

War Junk
Munitions Disposal and Postwar
Reconstruction in Canada

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Abbreviations

AOSAC	Army Ordnance Surplus Assets Committee
ASDB	Army Salvage and Disposal Board
BCATP	British Commonwealth Air Training Program
CAAC	Crown Assets Allocation Committee
CADC	Crown Assets Disposal Corporation
CAL	Canadian Arsenals Limited
CMHC	Central Mortgage and Housing Corporation
CMHQ	Canadian Military Headquarters (London)
CNEA	Canada and Newfoundland Education Association
CUARF	Canadian United Allied Relief Fund
CVT	Canadian Vocational Training
DIL	Defence Industries Limited
DMS	Department of Munitions and Supply
DND	Department of National Defence
DRS	Department of Reconstruction and Supply
DVA	Department of Veterans Affairs
GECO	General Engineering Company (Canada)
GNP	gross national product
LPOD	Longue Pointe Ordnance Depot
MGO	Master General of Ordnance
NDHQ	National Defence Headquarters
PDC	Plant Decontamination Committee
RCAF	Royal Canadian Air Force
RCAMC	Royal Canadian Army Medical Corps
RCN	Royal Canadian Navy
ROF	Royal Ordnance Factory
SCWEE	Special Committee on War Expenditures and Economies
SEHU	Surplus Equipment Holding Unit
TNT	trinitrotoluene
UNRRA	United Nations Relief and Rehabilitation Administration

UXO	unexploded ordnance
WAC	War Assets Corporation
WICB	Wartime Industries Control Board
WPTB	Wartime Prices and Trade Board

Introduction

The Death and Life of War Machines

*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.*

– ANONYMOUS, “VICTORY,” MAY 1945¹

ON A CLEAR and breezy day in July 1945, three grey-trimmed Flower-class corvettes – HMCS *St. Lambert*, *Oakville*, and *Prescott* – steamed slowly up the St. Lawrence River toward their final destination, an anchorage near Sorel, Quebec. For Ronald Marsh, a reporter with the *Montreal Gazette*, the scenery was both majestic and bittersweet. Looking out from his perch on *St. Lambert's* bridge, he could see the ship's pennants flapping in the wind and sunlight shimmering off the water. However, the picturesque view contrasted sharply with the mood on board. Across the bridge, *St. Lambert's* captain, A.P. Duke, paced impatiently, and no one Marsh encountered seemed happy about the task at hand. Clearly, the trip to Sorel was taking its toll on a crew that had just spent years braving the elements and enemy attacks during the Battle of the Atlantic. Yet there was also good reason for the crew's trepidation: the *St. Lambert*, *Oakville*, and *Prescott* were dead ships, piloted by skeleton crews on a final voyage to their graveyard at Sorel. Victory in the Second World War had sealed their fate. With Nazi Germany defeated in May, the Royal Canadian Navy (RCN) no longer required its fleet of corvettes to escort supply convoys across the submarine-infested waters of the North Atlantic. This journey was *St. Lambert's* swan song, the final act taken before death or retirement.²

Sorel was a grim place for warships. By the time the three ships arrived, the navy had already dispatched over seventy other corvettes and vessels to that harbour. Anchored three abreast in temporary berths near Île de Grâce, the hulking remnants of the third largest navy in the world sat useless and exposed. The ships' equipment and armaments were long removed, and the paint on their superstructures had faded and cracked. Surveying his eerie surroundings, Marsh could read each ship's nameplate, despite the “always-thickening coats of rust” enveloping the pride of Canada's wartime navy. “Names like *Buctouche*, *Morden*,

Kitchener, Matapedia, Chambly, and Long Branch,” he wrote, “they are all here.”³ Referencing the popular wartime movie *Corvette K-225*, starring Randolph Scott, Marsh lamented that “not so long ago ... Hollywood produced an exciting moving picture” about “this gallant little lady of the North Atlantic,” but now the navy’s corvettes were tossed aside and forgotten.⁴ To him, there was a biting irony in the fact that these ships had survived the war but not the peace. Other Canadians shared Marsh’s dismay at the fate of Canada’s war machines. In a painting of the Sorel graveyard, C. Anthony Law, a naval officer and war artist, captured the sadness felt by many sailors when their ships were decommissioned (see [Figure 1](#)). Using a slate of dark colours, he painted ominous shadows around a fleet of corvettes moored together under a setting sun. The rows of ships stretching back to the horizon gives the impression of a battle-ready flotilla sailing off to war. But this symbolism is starkly contrasted by the cold reality of their impending doom at scrapyards.

It was an inglorious end for the tools of war. Just a few years earlier, graveyards like Sorel would have been unimaginable to most Canadians. In 1939, the navy



FIGURE 1 Ship graveyard, Sorel, Quebec. Painted by C. Anthony Law, Canadian War Museum, Beaverbrook Collection, Artifact Number 19710261-4075.

had just ten modern warships and fewer than 3,500 service personnel, but six years of war had forced the state to mobilize unprecedented military and industrial resources to procure vast arsenals of munitions and supplies. Following a period of rapid expansion, the RCN emerged from the Second World War as a formidable fighting force of 100,000 sailors and over 1,000 combat and auxiliary vessels.⁵ While the exigencies of war had demanded large military forces, the coming of peace set the stage for colossal retrenchments. With victory barely three months old, the weapons of war were now languishing in obscurity, and the wastefulness seemed extravagant. However, the nostalgic veneration of the war's material culture by Marsh, Law, and others should not distract from the necessity of places like Sorel or the postwar disposal of Canada's war machines. After all, disposal can be defined as a two-way process of relinquishment and acquisition in which one party (in this case, the government or military) considers something surplus and transfers it to another party through a transaction or trade. Thus, Sorel was a form of purgatory – the in-between place where naval assets were stored before gaining second lives in peacetime.

This book argues that the death of war machines was really their rebirth. Following the war, the physical assets accumulated for the fight were often the only items available for postwar relief, reconstruction, and rehabilitation. Consequently, surplus munitions and supplies became highly coveted objects, and various political, economic, and social interest groups vied for their possession and use. Military surpluses traversed a disposal process that reshaped value, utility, and form in competing and sometimes contradictory ways, as leftover materiel was reduced, reused, and recycled into new or different purposes. In that sense, the death of war machines was not something to lament, nor was it the final chapter of an object's existence. Rather, it was a necessary reincarnation: between 1943 and 1948 Canadians fused the tools of war into the tools of peace.

The sentimentality expressed by many contemporaries was an emotive reaction to the transformation of leftover munitions and supplies. New owners needed war surpluses for different uses: some, as in the case of the *Prescott*, were torn apart for raw materials; others, such as the *St. Lambert* and *Oakville*, were redesigned for new purposes.⁶ Whatever the case, the nostalgia must be understood as the culmination of a highly industrialized and technologically sophisticated war effort; the rusting arsenals sitting idle at places like Sorel were the mirror image of wartime mobilization and Allied strategy. As John Ellis and Richard Overly have shown, the origins of Allied victory rested, in large part, on the mass production and deployment of highly mechanized military forces. The story of how the Allies gained materiel superiority is well documented by both academic and popular histories. In the early war years, the ill-prepared

Allies came perilously close to defeat in Europe and Asia. However, British, American, and Soviet leaders rallied their people, coordinated war efforts, and counterattacked with more troops, weapons, and supplies.⁷

From the factories on the home front to the armies at the war front, the Allies established immense logistical networks that sustained continuous combat operations, while simultaneously attacking those of their enemies. In the end, Allied supply chains traversed every ocean and continent to distribute hundreds of thousands of ships and aircraft, millions of firearms and military vehicles, and billions of bombs and bullets. Although little consolation to the soldiers fighting for the lives on the battlefield, the seemingly infinite nature of Allied resources and firepower continually offset the questionable efficiency of combat deployments and the inferior quality of some Allied armaments. Thus, victory depended on the nexus between materiel superiority, technological prowess, and drastic improvements with respect to combat efficiency and combined arms tactics.⁸

Once the war ended, these commodity chains did not simply vanish without a trace. In fact, Allied success yielded major dislocations to logistical networks once Germany and Japan were defeated. Since Allied strategy was predicated on outproducing the enemy, this had necessitated overproduction, particularly in relation to shrinking postwar requirements. Victory triggered a global disposal crisis. Across every conceivable category of goods, in every belligerent country, the conclusion of hostilities was accompanied by a logistical nightmare of the first order: everything needed a location of deposit before postwar requirements were determined and final disposal could take place. Storage and staging areas became inundated as consumption rates tailed off, disbanded units returned kit to depots, and peace treaties were negotiated. Across the world, hundreds of ports, airfields, and military bases were turned into temporary parking lots for leftover planes, ships, vehicles, ordnance, and everything else produced for the war effort. To this quagmire was added all the half-finished products and raw materials on production lines, items in transit, and the large reserves of enemy weaponry and equipment captured in Europe and Asia. According to one American account, the stockpiles needing disposal in 1945 were roughly ten times larger than those of 1918, making “the liquidation of World War II surpluses ... the largest and most complex distributive operation ever undertaken by a government or business organization.”⁹

Canada was not immune to these realities. For a country of just 11.2 million people, it had made astounding contributions to the Allied cause. Although dwarfed by the British, American, and Soviet war efforts, Canadian mobilization was extensive and pervasive. On 10 September 1939, the day Canada declared war on Nazi Germany, the country was wholly unprepared, and the Liberal

government of Prime Minister William Lyon Mackenzie King was determined to wage a war of limited liability. Fears of sending off another generation of Canadians for a new slaughter in France and Flanders prompted cautious policies, until the string of early Allied defeats forced the government's hand.¹⁰ In the wake of the British withdrawal from Dunkirk in May 1940, the Japanese attack on Pearl Harbor in December 1941, and the fall of Singapore in February 1942, the King government rapidly established a "military-industrial structure" in Canada.¹¹

The extraordinary public and private investment that flowed into war production rescued an economy mired in the decade-long Great Depression. Between 1939 and 1943, the manufacturing sector's output nearly doubled, and its net value of production increased by 167 percent.¹² Under the aegis of the Department of Munitions and Supply (DMS) and its indefatigable minister Clarence Decatur (C.D.) Howe, Canada's gross national product (GNP) increased from \$5.6 billion in 1939 to almost \$12 billion in 1945, while the value of all war expenditures totalled roughly \$28 billion.¹³ As Joy Parr, Robert Bothwell, and Peter McNinnis have explained, the war's emergencies eliminated concerns about financial costs and trumped the normal routines of Canada's economic and political systems. Howe's DMS regularly manipulated the laws of supply and demand to prioritize war production and curb civilian consumption, and the King government used the War Measures Act to grant his cabinet the power to circumvent parliamentary debate and to rule by decree through Orders-in-Council.¹⁴

The combination of sweeping political authority and boundless public spending rejuvenated the economy and reshaped social norms. By 1945, Canadian factories had manufactured some 800 naval and cargo vessels, 50,000 armoured vehicles and tanks, 16,000 aircraft, 800,000 military-pattern vehicles, 144,050 tons of trinitrotoluene (TNT), 1.5 million firearms, and over 4.6 billion rounds of ammunition and artillery shells.¹⁵ The industrial effort also went well beyond the production of weapons systems, explosives, and ammunition. From uniforms, helmets, bedframes, and boots, to radios, cutlery, machine tools, and typewriters, the needs of the Canadian and Allied militaries were substantial. In the final reckoning, Canada's military-industrial complex employed over 2 million people. Between 1939 and 1945, about 1 million men and women worked in the nation's war economy, either for private firms hired on war contracts or in the DMS and its network of Crown companies. A further 1.1 million Canadians volunteered for service in the army, RCN, or Royal Canadian Air Force (RCAF) – a figure almost double Canada's enlistment totals from the First World War. Historians have long debated the wider social and cultural changes resulting from the war, but there is little doubt

that the government's expanding role as regulatory agent, mass mobilizer, and engine of economic growth coincided with, if it did not create, a surge of support for social welfare reforms and postwar stability.¹⁶

Although Michael Stevenson has shown that the rapid mobilization of industrial and military forces was accompanied by some chronic inefficiencies in human-resource administration, the government still achieved incredible results.¹⁷ With workforces growing at phenomenal rates, the DMS and the Department of National Defence (DND) required larger facilities for training and industrial production. As a result, hundreds of new military bases, factories, airfields, office buildings, coastal fortifications, and other infrastructure projects were hastily established across the country. Some of these projects carried permanent significance to Canada's future political economy. For example, Iain Johnston-White's research on the British Commonwealth Air Training Program (BCATP) demonstrates how this imperial enterprise contributed to Allied victory by training nearly a quarter of all imperial air force personnel. But the network of 8,300 facilities and almost 30 million square metres of runways built in Canada also formed the foundations of Canada's postwar aviation industry.¹⁸ Similarly, Matthew Evenden and Matthew Bellamy have shown how the war effort spurred major expansion in the energy and petrochemical industries. The construction of several new hydroelectric dams, such as the enormous Shipshaw project along the Saguenay River in Quebec, was crucial for aluminum production (the critical component in aircraft fuselages), while the synthetic rubber factory built in Sarnia, Ontario, became a vital resource after the fall of Singapore and Malaysia, as North America lost its primary suppliers of natural rubber.¹⁹

Wartime necessities and strategic considerations also prompted great expenditures in temporary installations and the expansion of pre-existing infrastructure. In an article on industrialization in the Maritimes, Ernest Forbes showed that federal wartime policies consolidated disparities between Canada's regions. Political and military expediencies demanded speed, scale, and secrecy, which inevitability shaped the way Ottawa invested money and directed industrial expansion. The heavy reliance on pre-existing capacities and transportation networks meant that central Canada and urban centres profited the most from wartime development and postwar disposal operations, while the western, eastern, and northern regions of the country received a lesser share of the bounty.²⁰ Often, wartime development took place without any consideration for long-term sustainability or the consequences for local communities and Indigenous peoples.²¹ In Canada's subarctic regions, development followed a "boom-bust" pattern, as strategic and operational priorities prompted troop deployments and infrastructure expansion all out of proportion to local prewar

populations and economies. The boom of wartime growth depended on the longevity of defence spending, and so a bust followed whenever military bases or munitions factories shut down.²² In other words, the war boom lasted only as long as the federal government was willing to foot the bill, but the short-term growth left behind a mixed legacy of ecological degradation, economic decline, and profuse surpluses of government-owned property dispersed across every corner of the country.

Any history of Canada's war effort that addresses only the boom of mobilization obscures the momentous bust accompanying demobilization. In October 1943, the peak month of war production, the Great Depression seemed like a distant memory in bustling factories churning out war goods at record pace. But within twenty-four months, the boom was over. Starkly contrasting the Liberal government's pledges outlined in the *White Paper on Employment and Income*, a seminal document in Canada's political and economic history, the transition from war to peace was anything but smooth and orderly.²³ Promises of high employment and income evaporated as government spending dried up and job losses spiked. After years of growth, the GNP plateaued between 1945 and 1946, when Canada's wartime boom began to sputter. Many Canadians struggled to find affordable housing and acquire the goods and services they needed to restart their postwar lives. Indeed, the hopes for immediate prosperity and material opulence were thwarted by a confluence of wartime regulations, inflation, export policies, prolonged labour disruptions, and production delays in retooling factories.²⁴ Navigating the turbulent postwar transition and its accompanying material shortages became a primary challenge for most Canadians in the 1940s, and many people turned to the federal government's surplus inventories for help.

The retrenchment of Canada's armed forces embodies the bust of demobilization. After amassing a formidable fighting force, Mackenzie King, who harboured deep misgivings about the military, had no intention of funding a large standing army in peacetime.²⁵ The armed forces were poised for seismic reductions and deep budget cuts. For instance, the army's total authorized strength was gutted from a wartime peak of over 570,000 to barely 53,000 by 1947.²⁶ Within the context of the postwar austerity, the peacetime military needed only a fraction of what its wartime predecessor had acquired. The armed forces' swift diminution not only discharged hundreds of thousands of veterans into a fragile economy, but it also generated an immense reservoir of military surpluses – from lethal weaponry and obsolete junk with dubious postwar value, to pristine equipment and mountains of consumable goods readily convertible for civilian use. Between 1945 and 1948, the Canadian state divested more military assets than it acquired. Thus, in the aftermath of the largest and most deadly conflict

in human history, the disposal of surplus munitions and supplies became a paramount priority. So, what happened to all this leftover materiel? How and why did the Canadian state dispose of its surplus assets? And what impact did they have on postwar Canadian society?

The liquidation of surplus war assets in the 1940s was the largest divestment of public property in Canadian history. Yet the story of how and why the state organized its disposal program, as well as its wider significance to postwar political, economic, social, and environmental history, is virtually unknown to scholars and the general public. *War Junk* is a modest attempt to uncover the details of that story by exploring how the objects of war evolved into serious postwar liabilities, why the federal government implemented a disposal strategy, and how Canadians responded to the liquidation of military assets. It adds to the ongoing efforts of scholars to produce a history of Canada's Second World War experience by closely scrutinizing the postwar transition and by identifying some key components of the government's wartime "exit strategy" between 1943 and 1948. Scholars have examined Canada's postwar transition from a variety of perspectives, although the scholarship generally favours federal policies related to veterans' rehabilitation, domesticity, social welfare, and international relations.²⁷

This book makes three distinct historiographical contributions to the study of warfare and its impact on Canadian society. The first contribution is the book's focus on the legacies of militarization in relationship to the demobilization of Canada's military-industrial complex in the 1940s. In general, Canadian military historians, especially those studying the Second World War and early Cold War, tend to focus their research on defence policies, mobilization, or combat. Although not without intrigue or valuable insights, this scholarship recounts how weaponry was procured, thereby treating manufacture and deployment as endpoints for inquiry.²⁸ Product life cycles and the disposal of surplus or obsolete technologies are hardly relevant, unless they can be used to show technological advancement within a given context or leverage additional procurement expenditures on research and development. Since Canadian military historians have long ignored the implications of munitions disposal, its significance has never been examined on its own terms. If it is mentioned at all, it is usually described in short postscripts to the war effort or tied to Canada's growing international influence and foreign aid programs in the early Cold War period.²⁹

Canadian historians are certainly not unique in this oversight, although the subject has received far more attention in the United States. In the 1940s, A.D.H. Kaplan's *The Liquidation of War Production* and James Allan Cook's *The Marketing of Surplus War Property* were published, along with several journal

articles covering special topics related to disposal, making that decade a peak time of scholarly inquiry with respect to military surpluses.³⁰ Later in the twentieth century, the advent of thermonuclear weapons, détente, and the end of the Cold War rekindled interest in disposal and disarmament, as well as the legacies of militarization.³¹ More recently, scholars have shifted their focus toward integrating munitions disposal into the war's larger thematic and chronological histories. For instance, in *Natives and Exotics*, Judith Bennett explores how the Allied armies encountered, exploited, and then exited the vast Oceanic environment during the Pacific War. Bennett's narrative digs deeply into the environmental history of combat operations and logistics, but she also includes a unique and comprehensive history of the war's long denouement. The "closing out" of America's military presence in the Pacific was accompanied by numerous logistical challenges and environmental degradation.³²

In an article on the origins of American cultural globalism, Sam Lebovic has shown how the US government leveraged the disposal of military surpluses to expand its soft power. In 1944, the American Senate added an amendment to the Surplus Property Act that offered "intangible benefits" to any country that purchased war junk abandoned in its borders. The intangible benefits established a scholarship fund and educational exchange program named after the senator who wrote the amendment, J. William Fulbright. As Lebovic astutely summed up, "rotting food and rusting trucks thus bequeathed to us the world's pre-eminent international exchange program for scholars and students."³³ Following a similar vein as Bennett and Lebovic, Mark R. Wilson's *Destructive Creation* offers a timely and nuanced study of American business and the Second World War. With refreshing detail, Wilson challenges ideological assumptions about the wartime achievements of private industries and capitalism by showing that America's ascendancy as a military superpower heavily depended on public enterprise, investment, leadership, and ownership. To further cement his argument and demonstrate the war's lasting economic impact, Wilson devotes considerable attention to postwar privatization, the disposal of war surpluses, and the anxieties of business leaders.³⁴

By contrast, Canadian historians have been slow to address similar topics. Despite the wartime achievements of Canadian defence industries, as well as their continued existence during the Cold War and beyond, a comprehensive history of Canada's industrial front and wartime economy has never been published, while the official histories of the Department of Munitions and Supply were written without a reliable evidentiary foundation.³⁵ Moreover, few historians have investigated the evolution of Canada's military-industrial complex, thereby obscuring its significant political, economic, social, and environmental repercussions throughout the twentieth century.³⁶ This history deserves more

attention. As the following pages demonstrate, connecting the disposal of surplus war assets to the broader subjects of reconstruction and rehabilitation can enlighten a great deal about the legacies of war and militarization in Canada. In effect, they persisted wherever and whenever the tools of war were demobilized into peaceful purposes.

The book's second major contribution is its melding of military history with material culture and discard studies. By exploring the ways in which objects helped or hindered the postwar transition, this study scrutinizes the value regimes underwriting past notions of utility, thrift, and obsolescence. Aside from Joy Parr's landmark study *Domestic Goods*, few Canadian scholars have followed the work of Bruno Latour or Arjun Appadurai by investigating the profound influence of objects on everyday life; even fewer have explored how military surpluses were integrated into civilian life after the war.³⁷ There is a greater need to incorporate perspectives from the fields of material culture and discard studies in order to critique the materiality upholding human experiences and past living standards in the shadows of war. Studies like Gabriel Moshenska's *The Archaeology of the Second World War* and the cleverly titled *Matériel Culture*, edited by John Schofield, William Gray Johnson, and Colleen Beck, demonstrate how deciphering the cultural biographies of military objects can reflect wider social, political, economic, and environmental contexts as people make decisions between opportunity costs and personal necessity.³⁸ Moreover, as Nicky Gregson, Mike Crang, and Helen Watkins explain in an article on salvaging war souvenirs, understanding how materiel culture can exist outside the military context and how it gets transformed for civilian purposes clarifies important connections between the "extended social lives of military things" and "their passage through value regimes to the point of their destruction."³⁹

For the most part, the tools of war had long and dynamic afterlives, and charting their permutations reveals how they were revalued and reformed in peacetime. Like returning veterans, the objects of war were reconstructed and rehabilitated, as the extended social lives of military things were consumed to improve living standards and ease the peacetime transition and its pervasive material shortages. Such a perspective on the war's materiality, however, requires making an important distinction between military surpluses as "commodities" and "artifacts." Recounting the history of how surplus militaria were used up, transformed, or otherwise destroyed means eschewing the traditional connections between material culture, preservation, and memory. Differentiating these areas may surprise some readers, since it skirts consensus starting points in the field of material culture and warfare.⁴⁰ However, understanding how an object's value was used up requires a greater focus on the trash heaps of history, rather than on collecting, preserving, or displaying

artifacts with aesthetical or pedagogical meanings.⁴¹ Those readers interested in learning more about the material culture of memory and its tethering to military surpluses must look elsewhere; this study is concerned primarily with the munitions and supplies that never made it into personal collections, memorials, or museums.

The last contribution relates to the fields of consumption and waste. In Canada, the rich breadth of scholarship on the history of consumerism dissects an array of topics related to gender, marketing, business history, cultural commodification, moral regulation, public space, and citizenship. Yet few of these studies discuss the ultimate by-product of mass consumption: waste and pollution.⁴² The oversight is striking to say the least, but thankfully environmental historians have filled important gaps by examining the origins of environmental activism, nature conservation, and pollution regulation in Canada.⁴³ However, a great deal remains to be said about the history of waste management, industrial pollution, and recycling in the nineteenth and twentieth centuries, especially considering the prominence of these subjects in other countries.⁴⁴ Drawing from this scholarship, *War Junk* will contextualize military surpluses as a form of waste that was both trash and treasure. Items that government officials considered useless, according to their needs and budgetary assessments, could maintain value in different contexts either as some potentially lucrative business venture or a critical component for improving an individual's personal living standards. Indeed, residual values and utilities were almost always embedded in surplus munitions and supplies.

When objects become surplus to requirements, they are generally discarded as trash, but that detritus maintains profound political, economic, social, and environmental significance long after it leaves our possession. As Zsuzsa Gille and Susan Strasser have shown, every society favours particular patterns of disposal, or “waste regimes,” that define consumption habits, valuation criteria, and the parameters of propriety, utility, and thrift.⁴⁵ These regimes steward objects between different owners and uses until they are entirely consumed, a process that, depending on the object, can take decades to complete. But waste regimes are also historically contingent and socially constructed phenomena, thereby making trash a mutable concept and the act of discarding it (or acquiring it as treasure) a vital lens into the past. Many archaeologists argue that the trash heap is a crucial window into past civilizations because the types of things that get discarded, as well as the disposal methods employed, reveal much about the contexts, structures, and societies generating the garbage.⁴⁶ Therefore, discarded objects have meaning that deserves careful scrutiny: the things people throw away can tell us a great deal about their history – perhaps even more than the objects they choose to keep.

The Canadian waste regime bears many similarities with its international counterparts, although two conceptual differences must be noted here. In the twentieth century, the advent of total war militarized waste regimes across the industrialized world. The goal was always to rationalize resource extraction to maximize industrial production and military deployments. Although historians have shown that these programs were rife with inefficiencies and paradoxes, wartime salvage and conservation programs gained widespread support on the home fronts of all belligerent nations.⁴⁷ Mobilized as emergency measures for the war effort, the popularity of recycling became linked with patriotism and civic duty; but when the war ended, these incentives quickly evaporated. As Tim Cooper and Carl Zimring have shown, recycling in Britain and America quickly faded from popularity as people gravitated toward laissez-faire principles and desired material opulence after years of sacrifice and scarcity.⁴⁸ However, the Canadian context was somewhat different. Careful scrutiny of archival records, newspapers, and other forms of primary evidence reveal that recycling, salvage, and thriftiness never really lost their appeal in this country, as affluence and mass consumption were not immediate postwar gratifications. Instead, Canadians accurately predicted the impending liquidation of public property and hoped to make the most out of whatever they could acquire. Consequently, they tinkered, upcycled, recycled, or reused second-hand items to improve their living standards.

Similarly, the idea that government-run wartime salvage programs carried forward few legacies into the postwar period fails to account for the public officials who recognized the importance of establishing a disposal strategy to recoup some of the state's wartime investments. Nor does such a conceptualization account for the government agencies made responsible for disposal or their important role in facilitating the reduction of war surpluses and their reuse and recycling for civilian purposes. In the 1940s, Canadian officials were certainly not alone in considering reclamation as a responsible and necessary public policy initiative, but they did develop a particular proficiency and expertise that some other countries, like Australia, lacked.⁴⁹ The lineage of wartime recycling programs persisted in the state's disposal administration and in ways that waste historians have not generally acknowledged. For instance, Peter Thorsheim's recent groundbreaking study *Waste into Weapons: Recycling in Britain during the Second World War* barely examines how munitions disposal related to post-war reconstruction or how the British government recycled weapons back into waste after hostilities concluded.⁵⁰

Exploring the history of munitions and supply disposal in Canada not only offers new insights into the impact of warfare on society, but it also provides timely commentary on current events. Since the 1950s, consumers (including

historians) have been inundated by a diverse material opulence grounded in vast inventories of cheap and disposable products. As Giles Slade and David Edgerton explain, living in a world dominated by planned obsolescence can dull curiosity about the impact of waste regimes on contemporary lifestyles and environments. They argue that planned obsolescence has created a cultural emphasis that privileges acquiring new things and new technologies instead of refurbishing of the old.⁵¹ It is small wonder, then, that Canadian historians have shown little interest in derelict things or the longevity of product life cycles when the preponderance of disposability has conditioned the types of questions they ask about the past and has simplified the complexity of relinquishing unwanted items in the present. However, the spectre of repetitive consumption has profound consequences for the Anthropocene. Today, the average American citizen is destined to generate an astounding 102 tons of garbage over their lifetime, while a recent study found that Canadians are some of the most wasteful people in the world, producing an average of 777 kilograms of garbage per person in 2008.⁵² Understanding how past societies operated waste regimes that turned trash into productive outputs can offer important lessons for responding to climate change, overconsumption, and the twenty-first century's other looming environmental crises.

Today's extreme wastefulness was a luxury that few people could afford in the 1940s. As the full scope of the disposal problem emerged across every category of kit, the postwar fate of military assets became a critical issue. A great deal of time, resources, and tax dollars had been invested in procurement, so the vast inventories acquired by the state could not be squandered or thrown away haphazardly. In Canada, as elsewhere, political leaders were aware of these and other challenges destined to arise when the war ended. To varying extents, they understood the importance of redeploying the state's authority and resources to support the postwar transition, by both reinvigorating private enterprise and building a comprehensive social welfare system in line with the Beveridge Report, published in Britain in 1942.

However, successfully divesting the vast stockpiles of surplus assets and truncating the federal government's economic influence was no easy feat. Such goals required immense preparations; but fortunately, the mandarins in Ottawa were up to the challenge. Prompted largely by the interwar experience with veterans' rehabilitation and the economic turmoil of the Great Depression, they started making postwar plans very early in the Second World War. The hard lessons of the 1920s and 1930s helped them anticipate the needs of peace and provided motivation for developing an elaborate and multifaceted exit strategy.⁵³ By 1944, this strategy's major policy elements – which included, among other things, family allowances, housing development, veterans' benefits, capital assistance for industrial

expansion, and agricultural subsidies – were ready for parliamentary assent, making that year’s legislative agenda one of the most important in Canadian history.⁵⁴

It was within this larger context of postwar preparations that plans for the disposal of surplus munitions and supplies emerged. As [Chapter 1](#) explains, the disposal problem emanated from wartime procurement. Its future scope and challenges dawned on policymakers only in mid-1943, as Canadian industries broke production records. Initially, government officials were not receptive to the overtures from businesses and public institutions warning of an impending postwar disaster. But concerns over the future divestment of surplus munitions and supplies eventually became a hot-button issue, with several interest groups lobbying the state for action and favourable consideration. Business associations were the first to raise the alarm because they feared the future deflationary pressures on their industries if the postwar economy were forced to compete against the vestiges of wartime production. They wanted the government to permanently eliminate the threat. Other social and political interest groups, appalled by the wastefulness and corporate greed, instead demanded increasing government controls over the disposal of public property in order to supply social welfare programs and improve public services. Thus, the disposal of surplus war assets became entwined within the larger debates about the role of the state in society and social security.

Policymakers soon realized that disassembling the war economy would be just as complex as assembling it. After some deliberations over the summer and fall of 1943, they determined that a single administrative apparatus responsible for disposal across the entire federal bureaucracy was the best course of action. This centralized all planning efforts, eliminated jurisdictional duplication, and solidified disposal as an instrument of public policy separate from the government’s procurement branches in the DMS. On 29 November 1943, cabinet approved PC9108, a landmark Order-in-Council that established the Crown Assets Allocation Committee (CAAC) and the War Assets Corporation (WAC) to address the state’s disposal needs.⁵⁵ The CAAC and WAC constituted the government’s response to the growing public concerns about disposal. The CAAC was an interdepartmental committee designed to act as a hub for all the paperwork associated with declaring surpluses, formulating general disposal policies, and consigning all items to the WAC. The WAC handled all physical aspects of disposal by appraising, collecting, storing, selling, or destroying everything declared surplus by federal departments, including the DND and DMS. A few months later, in July 1944, Parliament passed the Surplus Crown Assets Act, which formed a permanent organizational framework for the disposal of surplus public property that still exists today.⁵⁶

[Chapter 2](#) picks up the story in early 1944, as CAAC and WAC officials moved to administer disposal operations. With interest groups pulling in opposite directions, these agencies devised a tightly controlled disposal strategy. Their objective was to clearly outline the procedures for declaring surpluses and to standardize all sales, custodial, and destruction policies. However, this proved to be a lofty and elusive goal, as mitigating all the transaction costs inherent to disposal became a gruelling series of partial victories against the rising tides of paperwork and objects. Despite the head start on planning, Canada's disposal administration was paralyzed by the postwar flood of surplus goods. Although some of the issues were resolved by a major reorganization between August and October 1945, the new and improved WAC gained other problems that overshadowed future operations.

Canada's disposal policies walked a fine line between political, economic, and social imperatives. WAC officials were under serious pressure to recoup some of the original investment and to redeploy as many surplus assets into productive purposes as possible. However, they were also keenly aware that not everything entering the WAC's custody maintained value in its primary form. Finding productive outcomes for every item was not always advisable or even practical, despite the public's expectations and high consumer demand. Surplus assets were often worn out, technologically obsolete, unfit for civilian usage, or too expensive to keep in storage. But above all, they were harbingers of deflation. Experience with disposal after the First World War indicated that an unregulated fire sale of government surpluses would flood civilian markets and undermine the economy with illegitimate supply chains. Satiating demand with old production eroded prices for new goods, shrank corporate profits, and decreased employment. Therefore, war surpluses could not be dumped into the hands of speculators and civilians eager to acquire them, but neither could they be impounded forever.

WAC officials faced the delicate challenge of divesting assets in such a way that would not topple the economy but would still address consumer needs and partially recoup some of the original costs. The solution they devised was to bring corporations into the disposal process as hand-picked agents so the WAC could liquidate assets back through the businesses and commodity chains that had just produced them. Therefore, the WAC acted as a wholesale distributor and never sold directly to the public. Instead, end-users had to purchase repackaged and refurbished surplus goods from established manufacturers and dealers. In proceeding in this way, the WAC co-opted business interests into forming one of the first modern systems of "reverse logistics." Although this term was coined decades later, officials in the WAC would have understood its meaning. Today, reverse logistics is defined as "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.”⁵⁷ In effect, the WAC’s disposal operations closed the proverbial “loop” on wartime production by integrating a government-wide removal chain into the economy’s pre-existing distribution networks.⁵⁸

Overall, the WAC succeeded in recouping about \$500 million in sales by 1949, while also filling serious supply shortages and outfitting many reconstruction and rehabilitation programs. Yet, as [Chapters 3](#) and [4](#) show, this success was not without its obstacles and acrimony. [Chapter 3](#) reveals how the confluence of spatial, logistical, and financial factors added further complexity to the disposal problem. Every single munition or supply required a location of deposit while budgets were formulated and final decisions about retention were made. Originally, the WAC was formed only to act as a sales agency, so it possessed limited storage capacities. Instead, officials made custodial agreements with each organization filing surplus declarations and expected to piggyback on the storage infrastructures already available. However, when the war ended and the spectre of budgetary austerity loomed, these custodial arrangements imploded as federal departments moved to rapidly downsize inventories and real estate. The resulting storage crisis, which peaked throughout 1945 and early 1946, related directly to the politics of defence spending and the establishment of the military’s postwar requirements; but it also gave rise to a network of “boneyards,” where the war’s material remnants were consolidated, appraised, and cannibalized ahead of budgetary decisions and final disposal. Thus, money, speed, and storage space greatly shaped the postwar cleanup and environmental remediation across Canada.

[Chapter 4](#) examines how value was recouped from depreciating things. When objects are transferred between owners and purposes, they pass between value regimes that define their worth in different ways. Declaring agencies, the WAC, and end-users all valued munitions and supplies in competing ways. This affected an object’s afterlife, as different definitions of utility, necessity, and obsolescence were imposed onto leftover materiel at different times. No matter where surpluses were deposited, they were audited and appraised by custodial interests according to internal agendas and the input of information about available quantities, conditions, locations, and future utility. Therefore, disposal was not a neutral process, as the military’s downsizing was carried out through ongoing reviews of hardware and equipment. If items were not worth retaining, they were declared surplus and transferred to the WAC, where a new round of appraisals took place.

Materiel demobilization followed a strategic path in which each custodial entity squeezed as much value as possible from the assets before relinquishing them to the next custodian. The downcycling inherent to this relinquishment greatly shaped the quantity and quality of items entering the WAC's custody. The corporation received a mixed bag of things in different stages of disrepair, which forced the WAC to intensify its technical investigations to explore potential civilian adaptations, while also expanding its destruction programs for anything deemed dangerous to public safety or otherwise too expensive to remain in storage. These investigations became acrimonious flashpoints, especially when reports about the deliberate destruction of public property emerged at a time of severe shortages. In the end, the public's expectations were at odds with reality: the Second World War was incredibly wasteful, and the WAC inherited the daunting task of mitigating the continuing costs of depreciating things.

Chapters 5 and 6 delve deeper into the successes of the WAC's selling and destruction programs by examining the materiality underpinning reconstruction and rehabilitation. Chapter 5 acknowledges that objects were at the heart of everyone's postwar transition. From the largest corporation to the average Canadian, everyone made plans to restart their postwar lives and improve their living standards after years of sacrifice and scarcity. This fuelled an acute demand for goods of all types, but material shortages thwarted the aspirations of many and undermined some of the government's plans for economic demobilization. The dearth of durable and consumer goods was caused by a number of factors, but they brought different interest groups into competition for the limited supply of new goods. This situation also prompted surging interest in the WAC's inventories. For corporations, the resale of surplus assets stocked shelves in stores and filled gaps in production, while the reuse of surplus goods aided hospitals, educational institutions, and local governments struggling to cope with veterans' rehabilitation and other reconstruction programs. The WAC's inventories became the starting points for peace.

As Chapter 6 explains, much of the WAC's mixed-bag inventory comprised derelict technologies, scrap resources, and piles of other war junk. On the surface, such items appeared worthless, but Canadians proved to be as thrifty as they were creative. After the war, many people scrounged, tinkered, recycled, or converted whatever they could acquire in order to improve their living standards or support their business ventures. Like the societies and veterans surrounding them, the wastes of war were reconstructed and rehabilitated through an ongoing process of transformation and reinvention that historians have not always acknowledged. With postwar material shortages running rampant, Canadians ingeniously turned the swords of modern warfare into the ploughshares

of peace. “Barnyard bombers” became veritable treasure chests of materials and parts when torn apart, houses were built out of salvaged materials recovered from demolished war factories, and recycled weapon systems forged new metal resources that supplanted virgin stocks. The hybridity and diffusion involved with the disposal of munitions and supplies turned a destructive process into a constructive outlet for renewal and recovery.

1

Preparing for Peace

Creating the Disposal Administration

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.

– JOHN BERRY, PRESIDENT OF THE WAR ASSETS CORPORATION¹

DURING THE SECOND World War, policymakers anticipated the need for a comprehensive exit strategy long before the fighting ended. Motivated by the economic turmoil of the prewar years and the nature of wartime developments, they were determined to redirect the government's expansive regulatory powers to ease the peacetime transition. Nowhere was this more evident than in the preparations for veterans' rehabilitation. In October 1939, just one month after Canada declared war, anxious government officials started laying the foundations of the Veterans Charter, a comprehensive set of programs and benefits designed to address the inevitable consequences arising from the return to civilian life. By December the Privy Council had formed a special committee to inquire into and report on demobilization and veterans' rehabilitation.² This was a landmark moment that defined much about Canada's war aims and peacetime transition, but it also presupposed a great deal about a future Allied victory. As C.P. Stacey, arguably Canada's most influential military historian, noted in his survey 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."³

Stacey's shrewd remarks unravelled the irony of policymakers preparing for the war's end before they had even mobilized the large armies and war industries necessary to fight it. Yet his comments are also somewhat misleading. While demobilization remained a constant preoccupation of government officials, there were, at least initially, no guarantees that the government would extend its exit strategy beyond the scope of veterans' rehabilitation. In fact, it was only once war production peaked in 1943, and when Allied victory seemed more plausible, that some prescient individuals turned to other matters and realized the urgency of preparing a disposal plan for munitions and supplies. The first

concerns about disposal can be dated to October 1942, when nervous industrialists and trade associations started contacting government officials, requesting assistance and policies designed to protect their industries from the vestiges of wartime production. They were followed by municipal and provincial governments, as well as educational, agricultural, and veterans' associations, who lobbied for an effective disposal strategy, priority access to surpluses, and assurances of future cooperation with federal officials. Throughout 1943 and 1944, their efforts provoked a changing attitude toward disposal within the federal bureaucracy. It took time for policymakers to grasp the tremendous scale of demobilization, accept responsibility for surplus disposal, and devise a plan to accommodate the major stakeholders.

The government's unprecedented acquisition of materiel and control over industrial production prompted an array of evolving concerns about future prosperity and its connection to the disposal of surplus assets. Beginning around May 1943, officials in the Departments of Munitions and Supply (DMS), National Defence (DND), and Finance started contemplating the problems related to the disposal of unneeded production and obsolete weapon systems. To address the issues, they ultimately created a single administration to plan and implement a disposal strategy in cooperation with all levels of government, the military, business interests, and public organizations. A single, centralized apparatus fit into the rationalized management structures that officials experimented with during the war and was preferred over the disparate salvage arrangements confined to departmental mandates. On 29 November 1943, the Privy Council approved PC9108, which created the Crown Assets Allocation Committee (CAAC) and the War Assets Corporation (WAC) to dispose of surplus assets. Thus, the CAAC and WAC emerged as by-products of the government's expansive wartime mobilization and were tasked with tying up its loose ends when the conflict ended.

War surpluses became entangled within wider political, economic, and social imperatives that competed for their possession and use. Since public money had largely funded their acquisition, munitions and supplies were the state's property, and, when the war ended, the unneeded leftovers were highly coveted by different interest groups. In many respects, the parliamentary debates over the Surplus Crown Assets Act in June 1944 were a microcosm of the issues involved. During the debates, the Conservative opposition railed bitterly against the centralization of power in the Privy Council and the consequent lack of public accountability, and highlighted several loopholes in the act itself. They also demanded the divestment of federal assets and the development of regulations so that private enterprise could prosper once again. Conversely, social democrats and other progressives feared the wholesale liquidation of public

property because it would undermine the government's social welfare obligations and allow corporate greed to set the postwar agenda. However, it is quite telling that neither side of the political spectrum objected to the creation of a disposal administration: everyone appeared to recognize the importance of disposal preparations and understood that government leadership was the key to success. When disagreements and criticisms surfaced, they centred on how the state should proceed: should it divest all the assets it acquired during the war or retain them for future purposes? In effect, the disposal of surplus assets became enmeshed in the early development of Canada's welfare state. Providing Canadians with social security meant retaining big government services as well as the assets and property that enabled the state to meet its expanding obligations to its citizens and veterans.

Growing Concerns

In the fall of 1939, Prime Minister William Lyon Mackenzie King and his Liberal government steered a cautious and calculated course that starkly contrasted with the chaos of Sir Sam Hughes's recruitment schemes in 1914. Designed to limit liability, the King government's early war policies centred on three main elements: the British Commonwealth Air Training Program, small overseas military commitments, and comprehensive preparations for veterans' rehabilitation. However, the string of Allied defeats between May 1940 and February 1942 forced the government to shed its complacency and better organize the war effort. In June 1940, the problematic War Supply Board was replaced by the Department of Munitions and Supply, a new cabinet-level portfolio backed by a hefty administration and sweeping powers over the economy. Under the terms of the War Measures Act and the Department of Munitions and Supply Act (1940), the DMS gained the authority to "mobilize, control, restrict, or regulate" anything needed for war production.⁴

To head the DMS, King appointed as minister C.D. Howe. Armed with a booming budget, Howe, a fifty-five-year-old American-born engineer with a penchant for pragmatism, wasted little time in staffing the DMS with many capable bureaucrats, administrators, academics, businessmen, and technicians who expedited war production. These "dollar-a-year men" were critical figures in the rapid expansion of federal regulations and investment patterns, which ensured that wartime industrial achievements were no happy accident or caused by the free market economy flourishing on its own terms.⁵ During the war, the DMS stood normal business practices on their head and effectively suspended the laws of supply and demand. In doing so, it mobilized industry by rationalizing prevailing economic patterns so that *need* trumped *demand*. In other words, the channels through which goods and resources flowed were

reorganized to fuel munitions production and not civilian consumption, particularly after December 1941. More generally, this meant that federal authorities in the Wartime Prices and Trade Board (WPTB) and the Wartime Industries Control Board (WICB) increasingly intervened to regulate economic activities, while the DMS used public funds to steer production away from civilian goods and the free market system, and toward something approaching a command economy with the federal government at its core.⁶

The DMS did its best to make the business of war profitable for the private sector. When negotiating war contracts, its Production Branches issued favourable financial terms and used special depreciation to incentivize expansion. Companies were allowed to write off the operational and capital expenses needed for meeting contractual obligations that had little postwar value. This freed corporations to quickly convert to war production and corralled, from private sources, an estimated \$1 billion for the expansion of facilities or the purchase of new machinery (or about a third of the \$3.5 billion spent on wartime industrial production in total).⁷ Moreover, the DMS assigned controllers to administrate the use of critical resources and equipment. The resource controllers who populated the WICB possessed the authority to ration, allocate, stockpile, and set prices for all the parts and raw materials needed for procurement programs.⁸ Companies on war contracts were assigned priority designations, which steadily grew more important after the United States entered the war and initiated its own rearmament program. Canadian businesses still producing civilian goods were cut off from the flow of parts previously supplied by their neutral, southern neighbours. By early 1942, it was difficult for businesses to survive without a war contract or subcontract from the DMS.⁹

Yet, despite these incentives, business interests were not always willing servants of the state. Throughout the war, a tension persisted in public and private co-operation. Business people worried about the government's increasing powers and ownership, but they were also leery of investing in the manufacture of items wholly dependent on conflict. Few entrepreneurs saw profitable or sustainable futures in the mass production of explosives or ammunition. As a result, when businesses would not or could not meet the demands of the war effort, the DMS had little choice but to directly subsidize production by operating factories and purchasing machinery. To oversee these projects, the DMS established more than twenty-five Crown companies to procure or regulate essential materials.¹⁰ As the war progressed and industrial production peaked, the tension with business interests evolved as well. There is no small irony in how the private sector greeted the peak of war production. Just as factories were smashing records, the longevity of product life cycles started concerning manufacturers, who recognized that Allied victory would abruptly terminate lucrative contacts,

empty bustling factory floors, and leave behind a material legacy with consequences for their postwar prosperity. Many felt that government action was required to mitigate any dislocation and to control the flood of goods, as it had during the war. However, at least initially, federal officials were less concerned with preparing for this eventuality and more enthusiastic about expanding production.

It took time and concerted lobbying efforts from a variety of interest groups to force the government to address the future disposal problem. Some of the earliest overtures from the private sector were sent to the minister of finance, J.L. Ilesley. On 15 October 1942, the executive secretary and treasurer of the Canadian Association of Garment Manufacturers, T.W. Learie, wrote 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.”¹¹ The problem related to the accumulation of cloth used for fabricating uniforms, the substantial financial liability incurred by private firms, and the fact that the cloth was entirely dependent on military specifications and therefore would become “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 losses in the future, or by making some arrangements for the government to purchase all the inventory at the end of hostilities.¹²

Ilesley passed the letter on to R.B. Bryce, secretary of the Economic Advisory Council, who then canvassed Douglas Dewar, chief of the Prices Division at the WPTB, and Howe for their opinions. Both Dewar and Howe found no reason for urgency on the matter. Responding to Bryce on 6 November 1942, a few days after the British 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 cautious tone was unmistakable. Drawing from his wartime experience, Howe advised 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.”¹³ 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 were needed in the future, the facilities, controls, and purchasing authorities already established for procurement could be repurposed if necessary.¹⁴

Although both Dewar and Howe saw potential dangers ahead and offered some advice, they noted 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 level of ambivalence toward the future postwar economy. Even as Howe created Crown companies with haste and funded industrialization with public money, there was still an expectation of future retrenchments in government regulations. 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 yet more regulations. On 11 January 1943, Ilsley informed Learie that 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."¹⁵

Almost as soon as Ilsley made his decision on garments manufacturing, it was contradicted by other developments. In rebuffing the industry's concerns, he acted on the advice of a senior bureaucrat and a powerful minister, even though others were warning of future problems. Perhaps Dewar should have heeded the advice of the Fine Clothing administrator because, without guarantees for covering potential losses, clothiers stopped carrying large and expensive inventories. 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.¹⁶ As a result, by the spring, a shortage of both cloth and uniforms coincided with a surge in new officer commissions and the deployments of additional army divisions to Europe and the invasions of Sicily (July) and mainland Italy (September).¹⁷ To mitigate the problem, the Melbourne Merchandising Co. and Canadian Wool Board (Crown companies established by the DMS and WPTB, respectively, to purchase and distribute wool) started buying bulk supplies of wool and other cloth. By October, the two organizations held approximately 445,000 yards, valued at \$1.65 million. Moreover, officials discovered that considerable savings accrued when the two agencies stockpiled materials, set prices, and distributed inventories according to war contracts.¹⁸

The benefits of public ownership came late to the garment trade: the practice of stockpiling ahead of production was well known in other industries. For instance, the WICB's aircraft controller purchased special parts, materials, and equipment to distribute to manufacturers two months in advance of future

production requirements.¹⁹ Perhaps the largest stockpiles were established in the automotive industry. Usually car companies (such as Ford, General Motors, and Chrysler) and the resource controllers associated with the industry bought materials “five or six months ahead of final assembly,” thereby ensuring that a reservoir of parts was constantly available to mitigate the impact of shortages.²⁰ In effect, wartime imperatives were forcing businesses to consistently fall back on the government for help with production. Thus, federal agencies resorted to investing more public money across an increasingly wider spectrum of industries in order to stabilize the supply chain and rationalize the flow of goods into war production. In the end, this meant that the government gradually accepted both the incumbent risks of owning inventories that were completely dependent on wartime specifications as well as the potential rewards of retaining large reserves of other items with residual utilities.

The increasing scope of public expenditures in the garment industry prompted another letter from Learie in November 1943. However, this time it was accompanied by a resolution passed at an industry conference earlier that year. The resolution was typical of many received by the government in that 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 government surpluses be dumped indiscriminately on Canadian markets.²¹ Learie’s 1943 letter had a different objective than his earlier one. Rather than asking for the government to buy back inventories at the end of hostilities, garment manufacturers were now worried about the state’s plans for liquidating its stocks of clothing and uniforms accumulated throughout the year. The resolution offered some policy alternatives by suggesting 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 clothing and fabrics.²²

Learie’s lobbying in 1943 fit into a prevailing pattern of activism on the part of businesses and provided an “indication of growing public interest” in disposal that deserved further attention.²³ Prompted largely by the DMS’s regulatory powers, stimulus for industrialization, and mandate for all-out production, an increasing number of other commercial associations, companies, and (eventually) municipalities began contacting the government with serious concerns. 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.”²⁴ Later, in October, the North Bay Board of Trade notified Ilsley that it fully endorsed the Ottawa board’s resolution.²⁵ In another case, J.F. McMullen, the president of Marshall-Wells Canadian Companies, took a more direct approach. In August, he personally wrote Ilsley to warn him of the dangers associated with circumventing legitimate supply chains, informing 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.²⁶

The pattern of activism only intensified throughout the fall of 1943. In September, the Edmonton Ex-Service Men’s Rehabilitation Committee sent the government a resolution that was endorsed by practically every veterans’ association in Canada.²⁷ The resolution demanded that the Dominion “retain all rights and title to all war material” until an advisory board was established, composed of “a representative body of ex-servicemen and women” together with government officials.²⁸ In November, the trickle of correspondence turned to a deluge of resolutions and inquiries. On the heels of Learie’s letter, four other commercial associations petitioned the government. On 5 November, the Radio Manufacturers Association of Canada contacted both Ilsley’s and Howe’s offices, while Fred R. Smart, secretary manager of the Stationers’ Guild of Canada, sent a letter to William Clifford Clark, deputy minister of finance. Later that month, both the Canadian Institute of Plumbing and Heating and the Canadian Builders Supply Association mailed resolutions to Howe and Ilsley.²⁹

These four associations represented some of the most crucial manufacturers in Canada’s war effort, as they furnished radio and telecommunications equipment, typewriters and office supplies, furnaces and plumbing, and building materials of all shapes and sizes. All four associations were concerned that the items originally produced by their members for war purposes could be reused in the domestic economy after victory, thereby undercutting the production of new items and undermining their respective industries. Fred Smart and the Stationers’ Guild went as far as to suggest that, “if surplus goods cannot be reasonably absorbed through regular channels, ... they should be offered in foreign markets” and that “if no foreign market is found ... such merchandise should either be frozen for an indefinite period or as a last resort completely destroyed.”³⁰ Destroying perfectly reusable things rather than allowing them to enter the marketplace was a self-serving and drastic suggestion, yet the Stationers’ Guild was not alone in making that recommendation. Several other commercial associations saw the destruction of all surpluses as a legitimate option: 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.³¹

Clearly, the government's expenditures across all sectors were resulting in a major political and economic conundrum. The measures taken by the Canadian Wool Board and Melbourne Merchandising might have mitigated severe war-time shortages in officers' uniforms, but they were *creating* the disposal problem. Through its agencies, the state took on the financial risk of owning potentially worthless assets, thereby relieving manufacturers of absorbing such losses so they could continue production without the total price tag overhanging their output. But, with victory on the horizon, attention turned to the objects' lifespan and the delicate matter of recouping financial losses. 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), but it was also blurring the mandates and accountability of its various departments and agencies. Considering the plethora of militaria, 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 in early 1944 sought to iron out the accounting details relating to officer uniforms. On 22 November 1943, Donald Gordon, the chair 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" and agreed that any losses should be carried on the accounts of the end-user: National Defence.³² By March, W.P. Walker, vice-president of the Canadian Wool Board, wrote Ilsley, informing him that the Royal Canadian Air Force (RCAF) had agreed to cover any losses associated with its clothing orders but required a special grant from the Treasury Board to purchase the necessary fabric.³³ This clever ploy to pass the buck back to Finance failed because Ilsley refused the request. After considering the issue, he 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.³⁴ In the end, Ilsley's decision meant that the Wool Board and Melbourne Merchandising were on the hook if the DND declined to cover the losses, and they had to prepare 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, but they also served as warning signs. From

mid-1943 onwards, the disposal problem received more consideration from officials who were motivated to create a workable solution that would mitigate financial losses by recouping some of the original cost, address the needs of businesses, and solve any departmental conflicts or confusion. It was obvious to all involved that an interdepartmental committee was required, as this would centralize everything related to disposal in a single administrative apparatus. Moreover, forming a new government-wide task force minimized duplication and conflicting policies, while allowing a group of experts to consult with stakeholders and uniformly implement policies over time. But how exactly would this administration work? And who would be in charge?

PC9108

Before PC9108 was decreed in November 1943, three agencies were responsible for the disposal of public property: the Treasury Board's Chief Salvage Officer in the Department of Finance, the Army Salvage and Disposal Board (ASDB) in the DND, and the Scrap Disposal Branch in the DMS. Although the experience of these organizations was of inestimable value to the future disposal administration, they were not well positioned to handle the expected postwar deluge. With the exception of the Salvage Officer, they were formed for specific departmental requirements and therefore had limited connections within the bureaucracy and lacked the capacity to sell large amounts of diverse goods. However, they did provide a cadre of expertise that was essential in the initial planning phases. That such experience existed before November 1943 demonstrates that the disposal problem was not confined to demobilization. Rather, the disposal of surpluses and obsolete stores was a wartime development that evolved into a postwar necessity.

Of the three, the 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 acted as the clearinghouse and sales agent for all government departments (except the DMS and army).³⁵ Kelley's role, once a department declared something surplus, was to either facilitate an interdepartmental transfer or sell the goods by public tender. It was said that Kelley ran "the biggest and strangest second-hand business in Canada," since he sold many different things, ranging from the stodgy to the borderline bizarre. Kelley sold typewriters, an old lighthouse, used tires, bones, polar bear rugs, fur coats, and, perhaps the strangest of all, "false teeth, ancient style."³⁶ Over time, he developed quite a marketing talent and could find customers for practically anything. In one case, he managed to entice someone into buying a wrecked car at the bottom of a 200-foot ravine in British Columbia.³⁷

Although both the RCAF and Royal Canadian Navy (RCN) relied on the Chief Salvage Officer for the disposal of surpluses and obsolete kit, the army established a separate organization for managing its internal needs. On 25 June 1941, the Obsolete Stores Committee was formed to inspect the condition of all army kit and to make recommendations for disposal. The ASDB was created on the same day and was tasked with carrying out the committee's recommendations by selling or destroying the army's unneeded things.³⁸ Lt.-Col. W.G.B. Dailley, who had been a senior executive with Eaton's in civilian life and had extensive experience in merchandizing and salvage disposal during the First World War, was put in charge of the ASDB.³⁹ The ASDB sold items by public tender or transferred them to other branches of the military, although the DND later formed the Inter-Services Committee for the Interchange of Surplus Assets to handle the latter task.⁴⁰ Judging by the ASDB's sales reports and other records, the military developed some workable procedures for transferring kit internally because the ASDB never handled new or gently used assets. Instead it dealt with the derelict items that had little use to any branch of the military: scrap metals and wood, broken equipment, worn out components, rags and used socks, old uniforms and fabrics, old boots, spent ammunition casings, used food containers, and jerry cans.⁴¹

The Scrap Disposal Branch was established by the DMS in October 1941, its job evolving out of the need to manage production wastage. Early in the war, the disposal of scrap materials, generated from manufacturing war goods, was handled by the war contractor under special authority granted in the terms of their contracts. However, few contractors knew what to do with the waste and disposed of it haphazardly in dumps or in storage rooms on site, or they sold it to junk dealers (and kept the profits). This situation changed as the demands on industry increased and as the DMS developed resource-conservation programs to streamline designs and salvage production waste.⁴² A survey commissioned by the DMS in 1941 found that better controls over the fate of refuse, metal trimmings, and used materials helped increase production, especially if the scrap resources were recycled back to manufacturers or if the state controlled the sales profits. W.B. Gordon was the Scrap Disposal Branch's first and only director general, and his staff of nine handled all scrap derived from war contracts and the operations of Crown corporations, as well as any materials that required disposal because of design changes.⁴³

Despite their previous work, none of these organizations were capable of managing what lay ahead. In every case, the things they sold were surplus because they were obsolete, used up, or broken-down. Consequently, the Chief Salvage Officer, ASDB, and Scrap Disposal Branch had little experience in selling large

quantities of new goods, real estate, or state-of-the-art technologies – all of which were expected to become surplus in the future. Moreover, as the war progressed, the scale of disposal expanded beyond the capabilities of these tiny organizations. By mid-1943, it was nearly impossible to keep up, as disposal became an increasingly larger wartime necessity and a source of great consternation in the DND. Just before industrial production peaked in October, the war effort reached a logistical watershed. At that point, several types of weapon systems employed continuously from 1939 started reaching the end of their life cycles. Moreover, technological innovation resulted in the development of newer and better models that were starting to replace older ones. J.B. Carswell, a director general of the DMS stationed in Washington (and later appointed president of the War Assets Corporation), summarized the situation over the second half 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.⁴⁴

The summer of 1943 proved to be a critical juncture in the history of munitions disposal, as the Canadian armed forces had to make room for a new generation of weapons technology.

The problem of obsolete kit was most acute in the RCAF. Almost from its outbreak, the war had provoked rapid technological development in aircraft design and engines, which resulted in constant changes to the arsenals of Allied fighters and bombers. This development wreaked havoc, not only on production lines plagued by modifications, but also in pilot training as newer models rendered the first generations of elementary training aircraft increasingly obsolete.⁴⁵ When the British Commonwealth Air Training Program was established in December 1939, Canada faced a serious deficit in training aircraft, so the RCAF purchased Tiger Moth, Finch, and Anson airplanes while contracts were issued to manufacture additional numbers.⁴⁶ By 1941, the Tiger Moths and Finches were, after some extensive negotiations, designated for replacement by the Cornell and newer models of the Anson. However, only two years later, this second generation of trainers was at the end of its life cycle. Two reports, circulated to cabinet in April and May 1943, outlined plans to replace the aircraft and scrap them by “guillotine” (a method involving a crane repeatedly dropping a thick metal slab to chop up fuselages). The guillotining of Tiger Moths and Finches commenced immediately when Cornells replaced them, but the RCAF

was seeking approval for an expanded second stage to systematically guillotine every obsolete model over a two-year period.⁴⁷ In justifying the expanded destruction program, the April report explained that “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.”⁴⁸ Clearly, the RCAF was knee-deep in disposal problems, and its arrangements with the Chief Salvage Officer were not helping matters.

The army had problems with obsolete kit as well. 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 sometimes necessary. For example, the issue of storage space in training camps and ordnance depots (many hastily constructed or expanded after 1939) became a serious problem in late 1942. By that time, the army had recruited, trained, and deployed thousands of troops in several infantry and armoured divisions. To become effective fighters, successive waves of recruits required extensive practice at shooting, and millions of rounds of ammunition were expended on firing ranges and other proving grounds. Every bullet or shell shot also expended a cartridge casing, in addition to the wooden or metal packaging crates used for storing and transporting ammunition in bulk. Standard procedures dictated that these empties be collected and stored on site, but by December 1942 a crisis was brewing, as training bases were running out of storage space.⁴⁹

According to one account, no one knew what to do about the situation, but a solution was in the offing at Montreal’s Longue Pointe Ordnance Depot (LPOD). On 12 January 1943, the Ammunition Empties Group was formed under the command of Major O. Rabatich, the inspecting ordnance officer for Military District 4. Its purpose was to recondition and recycle all the ammunition packages, containers, fired cartridge cases, and other components used by the infantry and artillery units in training operations in eastern Canada.⁵⁰ At the LPOD’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 serviceable casings were refurbished and refilled for eventual reuse.⁵¹ Despite the tedious work, the recovery and reuse of casings became an integral part of training, while also improving the strategic allocation of resources.

Over the summer of 1943, the military's issues with obsolete kit surpassed the capabilities of all three disposal agencies and mixed with the growing anxieties from the private sector. With mounting political and economic pressures, suddenly superiors started listening to prescient subordinates, and Carswell was one of the first to speak up. He understood that future disposal operations would involve not just the sale of obsolete junk. Rather, victory would necessitate the complete or partial liquidation of entire arsenals, thereby rendering many things, whether in peak condition or state-of-the-art technologies, surplus to requirements. Therefore, preparations had to go well beyond the sale of war junk. On 14 June, Carswell wrote Howe to outline the future problems. He stressed the utility of early and comprehensive disposal arrangements "*as a war measure*," since the "weeding-out" of obsolete kit created surpluses that required immediate disposal. A month later, he submitted a briefing note suggesting a course of action.⁵² Shortly thereafter, Howe recalled him from Washington to implement his suggestions. According to Carswell, conferences with officials from several departments culminated in a luncheon meeting in Ottawa in October where he sketched out his proposed ideas for creating a committee to define surpluses and a corporation to dispose of them.⁵³

Carswell's involvement in disposal planning might have surprised some of his colleagues initially. 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 eventual appointment as the WAC's first president fits this pattern. Educated as an engineer, he arrived in Canada in 1910 from Paisley, Scotland, and found work in Montreal with the construction company Ross & MacDonald. A few years later, he transferred to the Toronto office and worked on several major projects including Union Station, the Royal Bank Building, and the Central Technical School. During the Great War, Carswell joined the Imperial Munitions Board as chief engineer overseeing the design and construction of all airfields in Canada. In 1918, he started his own business, selling it ten years later to become the managing director of Burlington Steel.⁵⁴ When war broke out again in 1939, he was retired and living in New York but volunteered his services to the Canadian government. After receiving a stellar reference from J.C. Armer of Dominion Forge & Stamping, the head of the War Supply Board, Wallace Campbell, sent him to Washington.⁵⁵ With his combination of business and engineering backgrounds, his experience in both world wars, and his reputation and connections with the international community, Carswell was the ideal man for the disposal job.

Independently of the DND and DMS, Finance officials were also contemplating the disposal problem over the summer of 1943. Prompted by the increasing

size of government stockpiles, Donald Gordon canvassed W.A. Bark, president of the Crown company Wartime Salvage, for his opinions. On 5 August, Bark submitted a two-page report based on consultations with several businesses, including Willard Storage Battery Co. and Knowles Bailey Ltd.⁵⁶ Bark believed that selling surplus assets by tender through regular supply channels and creating a catalogue of all available items were essential starting points. He also felt that forming a new disposal agency might not be necessary if the existing controls and production branches were cleverly reorganized to dispose of the things they controlled or produced. As Bark explained, “putting the present machinery in reverse and using various Controllers and Administrators for the purpose of disposing of the particular supplies they, themselves, created” seemed like the “natural set-up.”⁵⁷ Bark envisioned a reversal of wartime logistics to enable the disposal of surplus assets through the organizations that had gained significant expertise and industrial connections during the war.⁵⁸

Although his plan made sense in theory, it was not very practical. At that time, war production was peaking, and the DMS was wholly absorbed in procurement. Burdening officials with disposal – an equally complex problem – was not ideal. Additionally, such reorganization would be limited to department-specific arrangements or tied to particular objects, thereby hindering uniform action across the whole bureaucracy. This would cause serious duplication and internal competition, while overwhelming existing arrangements with more assets than their staffs could handle. Moreover, managing the profits accrued from sales posed another dilemma because each disposal organization remitted the proceeds to the departments they serviced. This subsidized departmental budgets in some small measure but, with the expected volume of surpluses, only the departments bloated with significant inventories stood to profit. If the government relied on multiple disposal agencies, it would not be able to consolidate revenues from surplus sales and use the money to pay down war debts. To Gordon the need was clear: a new interdepartmental agency that tied disposal operations into wider postwar policy objectives had to supplant the disparate arrangements.

Bark’s report served as Gordon’s icebreaker for further discussions with William Clifford Clark. A few days later, Gordon sent the report to the deputy minister with his own remarks. Gordon explained that “from time to time” he considered that “some definite part of our post-war planning” should be “devoted to the question of salvage.”⁵⁹ The urgency of disposal had crystallized in Gordon’s mind, not only because he was aware of Carswell’s proposals, but also because he felt that a “glorious state of confusion” would result if all departments did not coordinate their Salvage Committees before hostilities ended. Most importantly, Gordon was worried about the economic impact of surplus inventories.

“I should not be surprised if more than \$50,000,000 of material is over-hanging the market right now,” he mused before warning that “our domestic markets may be demoralized” if leftover inventories were dumped without any regulations or concerns for pricing.⁶⁰ Clark agreed and sent the memo to R.B. Bryce for further consideration. In their replies to Gordon, Clark and Bryce hashed out their views on the subject. On the whole they found some of Bark’s suggestions worthwhile, especially the catalogue of all objects likely to become surplus at the cessation of hostilities. However, they felt that the DND and DMS should compile the list, since they possessed most of the items destined for disposal.⁶¹

Clark’s reply also summarized four other big-picture considerations that he and his staff had identified about the future disposal of war surpluses. The first related to intelligence gathering on the potential postwar uses of munitions and supplies in relationship to civilian needs, government purposes, military requirements, commercial exports, and relief and rehabilitation purposes (from both the war or some future natural disaster). Bryce even 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.”⁶² Another consideration was how to establish the channels and techniques required for disposal in combination with determining what materials had to be scrapped. Third, Clark saw the need for international coordination, particularly with the United Kingdom and United States, so that property located in foreign countries and foreign property located in Canada could be dealt with accordingly. However, at the time, he felt it was better to sort out Canada’s disposal strategy before coordinating international arrangements with the Allies. Finally, he believed that an early start was essential for making meaningful preparations and increasing the likelihood of successful outcomes. As Clark 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.”⁶³

Within a month, cabinet took action. At its 29 September meeting J.L. Ralston, minister of national defence, again broached the disposal problem facing the Canadian armed forces. Earlier in April and again in May, he had briefed cabinet on the RCAF’s guillotine requests, but, in typical King fashion, nothing resulted except a deferred decision. This time, however, Ralston received support from Howe and Ilsley, who were both armed with Carswell’s plans and Clark’s briefings. As a result, cabinet formed an ad hoc committee to consider the disposal problem immediately. On 5 October, A.D.P. Heeney, clerk of the Privy Council, wrote to Watson Sellar, the auditor general of Canada, ordering him to chair

the committee formed by representatives from Munitions and Supply, National Defence, and Finance to “consider and make recommendations regarding suitable machinery to deal with disposal.”⁶⁴ The committee was composed of Sellar, Colonel G.S. Currie (DND), and E.J. Brunning (DMS), and Terence Sheard (air member for supply, RCAF) was added later.

Sellar submitted a final report to cabinet on 10 November 1943. It started by outlining the scope of disposal, estimating that \$3 billion worth of assets might be owned by the Canadian government at the end of hostilities. It identified several trouble spots: Lend-Lease materials, properties jointly owned with the United Kingdom, and Canadian-owned assets in Europe and Newfoundland. The Sellar committee also considered the international dimensions of disposal and recommended the establishment of “an inter-governmental body analogous to the Combined Production and Resources Board” in order to handle the monumental task and to monitor the vaguely stated “principles to be followed in disposing of surpluses.”⁶⁵ It also strongly recommended an immediate and comprehensive agreement with the United States, since American surpluses were expected to top \$75 billion. Therefore, it was imperative that the Canadian government prevent the Americans from dumping assets onto Canadian markets already flush with leftover materiel.⁶⁶

Additionally, the Sellar report discussed the form and functions of Canada’s future disposal bodies. Sellar believed that a firm set of policies and procedures was important to reduce “confusion, delay, and clashes of interests” and protect politicians and bureaucrats from being “harassed by the importunities of speculators seeking a profit.”⁶⁷ Accordingly, it was crucial to establish legislation to regulate the disposal of Crown property and, borrowing heavily from Carswell’s suggestions, to create a “Disposal Board” and “Corporation” so that the full attention of their heads could be devoted to disposal matters. After some deliberations, cabinet accepted Sellar’s report on 26 November, agreeing that the new disposal administration would fall under Howe’s jurisdiction as minister of the DMS. The two organizations were also given names: henceforth the “Board” would be known as the Crown Assets Allocation Committee (CAAC) and the “Corporation” would be called the War Assets Corporation (WAC). PC9108 was issued three days later; in addition to establishing the CAAC and WAC, it ordered each government department to “survey and investigate all lands, buildings, structures, plants, machinery equipment, articles, and things” that it administered “with a view to the determination of the types and quantities of such assets” that were unneeded.⁶⁸

The CAAC and WAC worked closely together but had different responsibilities. The CAAC monitored the departmental appraisal processes and formulated general disposal policies. It also acted as the administrative hub for surplus

declarations from all federal departments and facilitated intergovernmental transfers through the priorities system it established (see [Chapter 2](#)). Guidelines for disposal policies were outlined in PC9108 as well. For reasons of public safety and economic stability, the CAAC was empowered to prohibit or delay sales of surplus assets in Canada or order the conversion of any item back to its constituent materials.⁶⁹ By contrast, the WAC handled the physical aspects of disposal. PC9108 instructed Howe to incorporate the WAC with \$5 million in working capital provided by Parliament through the War Appropriation Act. The WAC was “charged with the duty of disposing of or otherwise dealing with surplus assets” consigned to it by the CAAC and empowered to collect, store, manage, sell, or destroy every item, in line with the CAAC’s instructions. The corporation had some flexibility with policymaking, as PC9108 stated that it could make policy recommendations to the Privy Council and that it had wide latitude in determining how disposal could promote “the national well-being of Canada.”⁷⁰ In practice, this meant that the CAAC decided what assets should be destroyed or sold, while the WAC implemented policies that determined the most economical and efficient course of action to fulfil those decisions.

However, the exact division of powers between the two organizations remained “somewhat ambiguous” and later became a source of questions from politicians during the meetings of the Special Committee on War Expenditures and Economies (SCWEE). Because PC9108 allowed both the CAAC and WAC to formulate policies, politicians foresaw an opportunity for duplication and rivalry. But their concerns about jurisdictional conflicts were easily dismissed by cabinet because it staffed the organizations with hand-picked officials who often held dual appointments.⁷¹ Therefore, despite the vague overlap on paper, cabinet had full confidence that common sense would prevail and that officials would not interpret PC9108 narrowly or grasp for more power and authority.⁷² PC9108 envisioned the CAAC and WAC as “two autonomous bodies operating on the same plane,” both reporting to the minister and neither reporting to the other as subordinate. The committee did not “instruct” the WAC nor did the corporation “give orders” to the CAAC. Instead they worked cooperatively on a common problem, although the CAAC dealt with that problem at an earlier stage.⁷³

The decision to establish a single administration composed of two organizations working in tandem with compatible mandates was a sound idea, especially when compared to the United States. In April 1945, the American Senate’s Special Committee to Study and Survey Problems of Small Business Enterprises invited Carswell to address its subcommittee on surplus war property. After outlining the organizational structure of the CAAC/WAC and explaining disposal policies for machine tools, Carswell answered several questions. Aside from inquiries about prices and preferential sales for machine tools, his audience asked

questions about the ambiguous division of powers and responsibilities in Canada's disposal administration. In clarifying the arrangements, he explained that "we have only one horse" while the Americans had a "team of eight horses." The Canadian approach eliminated the type of duplication, rivalry, and administrative delays that were plaguing American disposal operations at the time. On that point, one senator cynically remarked, in reference to the CAAC's American counterpart, "Our Surplus Property Board here has, itself, almost been declared surplus."⁷⁴ Before thanking Carswell for his briefing, a different senator complimented Canada's disposal 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 one added, "It was apparently given a lot of thought."⁷⁵

PC9108 also outlined the organizational structure of the committee and corporation. The CAAC was given a full-time chairman and secretary and consisted of appointed representatives from several federal departments, the president of the WAC, and three additional members representing the interests of labour, agriculture, and "the householders of Canada."⁷⁶ On 14 December 1943, C.A. Geoffrion was named secretary, and J.P. Pettigrew became the first chair. Three days later, the committee was filled with representatives (mainly deputy ministers) from the Departments of National Defence, Munitions and Supply, External Affairs, Public Works, and Finance (later in 1944, the Departments of Transport, Trade and Commerce, and Pensions and National Health were added to the mix).⁷⁷ Pettigrew was a key figure in the committee's early stages. He was one of Howe's most competent executive assistants and earned the appointment because of his familiarity with the DMS's production branches. However, in March 1944, Pettigrew abruptly resigned to concentrate on his role as an assistant deputy minister, though he remained involved in disposal matters by helping organize the termination of the Machine Tool War Service Committee in 1945.⁷⁸

Pettigrew's replacement, John Berry, was a rising star in the DMS. Born in Cheshire, England, on 24 September 1898, Berry was educated in mathematics and applied mechanics. Like most executives in the DMS, he was a veteran of the First World War, having served several years in the Royal Naval Air Service. After the Great War, he apprenticed as an engineer in the Liverpool shipbuilding industry and later worked for Vauxhall Motors in Luton, England, and at GM's Overseas Operations in Detroit as a production manager. In August 1940, General Motors lent him to the DMS's Automotive Production Branch, where he quickly earned a reputation as an efficient manager. At the time of his appointment to the CAAC (as representative for the DMS), he was director general of the Automotive Production Branch, the WICB's motor vehicles controller, and the WPTB's administrator for automobiles.⁷⁹ However, Berry relinquished these

demanding jobs after replacing Pettigrew, and when Carswell resigned from the WAC in May 1945, Berry was the obvious replacement as president. From 16 July 1945 onwards, he occupied the two most important positions in Canada's disposal administration until July 1949, when he joined Canadian Arsenals Limited (CAL) as president.⁸⁰

The WAC's leadership was also selected in December 1943. Carswell became its first president and ten other men were appointed to the company's board of directors, which first met in Montreal on 6 January 1944. In theory the directors were supposed to represent a cross-section of business, labour, agriculture, and the country's geography.⁸¹ However, in reality it was dominated by businessmen who became associated with the WAC by virtue of their work as "dollar-a-year men" or because they had a vested interest in resolving the disposal problem. The business experience of the WAC's directors encompassed many sectors that were under threat: mining and metals, knitting and clothing,



FIGURE 2 War Assets Corporation board of directors, January 1944. Sitting (L to R): Hugh Lawson, John Knox, A.C. Guthrie, J.B. Carswell, Jean Julien Perrault, J.B. Ward, and Wilfrid Gagnon. Standing (L to R): Goodwin Gibson, F.O. Peterson, A.T. O'Leary, and R.D. Purdy. Library and Archives Canada, Crown Assets Disposal Corporation fonds, e011308896.

beds and bedding, architecture, motor vehicles, merchandising, and real estate. Although labour interests received representation on the CAAC, they were conspicuously absent from the WAC's executive demographics. A typical board member was Wilfrid Gagnon, the WAC's first vice-president. In the 1930s, he had served as Quebec's minister of commerce and industry, but he also maintained a successful footwear manufacturing company, Aird & Son. This industry was particularly susceptible to ruin, given the amount of footwear produced for the war effort. Despite the high-minded rhetoric of patriotic service to secure the peace, Gagnon and other board members had some self-serving motivations behind their work with the WAC. In fact, Gagnon used his business experience and wartime connections to become one of the most successful industrialists in Canadian history.⁸²

The Surplus Crown Assets Act

Because Mackenzie King believed PC9108 dealt "with a matter of such widespread interest and importance," he wanted it well publicized.⁸³ On 1 December 1943, he publicly addressed the disposal problem for the first time. In his speech to reporters, King informed Canadians about the creation of "an interim method" and "government machinery" for meeting the challenges associated with munitions and supply disposal. After outlining the functions and responsibilities of the CAAC and WAC, King promised new legislation authorizing a permanent procedure for disposal during the next session of Parliament.⁸⁴ He concluded the announcement on a reassuring note:

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.⁸⁵

Clearly, the lobbying efforts and warnings from businesses had paid off. The King government was finally moving to address the disposal problem.

A month later, more details about the government's plans were released at Carswell's first press conference in Montreal following the inaugural board of directors meeting on 6 January. In what were the first detailed policy statements on disposal, he stressed how the WAC planned to control the flow of goods and avoid a postwar disaster. Like King, Carswell was assuaging anxieties about the dangers of "inevitable surpluses." He promised that no "fire sale" would take place and that disposal operations were going to be strictly managed to stabilize

the postwar economy and maintain high employment. He told reporters that the WAC was “a symbol of partnership between labor, industry and government” and that this relationship was essential to “tackling one of our most serious post-war problems, the problem of keeping our economy going despite the existence of heavy war surpluses.”⁸⁶ The WAC’s mission would be difficult, but a plan was in motion, as Carswell explained:

The [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.⁸⁷

Reiterating King’s calming tone, Carswell told the public that a “constructive step” toward averting a postwar meltdown had been taken and that the formation of the WAC and CAAC “should allay these fears, in a great measure.”⁸⁸

The public statements by King and Carswell were met by an eager audience that, over the course of 1944, grew to include more interest groups than just nervous industrialists and their professional associations. With the creation of a dedicated disposal administration and the added publicity, municipalities, city councils, and agricultural and educational associations started their own lobbying campaigns. Therefore, during the time when disposal policies were being formulated in 1944, both the CAAC and WAC faced mounting demands from both private and public interests. When Howe stood in the House of Commons on 29 May to introduce the Surplus Crown Assets Act and to schedule its first reading, a small mountain of resolutions had already piled up. One of the first to arrive came from Edward C. Fisher, president of the Alberta Pensioners’ Society. In late February 1944, he wrote the prime minister demanding a “National Plan” for the disposal of military equipment and government property in order to relieve homelessness. Unlike business people, who advocated for the destruction of leftover materiel, the Pensioners’ Society wanted surpluses reused and redeployed so that “tens of thousands of Canada’s needy and homeless would be helped, and the serious housing situation and slum conditions would be relieved.”⁸⁹

Throughout the spring, Howe’s office received resolutions from agricultural associations aimed at improving social services and living conditions in rural areas. In one resolution, the Canadian Federation of Agriculture demanded

that farmers and farm organizations receive priority access to surplus goods and training facilities located in rural areas because they could be reused as “educational and recreational centres for farm people.”⁹⁰ Similarly, it demanded that any hospitals and medical equipment at those facilities be repurposed to improve rural health services in line with the federation’s “Principles for National Health Insurance.”⁹¹ The federation must have had prior knowledge about the DMS’s plans for divesting its sulphuric acid plant at Clark Island (near Valleyfield, Quebec), as an additional resolution requested that the state continue operating its synthetic nitrogen and fertilizer factories or make them available to farm organizations.⁹² A resolution from the United Farmers of Alberta echoed the federation’s demands, although it justified them by referencing wartime developments. A needs-based method for distributing surplus assets was necessary 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.”⁹³ It was difficult to counter the logic of these demands.

School boards and provincial organizations mobilized letter-writing campaigns. On 16 June 1944, J.C. Dryden, Manitoba’s minister of education, told Howe that his 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 course curricula and acquire assets “suitable for school instruction ... at a very reduced figure.” Dryden felt that, if a plan could be crafted to make surpluses available for educational purposes, it “would be heartily supported by departmental staffs in the provinces and also by the public.”⁹⁴ On 28 July, the Ontario Parks Association wrote to the CAAC demanding that parks receive priority access and favourable prices for construction equipment, jeeps, mobile public address systems, “or other vehicles which could be put to parks use.”⁹⁵ The Parks Association justified its position based on the importance of “the physical welfare of the coming generation which must replace that lost by war,” noting that the deteriorated condition of playground equipment after years of neglect could not support the future recreational needs of children.⁹⁶

Municipal governments acted in a coordinated fashion. In May 1944, at least twenty-five municipalities mailed the government an identical resolution. It stated that, because municipal and provincial governments were offering their services to federal authorities during the war “at considerable inconvenience and cost to the municipal taxpayers,” and because their employees, equipment, buildings, and property were being used without any remuneration, municipalities deserved favourable consideration when selling surpluses. Municipalities wanted surplus assets transferred between governments “on a lend-lease basis,”

a method that evoked wartime experiences and rhetoric. If lend-lease arrangements were not possible, it demanded that public institutions receive priority purchasing rights so they could acquire items “before such supplies and equipment and buildings are sold to private individuals or corporations for resale to the public.”⁹⁷ Given their support for the war effort, municipal governments felt entitled to preferential treatment when purchasing surpluses. Their lobbying efforts were not only directed at gaining some favourable consideration from federal officials, but were also clearly linked to growing concerns over how far the federal government might cater to businesses.⁹⁸

The intensity of interest in disposal matters was often tied to the regional disparities of wartime investments. To many observers, central Canada was poised to profit most from disposal since surpluses were most numerous there. This would leave the Maritimes and Prairies at a serious disadvantage. Saskatchewan’s new premier, Tommy Douglas, pointed this out in a letter to King in October 1944. Douglas believed that a “serious situation” was liable to “get out of hand” if regional interests were not considered. He continued by explaining that many airports were being closed in the Prairies, most of which were outfitted with “excellent hospital equipment, road machinery and some very fine buildings,” and that large numbers of “training planes, army trucks and other mechanical equipment which are no longer required” were being stockpiled across western Canada.⁹⁹ He knew that federal authorities had already established disposal procedures, but he worried about their future disposition, since very little information was forthcoming, and he had discovered that equipment was leaving the Prairies after being sold in Winnipeg and Vancouver.¹⁰⁰ Douglas’s letter hinted at some resistance to and confusion about the federal government’s disposal policies, but it also piggybacked on wartime complaints from provincial authorities about the encroachment of federal powers and the realignment of Canadian business interests from a regional focus toward the federal government and central Canada.¹⁰¹

Regional interests remained a contentious issue. In January 1945, Gordon B. Isnor, a Halifax MP and chair of the SCWEE, echoed Douglas’s concerns. In a letter to Ilsley, he worried that big corporations based in Ontario were profiting more because of favourable geography. “T. Eaton Company, Robert Simpson Limited, Zellers, Woolworth, Metropolitan and similar large firms,” he wrote “have access [to surplus assets] through their main office and thus make purchases at Toronto” while the merchants in Nova Scotia were excluded and could not buy anything directly from the WAC.¹⁰² After conferring with W.J. Bennett in the DMS, Ilsley replied that his concerns were greatly exaggerated, as few merchants were reporting any problems and that disposal procedures were worked out in consultation with business interests. The issue, at that time, was

availability, and not some conspiracy to consolidate central Canada's wartime gains. In effect, Douglas and Isnor were jumping the gun. They were addressing a problem that had yet to materialize in any significant fashion, as hostilities had not concluded.

It was only during the fall of 1945 and winter of 1946 that unneeded assets started emerging from across all parts of the federal government, so these groups and individuals were lobbying for action when few surpluses actually existed. That said, their letters reflected the widespread anticipation of surplus public property: people expected large quantities of goods to become available and wanted to acquire them to improve their living standards and fulfil postwar ambitions. The two politicians were responding to their constituents' concerns and wanted assurances that equitable distribution would be a priority. The letters and resolutions piling up at federal offices demonstrated the polarizing nature of public property disposal. Interest groups were lining up for preferential treatment, but in doing so they were pulling in many different directions.

The Surplus Crown Assets Act, which was intended to supersede PC9108 and form a permanent disposal system, was a microcosm of the major issues at stake. When Parliament debated it in June 1944, all sides of the political spectrum clashed over the responsibilities of the government for mobilizing the transition to peace. For social democrats in the Co-operative Commonwealth Federation, Stanley Knowles, a prominent MP representing 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 views on 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?”¹⁰³ Knowles feared that the total liquidation of public property would benefit few Canadians. Instead, he worried about handing the country's economic fortunes back to 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 wholesale divestment of factories, office space, tools and equipment, 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. J.H. Blackmore, an MP from Lethbridge and leader of the conservative-populist Social Credit Party, 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 ... 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 time of war.”¹⁰⁴ However, for conservatives, public ownership was not effective at distributing goods, was prone to wasteful spending, and had fostered unsustainable growth in many areas of the country. In other words, public ownership might produce a great deal, but such production had not taken into consideration the spending power of export and domestic markets, consumer tastes and preferences, and local conditions. Overproduction was not the basis for continuing prosperity. According to conservatives, private ownership catered to these aspects of supply and demand, and so a return to free-market capitalism was the only sustainable option. Although favouring the Surplus Crown Assets Act and the CAAC/WAC, Blackmore wanted those institutions to work toward 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.”¹⁰⁵

While arguments about Canada’s future were debated in Parliament, the Surplus Crown Assets Act came under some harsh criticism. Several Conservative Party members took it as an opportunity to vent frustrations about the King government. During the act’s second reading, R.B. Hanson, a New Brunswick MP representing the York-Sunbury riding, went as far as to question its necessity 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, and were probably an attempt to embarrass the Liberals by forcing Howe to admit that PC9108 was insufficient. However, the point was moot: PC9108 was an adequate provision, but its permanency was in question. Each of the 58,402 Orders-in-Council passed by cabinet (from 1 September 1939 to 28 September 1945) derived its binding authority from the sweeping powers granted under the War Measures Act.¹⁰⁶ Given the King government’s reliance on Orders-in-Council, the presumed revocation of the War Measures Act at war’s end posed a legal problem: the orders not accompanied by legislation (duly debated and passed by Parliament) would lose legitimacy. In response to Hanson’s remarks, Howe explained that, not only was surplus disposal a serious issue requiring public input, but “the powers of the government under the War Measures Act [would] expire shortly after the war ... [and] the work of disposal will continue for a long period thereafter.”¹⁰⁷

Several provisions of the act received a great deal of criticism from the Conservatives. Hanson, J.R. MacNicol, and especially Diefenbaker focused their questions on the authority, control, and responsibilities of the minister. In several

sections of the act, the minister's powers were absolute: the minister appointed the members of the WAC's board of directors and the CAAC's representatives, designated their roles and responsibilities, approved the corporation's annual reports, and set the preferences for all accounting records.¹⁰⁸ Summing up his objections to the act, Hanson stated, "I find on reading the Bill that this Corporation and this Committee is [sic] merely an instrument of the Minister himself, that he is a dictator under this Bill." There was nothing the CAAC or WAC could do unless they had "the imprimatur of the Minister."¹⁰⁹

The big concern with such centralized authority was that Howe could cover up failures or stop the WAC from selling to particular people. The Opposition wanted provisions that guarded against the minister's meddling influence; on this matter, Diefenbaker was relentless. Citing an American report written by Bernard Baruch and John Hancock, which outlined several principles for disposal operations in the United States, Diefenbaker called for better transparency and oversight. The American report stated that disposal should happen in a "gold fish bowl" where records and activities were always open for public inspection. By comparison, Diefenbaker believed the Canadian act had loopholes that could hide problems, information, and political interference in support of certain interest groups. Despite the criticism, few changes were made, although Diefenbaker managed to amend section 18 to ensure that the auditor general reviewed the corporation's annual reports and financial data before the minister tabled them in Parliament.¹¹⁰

The barrage of criticism from Conservatives was not without merit, particularly given how the act altered the relationship between the CAAC and the minister. Under PC9108, the CAAC had been granted substantial independence in pursuing its functions, formulating policies, and advising the Privy Council. However, under the act, its primary role was redefined as advising the minister on disposal policies. This delegated some authority to the minister for approving policies before they were submitted to cabinet for consideration.¹¹¹ Under the act, the minister's office became an intermediary for disposal policies. Even though Howe intended to delegate responsibility to Berry and Carswell, the act firmly embedded disposal into his ministerial responsibilities. It is worth noting that the act was passed right after the Department of Reconstruction was established within the DMS in June 1944, and, given Howe's initial reluctance to become its minister, it appears that granting such wide authority for disposal was aimed at enticing him to accept the new portfolio in addition to solidifying disposal as a new instrument of public policy.¹¹²

The disposal of war surpluses was a polarizing endeavour. Public money had funded the manufacture and/or acquisition of munitions and supplies, so, when

they became surplus, they were immediately entwined into the future political, economic, and social interests of the state. Competition for their ownership and usage became an early hallmark of the peacetime transition. Adding intensity to the demands for war surpluses were the severe material shortages following the war. Wartime regulations over production, cancelled war contracts, labour disputes, and delays in the production of new goods fuelled the shortages and put a special onus on the second-hand goods and used materials the government was liquidating. War surpluses were often the only things available for reconstruction and rehabilitation purposes, and many interest groups wanted them to fill the postwar vacuum in supply. As this chapter has demonstrated, many enterprising individuals, businesses, and organizations lobbied for special consideration. Their efforts greatly shaped the early history of the government's disposal administration and left a lasting legacy with respect to policies and mandates, as competing interests pulled disposal operations in conflicting directions.

PC9108 and the Surplus Crown Assets Act established the government's response to the disposal problem. Ottawa would rely on the CAAC and WAC to handle all aspects of disposal, from policymaking through to sales and destruction. Everyone saw the creation of a disposal administration as a necessary and logical step, even if there was little consensus on how the liquidation of government assets would take place. 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 preparation could occur before the flood of surpluses arrived. Anticipating the needs of peace was important, although, as the next chapter shows, sometimes this head start could hinder, as much as it helped, the disposal process.

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