surplus Allied weaponry, ammunition, and equipment. Indeed, the British Army – just one branch of one country’s armed forces – estimated that it possessed 1.2 million tons of surplus ammunition in the UK alone.⁶⁸ Thus, the amount of assets requiring disposal was even larger than captured weapons and leftover ammunition in Germany and Japan. It included all types of Allied weapon systems and ammunition spread across thousands of places, from small islands in the Pacific to storage magazines on the home front and everywhere in between. Since ocean dumping was seen as the most efficient and safest method of disposal for lethal assets, the bulk of unneeded Second World War-era ammunition wound up on the ocean floor. All types of ammunition were dumped along with many different types of weapons, from small caliber bullets to the largest artillery shells; from damaged aircraft to obsolete ships; from firearms to chemical weapons. There were few restrictions and no international oversight controlling the practice until 1972.⁶⁹

It was within this wider international context that Canada’s dumping program took shape, both at home and overseas. As an important but middle-ranked power, Canada had

John Gaddis, *The United States and the Origins of the Cold War, 1941-1947*, (New York: Columbia University Press, 1972); Julian E. Zelizer, *Arsenal of Democracy: The Politics of National Security – From World War II to the War on Terrorism*, (New York: Basic Books, 2010); Anne Applebaum, *Iron Curtain: The Crushing of Eastern Europe, 1944-1946*, (Toronto: McClelland & Stewart, 2012).

⁶⁸ *Beaufort’s Dyke Background* (UK: Ministry of Defence, no date), paragraph 3; *Beaufort’s Dyke Dumping Ground* (UK: Ministry of Defence, no date), paragraph 4.

⁶⁹ Ballinger, “Managing Marine Waste Disposal,” 178-184. The international oversight established in 1972 centred on marine pollution. The websites for the London Protocol and Oslo Conventions provide more information: “Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR Convention),” (Accessed 5 October 2015), <http://www.ospar.org/convention>; “Dumped Chemical & Conventional Munitions,” (Accessed 5 October 2015), <http://www.ospar.org/work-areas/eiha/munitions>; “History” (Accessed 5 October 2015), <http://www.ospar.org/about/history>; “The London Convention and Protocol: Their Role and Contribution to Protection of the Marine Environment,” International Maritime Organization, (Accessed 5 October 2015), <http://www.imo.org/en/OurWork/Environment/LCLP/Documents/2012%20LCLP%20leaflet%20Web.pdf>.

no formal occupation zone in Germany, but the Army still participated in Allied occupation duties in support of the British. Canadian soldiers actively collected and destroyed large amounts of enemy weaponry and ammunition. Over the summer of 1945, Canadian forces dumped into the Baltic and North Seas a minimum of six million tons of captured ammunition that had been collected from parts of the Netherlands and the Emden-Wilhelmshaven area in Northwest Germany. Major Frank Swanson, a correspondent for the *Hamilton Spectator*, reported in late July that “the last and biggest ammunition dumping program of the Canadian army is underway...It will see six million tons of enemy ammunition consigned to the depths of the North Sea under fathoms of salt water.”⁷⁰ In reality though, Canada’s contributions to German disarmament were just a drop in the bucket as the Americans, British, and Russians dumped tremendous amounts in the Baltic. In fact, scientists now estimate that a combination of years of saltwater corrosion and water currents have spread rusting bombs over about one-third of the Baltic’s seabed.⁷¹ Today, munitions (both conventional and chemical) and their by-products wash up on beaches regularly, while fishermen accidentally catch about 3 tons a year. In 2007, one expert told an audience in Berlin at an international conference on munitions in the Baltic, underwater explosions are now large enough that seismic instruments frequently detect them.⁷²

The main element of Canada’s dumping program was focused closer to home, on the country’s Pacific and Atlantic coasts. It was here that thousands of tons of weapons and ammunition were dumped with the approval of the Canadian government. Over the summer, Canadian military authorities started defining potential locations for dumping sites. In making these arrangements, however, they had to coordinate with provincial governments, companies operating undersea cables, and the shipping industry. In late June and early July, naval authorities in Ottawa and Halifax circulated a set of potential

⁷⁰ CWM, *Democracy at War*, Frank Swanson, “Dump into Sea Hun Ammunition,” *Hamilton Spectator*, 21 July 1945.

⁷¹ Axel Bojanowski, “World War II Munitions Dumps: A Rusting Time Bomb in the Baltic,” *Spiegel Online*, 4 April 2007, (Accessed 4 January 2015), <http://www.spiegel.de/international/europe/world-war-ii-munitions-dumps-a-rusting-timebomb-in-the-baltic-a-475520.html>.

⁷² Bojanowski, “World War II Munitions Dumps,” (Accessed 4 January 2015); G. Ford, L. Ottemoller, B. Baptie, *Analysis of Explosions in the BGS Seismic Database in the Area of Beaufort’s Dyke, 1992-2004*, (British Geological Survey: Seismology & Geomagnetism Programme, 2005),1-15.

locations with coordinates to several companies and the provincial departments of fisheries that bordered the St. Lawrence. Most replies were generally favourable. Some companies, such as the Halifax and Bermuda Cable Company Ltd., did not foresee any problems associated with dumping explosives, as the company viewed the proposed locations “as being normally safe as far as our cables are concerned” and its officials had “no reason to anticipate any break in communication from such activity.”⁷³ A few changes were suggested by other companies, such as Western Union Wharf, because the proposed dumping sites were too close to their cables and secondary locations were devised.⁷⁴ Although one might expect a vocal input and response from the provincial governments, both the fisheries departments in Quebec and Nova Scotia quickly remitted their approvals.⁷⁵

Ammunition dumping received approval, in one form or another, from a powerful consortium of provincial and federal officials, military authorities, and corporations. Remarkably, it appears that few military officials thought to contact leaders from the fishing industry or local communities and there was no concern about the long-term environmental impact of corroded shells on the ocean floor. In fact, the only environmental concerns appearing in this correspondence were preoccupied with the short-term risk of accidental explosions and the danger this posed to the supply of salmon in the area. As one undated message from the Naval Officer In-Charge (NOIC) of Quebec explained to his counterpart in Cape Breton: “Provincial Deputy Minister of Fisheries concurs in proposed area for dumping ammunition provided there will be no explosions during dumping as for next 6 weeks to 2 months salmon run from Gaspé Peninsula to North Shore will be on.”⁷⁶

On 14 September 1945 – just twelve days after the Japanese surrender at Tokyo Bay – a confidential memorandum to the Secretary of the Naval Board defined in broad

⁷³ The response from the Halifax and Bermuda Cable Company Ltd. is typical: LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1, Manager Halifax Branch to Vice-Admiral G. C. Jones, 21 June 1945.

⁷⁴ Ibid, W. Adamson (Western Union Wharf) to Vice-Admiral G. C. Jones, 20 June 1945.

⁷⁵ Ibid, Arthur Labrie to Commander F. B. Latchmore, 4 July 1945.

⁷⁶ Ibid, “Disposal on Demobilization Ammunition and Explosives,” NOIC Quebec to NOIC Sydney, June 1945.

detail the scope of future dumping operations. The Director of Naval Ordnance ordered “that the following Naval Order...be promulgated” and he continued by outlining three areas approved for ammunition dumping on the country’s Atlantic coast:

1) Off Halifax, NS

Within a radius of (5) nautical miles from a position bearing 116° and distant forty (40) nautical miles from Chebucto Head Lighthouse. (Approximate location Latitude 44° 12’ N, Longitude 62° 42’ W)

2) Off Sydney, NS

Within a radius of five (5) nautical miles from Latitude 46° 19’ N, Longitude 58° 39’ W.

3) St. Lawrence

Within an area bounded as follows: Southern Limit, Latitude 49° 30’N. Western and Northern Limit, the 100 fathom contour line bordering the North Shore of the St. Lawrence. Eastern Limit: Longitude 65° 30’W.⁷⁷

With these orders and approval from Canada’s government through PC6099 and Ogilvie’s report, dumping operations commenced with additional vigour particularly at Emerald Basin, the first location identified in Wood’s Naval Order. From the summer of 1945 onwards, the Navy undertook the majority of dumping operations on behalf of all three Services and with increasing assistance from the WAC. Over this time, the bulk of unneeded Second World War-era ammunition disappeared from storage magazines and weapons’ lockers and – most likely – wound up in the ocean.

It is difficult to quantify exactly what and how much was dumped into the oceans at this time. However, a comprehensive list remitted to the RCN’s Commanding Officer for the Atlantic Coast in Halifax provides some indications about the nature of Canada’s dumping operations. The list “of explosive stores jettisoned by H. M. C. Ships subsequent to ‘V-E’ Day” detailed all items dumped from May until September 1945 localized to one port in the Maritimes: Sydney.⁷⁸ According to the list 522,972 individual

⁷⁷ LAC, RG24, Vol. 34394, File: 5130-1, “Confidential – memorandum to Secretary – Naval Board,” Captain R.W. Wood, 14 September 1945.

⁷⁸ Similar lists were submitted from St. John, NB, St. John’s NFLD, Shelburne, NS, Prince Rupert, BC, and Esquimalt, BC. Unfortunately, only the Sydney list survived. LAC, RG24, Vol. 11121, File: 70-2-6,

objects were tossed into the ocean. This included 252,658 cartridges of .303-inch small arms ammunition, 101,729 cartridges of 20-mm Oerlikon ammunition, 19,992 cartridges of 2-pounder quick firing artillery shells, 2,305 depth charges, and thousands of other projectiles divided into 53 different categories of types and calibers.⁷⁹ The intensity of dumping operations is quite striking considering that these items were dumped from only one port over the summer when postwar requirements were still in flux and war with Japan loomed ahead. Therefore, this inventory list constituted only a starting point, as

Table 10: Disposal of Ammunition, Report for Week Ending 29 September 1945

Type of Ammunition Dumped	Quantity
Depth Charges, Mk. VII	1,050
Cartridges, Q. F. 4" Mk. XIX	517
Cartridges, 20 MM Oerlikon	49,000
Cartridges, B.L. 4"	1,456
Full and Reduced Charges	
Cartridges, Q. F. 3" 20 Cwt.	896
Cartridges, Q. F. 2 Pdr. H.E./H.V.	71,512
Cartridges, S. A. 9MM	58,880
Cartridges, .303"	4,000
Shell Q.F. 4.7"	93
Shell, Q. F. 4"	714
Shell, Q. F. 12 pdr. 12 Cwt.	91
Projectiles, 1¾ Hedgehog	1,929
Fuzes, Time No. 198	525
Primers, D/C Mk. VII	170

Source: LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1 Disposal on Demobilization Ammunition and Explosives, "Disposal of Ammunition, Report for week ending 29 September 1945," Superintendent (Naval Armament Depot, Dartmouth NS) to Commanding Officer Atlantic Coast, 3 October 1945.

dumping operations increased exponentially after Japan surrendered and postwar budgets were confirmed.

A short comparison with Britain's postwar ammunition dumping program might further illuminate the smaller scope and scale of Canadian dumping operations. Two undated reports published on Britain's ammunition dumping program, which was mainly based at Beaufort's Dyke in the Irish Sea and operated out of the military port of Cairnryan, estimated that at least 180,000 tons of ammunition was disposed of in

Beaufort's Dyke by the end of 1946. These reports suggested that .303-inch small arms ammunition, 20mm and 40mm Anti-Aircraft shells, mortar bombs, 500 lbs. High

"Records of Quantities and Types of Ammunition and Explosives Stores Jettisoned," Naval Message, 13 September 1945.

⁷⁹ Ibid, "Explosive Stores Jettisoned," A/Captain J. McCulloch to Commanding Officer Atlantic Coast H.M.C.S. Stadacona, 19 September 1945, 1-3.

Explosive (HE) bombs, hand grenades, and anti-aircraft rockets were the most common items tossed overboard.⁸⁰

In terms of types, Canada’s dumping program certainly mirrored Britain’s, though it was much smaller. Although documentation is hard to find, two weekly summaries for the weeks ending 29 September 1945 and 6 October 1945 suggest a general pattern. According to these summaries dumping was a daily occurrence, unless adverse weather kept ships in port. Over the course of the week ending on 29 September “an estimated 550 tons of ammunition” was dumped (by comparison the RAF was dumping 500 tons a

day in Beaufort’s Dyke by November 1945) and the following week inclement weather limited operations to just 350 tons.⁸¹ Tables 10 and 11 list the types and quantities dumped off the Atlantic coast over this two-week period. Furthermore, one weekly summary that divided the total tonnage dumped by ship from 9-13 October gives some indication about how much was dumped per day. On average the three vessels engaged in dumping that week carried about 30-35 tons daily. However, each ship did have one day that departed from this average: HMCS

Table 11: Disposal of Ammunition, Report for Week Ending 6 October 1945	
Type of Ammunition Dumped	Quantity
Depth Charges, Mk. VII	100
O. Q. F. 2 pdr. H.E./H.V.	89,956
Mine Charge Cases	23
Cartridges, U.S., 3” 50 Cal.	236
Cartridges, S. A., 5” Vickers	196,140
Cartridges, S. A., .30 Cal.	256,139
Shell, Q. F. 4” Mixed	249
Warheads 21” Mk. IV-VB	8
Warheads 21” Mk. II	4
Fuzes, Time No. 198	100
Source: LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1 Disposal on Demobilization Ammunition and Explosives, “Disposal of Ammunition, Report for week ending 6 October 1945,” Superintendent (Naval Armament Depot, Dartmouth NS) to Commanding Officer Atlantic Coast, 12 October 1945.	

Poundmaker dumped 44 tons on 10 October, while HMCS *Buckingham* and *Victoriaville* dumped 55 tons on 19 tons respectively on 13 October.⁸²

⁸⁰ *Beaufort’s Dyke Background*, paragraph 12; *Beaufort’s Dyke Dumping Ground*, paragraph 16.

⁸¹ LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1, “Disposal of Ammunition, Report for Week Ending 29 September 1945,” Superintendent (Naval Armament Depot, Dartmouth NS) to Commanding Officer Atlantic Coast, 3 October 1945; *Beaufort’s Dyke Dumping Ground*, paragraph 15.

⁸² *Ibid*, “Disposal of Ammunition, Report for Week Ending 13 October 1945,” Superintendent (Naval Armament Depot, Dartmouth NS) to Commanding Officer Atlantic Coast, 27 October 1945.

While dumping became a standard practice, it was far from an exact science and was replete with some serious challenges and obstacles. Perhaps the biggest was correctly navigating to the designated coordinates and remaining there for hours while the cargo was offloaded by hand. Since the ship could not anchor and was constantly in motion while dumping took place, the five-nautical-mile radius defined by the Director of Naval Ordnance was easily traversed and the cargo dispersed unevenly over a wide area, to say little about all the dumping that took place before the areas were defined. Dumping was also labour-intensive. Loose munitions were always dumped one at a time, by hand in



Photo 20 On arrival at the ammunition dumping ground off Cairnryan, members of the Royal Army Ordnance Corps (RAOC) place shells on gravity rollers that take the ammunition over the side of the ship and into the sea. Note the man in the background who is simply throwing ammunition overboard. © IWM (H 42208)

order to limit bumping, sparks, mid-air collisions, and accidental explosions. Other common methods were to lower a ramp and either roll or shove the ammunition overboard or to use “special gravity rollers where smaller types of ammunition were concerned.”⁸³ Dumping was also limited by the amount each vessel could carry safely to the designated site. Multiple trips were needed which increased the chances of navigational errors and delays because of bad weather or rough seas.⁸⁴ The travel times and dumping techniques greatly limited how much was tossed

overboard in a single day, so dumping one stockpile could drag on for days and often take place in areas that were never officially recorded. Finally, to limit the handling of both deteriorated ammunition and chemical weapons, these objects were loaded onto

⁸³ *Beaufort's Dyke Dumping Ground*, paragraph 17.

⁸⁴ LAC, RG24, Vol. 11121, File: 70-2-6 Vol. 1, “Disposal of Ammunition, Report for week ending 6 October 1945,” Superintendent (Naval Armament Depot, Dartmouth NS) to Commanding Officer Atlantic Coast, 3 October 1945.

surplus landingcraft in port and then towed out to designated coordinates and scuttled.⁸⁵ Of course, loading all these eggs in one basket created the potential for an unmitigated disaster, especially if handling procedures were not strictly followed in port (to say nothing about relieving the WAC of storing and maintaining surplus naval vessels sunk with the deadly cargo onboard).

These challenges were perhaps best illustrated by one dumping operation that took place in February 1946 near Sable Island. The debacle, recounted in DND records and by John Bryden in his book *Deadly Allies*, developed into a comedy of errors since nothing went to plan and make-shift solutions were adapted to finish the job.⁸⁶ On 18 February, LST No. 209 was loaded with its cargo of about 2,000 tons of mustard gas and towed out to sea by two tug boats hired from a private firm, Foundation Maritime Ltd. in Halifax. The two tugs and LST 209 were accompanied by a naval escort, the minesweeper HMCS *Middlesex*, and an old army supply ship, HMCS *General Drury*, carrying members of the local press, the Army's disposal officer, and the WAC supervisor. However, while on route, the convoy hit a winter gale that threw them off course and prevented a scuttling party (provided by a Montreal-based private contractor Hayes, Stuart, and Coy Ltd.) from boarding the ship.⁸⁷ An attempt was made to sink the LST with depth charges, but when it was discovered that 100 drums of mustard gas were stowed on the deck and not in the cargo hold, the use of depth charges was not advisable. At dusk when the weather cleared, the scuttling party boarded the LST but they botched the job when they "neglected to open the after sea cocks" and as a result the "hulk settled very slowly and was only half submerged at daylight the following day."⁸⁸ At this point the *Middlesex* was requested to "holed the after end (of the LST) with Oerlikon fire" and after 400 rounds were expended the LST finally sank, roughly 200 miles from the designated position. Several of the drums were observed floating around the dump site afterwards

⁸⁵ *Skaggerrak Report*, 1-4.

⁸⁶ John Bryden, *Deadly Allies: Canada's Secret War, 1937-1947*, (Toronto: McClelland & Stewart, 1989), 11-13.

⁸⁷ Financial records seem to indicate that the WAC paid for the private contractors. *War Assets Corporation Third Annual Report*, 26; *War Assets Corporation Fourth Annual Report*, 20.

⁸⁸ LAC, RG24, Vol. 8060, File: 1240-15 Vol. 1, "Report of Proceedings, Scuttling Hulk LST 209 Loaded with Mustard Gas," Lt. Cdr. B. P. Young to Commanding Officer HMCS Scotian, 21 February 1946, 1-2.

and rifle fire from 50 to 70 yards was used to sink them.⁸⁹ Indeed, dumping could be dangerous, improvised, and occur far away from sanctioned locations.

Although some relatively detailed records were kept by the DND, there was little incentive to do so. This was not only because of the frequency and routine nature of dumping operations, but also because there was little civilian oversight. PC6099 and the CAAC's exemption for the armed forces effectively limited the required documentation and the involvement of Canada's disposal administration in overseeing this aspect of disarmament.⁹⁰ As the handwritten marginalia of the Chief of Naval Administration and Supply (CNAS) explained in a 4 May 1946 memo, "there is little use in declaring explosives stores to Crown Assets as we have authority to dump all surplus stores of this nature and which we report periodically in accordance with CAAC letter 4th Sept. 1945."⁹¹ The Army, Navy and Air Force had a free hand when it came to dumping ammunition and they used it often, although they did periodically inform the Committee and Corporation about their activities. The WAC kept tabs on the situation, usually through regional supervisors and by covering some of the costs of dumping. In the wake of the Bedford Magazine Explosion it would appear that all parties involved in the destruction of ammunition achieved a satisfactory arrangement and procedure to carry it out, though preserving detailed records was not a priority.

Although the Navy did the lion's share of dumping, it did not handle every aspect. In many instances, dumping was a joint operation between the three Services. Canada's dumping program for mustard gas exemplifies this cooperation. By contrast, to the US and UK, the dumping of Canada's chemical weapons arsenals were much smaller in

⁸⁹ 400 rounds were needed since it was very difficult to hit the LST below the water line. Ibid, "Report of Proceedings, Scuttling Hulk LST 209 Loaded with Mustard Gas," Lt. Cdr. B. P. Young to Commanding Officer HMCS Scotian, 21 February 1946, 1-2; Bryden, *Deadly Allies*, 11-13.

⁹⁰ The lack of documentation is common to all countries. William Brankoqitz had one possible explanation: "It is of note that some of the earlier records are actually more complete than were recent records... The fact is that by the 1950's these movement operations had become so common, that an attitude had become prevalent that these moves were no longer anything 'special.' They were regarded as a matter of routine, and as a result, few photographs were taken, and many recorded were disposed of as excess files according to then existing regulations." William Brankoqitz, *Chemical Weapons Movement: History Compilation*, (Aberdeen Proving Ground, MD: Official of the Program Manager for Chemical Munitions, 27 April 1987), 1. See also: *Beaufort's Dyke Background*, paragraph 7 and 14.

⁹¹ LAC, RG24, Vol. 34394, File: 5130-2, "Memorandum for the CNAS," E.H. Russell to M.A. Medland, 4 May 1946.

terms of tonnage and took less time to carry out, but they were nonetheless important to the country's efforts at demobilization. At least two specific dumping operations were carried out by a joint Army-Navy task force (though there were probably more), first in February 1946 and then again in late September or early October 1947.⁹² In the two operations a total of about 3,000 tons of mustard gas was shipped by train from the Stormont Chemicals Ltd. plant in Cornwall, Ontario, to Halifax (1946) and Esquimalt (1947) for disposal. In both operations, the Army was responsible for the shipping and handling, while the Navy provided the vessels, navigation, and "other marine aspects."⁹³ Despite the comedy of errors that befell the Halifax expedition, the lethal cargo was sunk



Photo 21 Drums of mustard gas awaiting disposal, 30 January 1946. Each container was likely dumped in the ocean. Source: LAC, Series: Army, Z-4407-8, MIKAN no. 4462568.

in water 1,000 fathoms deep and "200 miles from Halifax and 60 miles South and South East of Sable Island."⁹⁴ In Esquimalt, the dumping took place over ten days, 100 miles out from the harbour at a site approved by the Ministry of Fisheries that was "well clear of the continental shelf."⁹⁵

The Army also proceeded unilaterally and dumped ammunition in the Great Lakes.

Although not substantiated in archival records, it appears that the Army used the Great Lakes as an emergency measure to maintain its own demobilization schedule while the

⁹² CWM, Democracy at War, "Dump 600 Tons of Mustard Gas into Pacific Later This Month," *Globe and Mail*, 16 September 1947; Ibid, Kenneth C. Cragg "Five Trains Transport 2,000 Tons," *Globe and Mail* 25 January 1946; Bryden, *Deadly Allies*, 11-33.

⁹³ CWM, Democracy at War, "Dump 600 Tons of Mustard Gas into Pacific Later This Month," *Globe and Mail*, 16 September 1947.

⁹⁴ LAC, RG24, Vol. 8060, File: 1240-15 Vol. 1, "Disposal of Mustard Gas," Brigadier H. J. B. Keating to C. N. S., NSHQ, 7 February 1946.

⁹⁵ CWM, Democracy at War, "Dump 600 Tons of Mustard Gas into Pacific Later This Month," *Globe and Mail*, 16 September 1947.

Navy got its affairs back in order after the Bedford Magazine Explosion. Reporting for the *Globe and Mail* on 20 November 1945, James Vipond told readers about the Army's test dump of 150 tons of obsolete ammunition jettisoned into seventy-eight fathoms of fresh water at Dyer Bay on Lake Huron, two miles from the Bruce Peninsula and several miles north of Owen Sound. The test, performed by the Great Lakes tugboat *Northern*, took several trips to complete and the twelve soldiers accompanying Captain J. M. Seldon, an ordnance expert in the Canadian Army, threw the ammunition and explosives overboard by hand. Seldon later explained to Vipond in an interview that it was not possible to salvage any materials from the shells and that the ammunition was obsolete since Dunkirk in 1940.⁹⁶ However, this was just the tip of the iceberg. This successful test dump paved the way for future operations in Dyer Bay as the Army shipped at least another 1,000 tons of ammunition from Petawawa to Owen Sound. Adding to the operation's success was the fact that the WAC sold the wooden boxes and metal containers used for storing the ordnance as 10,000 wooden tool boxes and 5,000 boxes for packing fish.⁹⁷ One hopes that each container was decontaminated beforehand.

Conclusion

After the Second World War, the ocean dumping of ammunition, explosives, and weaponry was the primary method used by the Allies to disarm Germany and Japan as well as their own armed forces. This was a gigantic and global undertaking that put hundreds of millions of tons of conventional and chemical weapons at the bottom of Old Davey's Locker. As a junior ally Canada played only a small role. Its armed forces and government officials were neither trailblazers nor pioneers, but the country still dumped hundreds of thousands of tons of munitions into the Atlantic and Pacific Oceans. A powerful consortium of government officials, ordnance experts, military authorities, scientists, oceanographers, and corporations approved of the practice. During this time, the main concerns that guided policy formation and implementation were: public safety, the quantities requiring destruction, the financial costs, storage requirements, and the technical nature of the task. Ocean dumping appeared to be the miracle cure that

⁹⁶ CWM, Democracy at War, James Vipond, "Ancient Ammo Racked In Old Davey's Locker," *Globe and Mail*, 20 November 1945.

⁹⁷ *Ibid.*

alleviated most problems. Moreover, it was a relatively quick, efficient, and pragmatic solution that was adaptable to almost all local conditions across the world.

Once underwater, munitions quickly fade from memory but their toxic legacies persist. Contemporaries were not concerned by the effects of saltwater corrosion or the future dangers posed by all the chemicals, acids, metals, and carcinogens that formed the munitions. Over time, saltwater corrodes through each casing which releases the poisonous contents into marine environments. This threatens water quality, fish stocks, and the food chain, and complicates cleanup operations (since SONAR cannot distinguish between a clump of TNT and the ocean floor). Presently, the dangers of underwater munitions have never been higher. Anecdotal evidence suggests that cancer rates are more common in communities that depend on the fish harvested from dump sites, while chemical and conventional munitions frequently wash up on shores, killing or injuring people every year around the world. Moreover, oil and gas companies have constructed offshore drilling rigs and underwater pipelines in known dumping grounds where spontaneous explosions are common, such as in the Gulf of Mexico, the Irish Sea, and off the Atlantic coast of Canada.⁹⁸ The environmental and ecological costs of ammunition dumping are one of the Second World War's most pervasive but underappreciated legacies.

⁹⁸ For examples of the environmental impact of underwater munitions, see: "Research" and "News" Sections, International Dialogue on Underwater Munitions, <http://underwatermunitions.org/>; Albert Marshall, "Commentary on Bras d'Or Lake" *Deadly Depths*, Documentary Film, Directed by Bob Coen, Eric Nadler, and Nicolas Koutsikas, (Georama TV Productions, 2014); G. Ford et al., *Analysis of Explosions in the BGS Seismic Database in the Area of Beaufort's Dyke, 1992-2004*, 1-15. See also: H. Lindsey Arison III, *European Disposal Operations: The Sea Disposal of Chemical Weapons*, (Published by Author, 2013); Frances Willick, "Underwater Munitions Expert Says Hazards Should be Election Issue," *The Chronicle Herald*, 29 August 2015 (Accessed 30 August 2015) <http://thechronicleherald.ca/novascotia/1308205-underwater-munitions-expert-says-hazards-should-be-election-issue>; "Shell Canada Gets Green Light to Drill for Oil Off Nova Scotia Coast," *CBC News*, 20 October 2015, (Accessed 21 October 2015), <http://www.cbc.ca/news/canada/nova-scotia/shell-canada-subsea-blowouts-nova-scotia-drilling-1.3280181>.

Conclusion

Prologue to Peace, Epilogue to War

We may be winning the war abroad but we have still to win peace at home...The disassembly job facing War Assets is in some respects even more difficult than the assembly job which has been done by other government departments. But its importance is paramount.¹

Editorial, 9 September 1944

No matter the duration, distance, or devastation when conflicts end the implements of war require disposal. This dissertation explored how the Canadian government planned and implemented its disposal strategy following the Second World War, but its subject matter and conclusions are widely applicable to other conflicts and postwar experiences. For instance, when Canada's combat mission in Afghanistan ended in 2012, policymakers were beset with another disposal problem. Although it was not as large as the one facing their predecessors, it shared some striking similarities and challenges. In light of the global financial instability and the reduced spending priorities of Stephen Harper's Conservative government, steep budget cuts forced federal departments to rapidly downsize and dispose of surplus inventories. Just like in the 1940s, the media coverage and public opinion were not always favourable to the changes particularly when the DND was forced to close military bases across the country, discard expensive armaments that it had recently acquired, and cannibalize old weapon systems for serviceable parts and equipment.² As a result of this postwar transition, the federal

¹ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, "More Volunteers Needed," *Financial Post*, 9 September 1944.

² David Pugliese, "DND selling Equipment, Mothballing Base Housing to Meet Cuts," *National Post*, 11 April 2012 (Accessed 2 December 2015) <http://news.nationalpost.com/news/canada/dnd-selling-equipment-mothballing-base-housing-to-meet-cuts>; Lee Berthiaume, "Royal Canadian Air Force Raided Museum for Search-and-Rescue Airplane Parts," *Ottawa Citizen*, 15 September 2014, (Accessed 31 July 2015) <http://ottawacitizen.com/news/politics/royal-canadian-air-force-raided-museum-for-search-and-rescue-airplane-parts>; Lee Berthiaume, "Royal Canadian Air Force Taps into New Source for Spare Parts: An Aviation Museum," *National Post*, 15 September 2014, (Accessed 31 July 2015) <http://news.nationalpost.com/news/canada/royal-canadian-air-force-taps-into-new-source-for-spare-parts-an-aviation-museum>; David Pugliese, "DND looks to save money on futuristic warship by stripping parts of older vessels," *Ottawa Citizen*, 27 September 2015 (Accessed 28 September 2015) <http://ottawacitizen.com/news/politics/dnd-looks-to-save-money-on-futuristic-warship-by-stripping-parts-off-older-vessels>.

government's current disposal agency, GC Surplus, was overwhelmed with a whole range of surplus assets produced by a shrinking bureaucracy and military.³

Media reports also revealed other challenges facing the DND that were similar to those in 1945. One of the more pressing was the repatriation of weaponry and equipment from Afghanistan. In 2012 and 2013, *The Star* and *CBC News* reported on the logistical difficulties facing the military in Kandahar months after Canada's combat mission ended. The high costs of repatriating munitions and supplies from the war front had necessitated some careful planning. It is unclear how much kit was sold to the Afghan military and government, but the Canadian military decided to return its high-valued equipment through an expensive air and sea operation. The "low priority" equipment was supposed to be loaded onto trucks and shipped over land from the Kandahar airfield to the port at Karachi, Pakistan. However, after an American airstrike killed twenty-four Pakistani soldiers by accident, the Afghan-Pakistan border was closed until the Americans apologized some seven months later. The roughly 375 shipping containers full of tires, spare parts, and other types of equipment were "stranded" at the airfield, which resulted in a logistical "nightmare" that steadily grew more expensive since the containers had to be guarded and a special team sent to appraise their deteriorating conditions.⁴

Just as in the 1940s, the destruction of perfectly useable munitions and supplies became a politically sensitive topic in the 2010s. In July 2015, the *Ottawa Citizen* reported that millions' worth of military gear was being scrapped instead of sold to Ukraine. The optics did not look favourable, but the decision was reasonable given the circumstances. The issue at stake was not a government ignoring potential markets for surplus kit or unwilling to aid a beleaguered ally, but the incompatibility of Canada's weapon systems with Ukrainian variants. The diffusion of military technology was not

³ Laura Payton, "Government Surplus Auction Site Sells Cars, Jewelry, Office Furniture," *CBC News*, 29 May 2014, (Accessed 22 November 2014) <http://www.cbc.ca/news/politics/government-surplus-auction-site-sells-cars-jewelry-office-furniture-1.2649860>; "Wacky Items for Sale By Federal Government," *CBC News*, no date, (Accessed 10 December 2015) <http://www.cbc.ca/news/politics/wacky-items-for-sale-by-federal-government-1.2652043>. To bid on surplus property, go to: www.GCsurplus.ca.

⁴ Colin Perkel, "Canadian Military Gear Still Stuck in Afghanistan," *The Star*, 5 July 2012, (Accessed 31 July 2015) http://www.thestar.com/news/canada/2012/07/05/canadian_military_gear_still_stuck_in_afghanistan.html; "Canadian Military Gear Stranded in Afghanistan," *The Canadian Press*, 19 May 2013 (Accessed 31 July 2015) <http://www.cbc.ca/news/canada/canadian-military-gear-stranded-in-afghanistan-1.1334586>.

possible because the Ukrainian forces used different types of systems and technologies. Any acquisition of Canadian assets by Ukraine required months of training and the creation of new logistical and maintenance procedures. Without any prospective buyers, there were few alternatives except to scrap the ten Husky and Buffalo armoured vehicles, 194 LAV-2s, four specialized landmine detector vehicles, and 5,400 Eryx anti-tank missiles.⁵ The decision to destroy these surpluses was expensive since the vehicles alone had cost Canadian taxpayers \$30 million in 2007. A further incentive for scrapping was the rising cost of maintenance and storage which would easily surpass any profits accrued from sales. Naturally, such actions were not popular with critics who were not aware of all the factors at play or whether components were salvaged from scrap heaps.⁶

The disposal of munitions and supplies is an important but underappreciated element of military history. All too often scholarly inquiry is squarely focused on the mobilization, procurement, and deployment of new weapon systems; while little is said about how those objects were demobilized and disposed of when they were no longer required. This observation about a general historiographical trend in military history should not be taken lightly. It not only highlights the “boys and their toys” stereotypes about military historians, it also points to a set of challenging questions that need some consideration. When new kit is acquired by the military it replaces something else, so why are military historians not more interested in the disposal of old things? Why do military historians write studies focused only on the acquisition of new weapon systems and technologies? It is unfortunate that scholars are not more curious about how militaries discard their obsolete weaponry and clean up their battlefields after the fighting ends. Understanding why and how things are thrown away can illuminate a great deal about the past; perhaps even more than what gets kept and preserved over time.

These questions also hint at a larger issue that contextualizes some of this current fascination with procurement. Since the Second World War ended, consumers (and military historians alike) have been inundated by a diverse material opulence grounded in

⁵ David Pugliese, “Millions in military gear goes to scrap heap instead of Ukraine,” *Ottawa Citizen*, 3 July 2015 (Accessed 31 July 2015) <http://ottawacitizen.com/news/politics/millions-in-military-gear-goes-to-scrap-heap-instead-of-ukraine>.

⁶ Ibid.

vast inventories of cheap and disposal products. The prevalence of disposability is everywhere and it is reaching alarming rates. Today, every North American is on pace to generate 102 tons of garbage over their lifetimes – that amounts of 7.1 lbs. of trash created every day, from birth to death.⁷ Living in a world dominated by garbage and planned obsolescence has created a cultural emphasis that privileges the acquisition of new things and new technologies. It is small wonder that military historians have shown little interest in derelict things, thrift, or the longevity of product lifecycles when the preponderance of disposability has simplified and minimized their complexity. As a result, the types of questions military historians ask about the past are conditioned away from understanding the mutability of objects or the political, economic, social, and environment significance of disposal operations. In effect, planned obsolescence has dulled the curiosity for how disposal works and affects lifestyles.

This dissertation has shown that today's extreme wastefulness was a luxury that few Canadians could afford in the 1940s. At that time, Depression-era thrift still influenced people's instincts to conserve and derive as much value from junk as possible. Moreover, Canadians accurately predicted that the government and military would shrink in size once the war ended, thereby releasing surplus inventories into the economy and, with any luck, their personal possession. Everyone envisioned a postwar plan that was underpinned by a material world. After years of scarcity, Canadians wanted access to cheaper goods and higher living standards, but their ambitions and expectations were often trumped by the cold realities of supply shortages, unemployment, and the other transitional "shocks" prevalent after the war.⁸ This dissertation has also shown that the government and military anticipated the needs of peace and developed their own visions of victory. As early as May 1943, bureaucrats and military officers realized that they needed to develop a comprehensive disposal strategy for surplus munitions and supplies or else they risked serious political, economic, and social dislocation. However, despite their best intentions for creating an efficient disposal strategy, as operations unfolded

⁷ Humes, *Garbology* 1-38, especially 1-6.

⁸ LAC, RG101, Vol. 1, File: R-1-1-9, Newspaper Clippings, "Move to Cushion the Shocks," *Montreal Gazette*, 3 December 1943.

officials discovered their efforts were not always productive especially once the flood of surplus assets peaked in 1946.

Contemporaries clearly understood that military assets do not simply disappear when they are no longer needed. Rather, objects require a concerted set of programs and policies to control their collection, storage, and final disposition. This dissertation documented the origins of Canada's postwar disposal administration, its objectives and policies, and how it functioned. It showed that the disposal process was not neutral and nor was it perfectly implemented. The establishment of the CAAC and WAC was the product of political, economic, and social pressures that forced the government into action. However, policies and procedures did not always conform to the expectations of some interest groups, while they deliberately favoured others. This provoked an evolving array of criticism that continually dogged the best efforts of the CAAC and WAC throughout their existence. Disposal operations unfolded through a process of trial and error and were constantly plagued by the battle against diminishing returns. Each policy and procedure enabled both positive and negative results, but they also required constant attention and careful adjustments that were not always possible at any given moment.

The objects of war were accumulated on such a massive scale that large surpluses inevitably resulted. Some of these surpluses were in peak condition when the war ended, but they were also liable to rapidly depreciate in value given their condition, war damage, technological advances, or dubious civilian applications. The Second World War was incredibly wasteful and the CAAC and WAC faced the daunting task of minimizing the war's waste through the reuse, reduction, recycling, and upcycling of munitions and supplies. Besides the vast quantities of leftover war junk, the war's wastefulness manifested itself in other areas as well. The tens of millions of people who died worldwide between 1939 and 1945 stand as a stark reminder of the human tragedy, but the colossal expenditure of material resources should not be discounted. The "abnormal wartime depletion" of minerals, timber, coal, water, food, and other essential resources posed some serious dilemmas for policymakers who expected consumption rates to grow in peacetime even if soil nutrients were depleted, forests clear cut, and ore

deposits exhausted by wartime extraction.⁹ The Second World War also produced some dangerous environmental legacies, as its hazardous remnants are worldwide and range from abandoned kit in remote places to crumbling fortifications at tourist sites and from unexploded ordnance to polluted landscapes. However, the most serious environmental legacy stems from the ocean dumping of munitions, years of saltwater corrosion, and the leaching of carcinogenic chemicals into marine environments and the food chain. In the final reckoning, one could argue that the greatest single victim of the war was the planet Earth. Unfortunately, the wider community of military historians – especially in Canada – have been slow to address the study of warfare and its impact on the environment, which makes this field a unique and compelling addition to current paradigms and debates about the Second World War.

This dissertation has also demonstrated how the disposal of munitions and supplies supported postwar reconstruction and rehabilitation to produce some positive and productive outcomes. Disarming and disbanding military forces might remove opportunities for utilizing the weapon systems for their intended purposes, but that alone will not eliminate or change their forms, functions, and intentions. Instead, these implements of war traversed a disposal process that reshaped and reconfigured them into peaceful purposes. The reduction, recycling, and upcycling of surplus war assets not only converted munitions and supplies to fulfill civilian needs, they also recovered resources and parts that supplied economic activity in the early postwar period. Although the convertibility of surplus assets provided a significant benefit, reusing munitions and supplies for their primary functions was still the most valuable and desired alternative. The sale of reusable items to corporations and foreign, provincial, and municipal governments were the most profitable transactions and allowed the CAAC and WAC to recoup as much money as possible. Through these efforts, the Canadian government operated a disposal strategy that implemented one of the first government-run initiatives designed to redistribute industrial production by managing a system that reversed wartime logistics to support peacetime consumption.

⁹ LAC, RG28, Vol. 859, File: “Minutes of Staff Meetings in Minister’s Office, 1944-1945, “Re: Investigation of Mineral Economics,” A. A. MacKay to R. A. C. Henry, 3 May 1945. A. A. MacKay was the DRS’s Co-ordinator of Resources Development and he was writing to inform Henry that more funding was urgently needed so that exploration and development work could take place in the mining industry.

The history of the disposal of munitions and supplies after the Second World War is more than just a study of disarmament and demobilization; it is also a study of how munitions and supplies were transformed, reused, recycled, and upcycled into new or different purposes in peacetime. When the objects of war are repurposed or completely discarded to support postwar reconstruction and rehabilitation, they have fundamental consequences for postwar political, economic, and social developments. They shape the contours of the material environment that structures human experiences and become active legacies that participate in social, spatial, and human relationships in uneven patterns of utility and meaning. For those Canadians living in the 1940s, the disposal of munitions and supplies underpinned the transition from war to peace and provisioned postwar reconstruction and rehabilitation in ways that historians are only starting to understand.

Appendix 1

Disposal of Crown Plants, by Wartime Use of Plants, as at June 1, 1948					
Wartime Use of Plants	Total Floor Space	Proportion of Floor Space			
		Retained by the Crown	Made available to private industry	For disposal	Dismantled
	000's sq. ft.	Percent	Percent	Percent	Percent
Shipbuilding	1,958	4	77	4	15
Aircraft	7,411	28	70	2	-
Automotive	616	10	90	-	-
Guns and Small Arms	3,498	19	81	-	-
Small Arms Ammunition	3,519	30	68	-	2
Ammunition Components	678	11	89	-	-
Ammunition Filling	7,804	80	1	2	17
Chemicals and Explosives	4,594	25	30	-	45
Instruments and Communications	872	17	83	-	-
Miscellaneous Stores	67	-	100	-	-
Industrial Equipment	216	60	40	-	-
Basic Materials	2,267	28	71	-	1
Totals	33,500	37	51	1	11

Source: LAC, RG2, Vol. 79, File: C-85, *Disposal and Peacetime Use of Crown Plant Buildings*, 18, Table 5.

Appendix 2

CAAC Standard Procedures, 1-10			
Standard Procedure	Revision	Date of Issue	Title/Purpose
CAAC 1	-	1 Apr 44	Issuance of Standard Procedures
CAAC 2	-	16 Apr 44	Report of Surplus
	A	8 July 44	Reporting of Surplus
	B	4 Jan 45	
	C	30 Dec 48	
CAAC 3	-	16 Apr 44	Surplus Crown Property – Schedule of Types
	A	6 July 44	
CAAC 4	-	28 Apr 44	Transfers, Allocations, or Sales of Surplus Assets
	A	6 July 44	Transfers, Allocations, Priority, or Sales of Surplus Crown Assets
	B	3 Apr 46	Transfers, Priority and Sales of Surplus Crown Assets to Federal Government Departments or Agencies
CAAC 5	-	28 Apr 44	Requests for Allocation of Crown Surplus
CAAC 6	-	29 May 44	Demands for Material or Equipment in the Possession of War Assets Corporation Ltd.
CAAC 7	-	27 Sept 44	Disposal of Ships
CAAC 8	-	24 Apr 45	Charges Involved in the Custody and Maintenance of Surplus Crown Real Property
CAAC 9	-	1 May 45	Disposal of Surplus Real Property Either Leased or Crown-owned (see Order in Council PC6204, 11 Aug 44)
CAAC 10	-	19 Jun 46	Notice of Allocation
CAAC 101	-	1 Mar 45	Issuance of Standard Procedures Covering the Reporting and Disposition of Surplus In Canada Which is the Property of Governments other than the Canadian Government
CAAC 103	-	1 Mar 45	War Surplus - Schedule of Types
CAAC 102	-	15 May 45	Reporting of Surplus (in Canada) which is the property of governments other than the Canadian Government
CAAC 201 US	-	15 May 45	Disposal of United States of America Government-owned Immovables in Canada
CAAC 202 US	-	15 May 45	Disposal of United States of America Government-owned Moveables in Canada
	Revised	1 Nov 45	

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Curriculum Vitae

Russell Alexander (Alex) Souchen

Department of History, Western University

Education

- Western University, Doctorate of Philosophy in History** 2016
Advisor: Dr. Jonathan Vance
Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948.
- University of Ottawa, Master of Arts in History (Thesis Option)** 2008-10
Advisor: Dr. Serge Durflinger
Beyond D-Day: Maintaining Morale in the 3rd Canadian Infantry Division, June-July 1944.
- University of Ottawa, Bachelor of Arts with Specialization in History** 2004-08
Magna Cum Laude, Dean's Honour List, 2005-2008.

Scholarships (Last Five Years)

- Ontario Graduate Scholarship Program (OGS)**
Doctoral 2013-14
- Social Sciences and Humanities Research Council (SSHRC)
Joseph-Armand Bombardier Canadian Graduate Scholarship**
Doctoral 2010-13
- Western University**
Western Graduate Research Scholarship 2010-14
Jean Armstrong Fletcher Scholarship in Canadian History 2011-12

Publications

Refereed

"The Culture of Morale: Battalion Newspapers in the 3rd Canadian Infantry Division." *The Journal of Military History*, Vol. 77, No. 2 (April, 2013): 543-567.

Non-Refereed

With Laura Macaluso, Jodey Nurse, and Emma O'Toole. "Reading the Artifact." Blog Series for *History@Work*. National Council on Public History, 19 September, 7 October, and 20 November 2013. <http://publichistorycommons.org/tag/reading-the-artifact/>

Media Coverage

“Turning Swords into Plowshares or Dumping them in the Sea with Alex Souchen.” Podcast interview for *Gradcastradio*, Society of Graduate Students, Western University, 10 June 2015.

<http://gradcastradio.podbean.com/e/gradcast-21-turning-swords-into-plowshares-or-dumping-them-in-the-sea-with-alex-souchen/>

Work Experience (Last 5 Years)

International Dialogue on Underwater Munitions (IDUM) Present

Senior Historical Researcher for the IDUM’s International Technical Advisory Board on Sea Dumped Munitions.

Research Assistant, Western University 2015

Network in Canadian History & Environment (NICHE)

Researched climate data compiled by Environment Canada for the Yukon and Northwest Territories from 1850s to 1960s.

Teaching Assistant, Western University

The Two World Wars

2015-16

Zombie Apocalypse: Panic and Paranoia from the Black Death to Y2K

2014-15

Canada: Origins to the Present

2013-14

The Two World Wars

2012-13

Modern Europe

2010-12

Professional Experience

Conference Presentations and Public Engagement 2009-16

Have written and delivered over 15 presentations at scholarly conferences, departmental talks, and public lectures across Canada and the United Kingdom since 2009. Audiences have ranged from scholars to high school students and the general public.

Digital Humanities 2014

Digital Methods for Military History Workshop. NULab for Texts, Maps, and Networks, Northeastern University, 10-11 October 2014. This workshop focused on applying network analysis and mapping technologies to military history.

Material Culture Workshop 2012

Reading Artifacts Summer Institute (RASI). Canada Science and Technology Museum, 13-17 August 2012.

This interdisciplinary workshop brought scholars into the museum’s warehouses and archives to research an artifact in small groups.