

(December 18th, 1916.)

Munitions in Canada

BY MR. J. W. FLAVELLE.*

AT a regular luncheon of the Club, held on the 18th December, Mr. Flavelle said:

Mr. President and Gentlemen,—May I ask, as a matter of privilege, to make a statement in response to an item which appears this morning in one of the papers?

I had a friendship, which I still hold and prize, with the Minister of Finance, which commenced with our association together in the National Trust Company which continued in an unbroken period for twelve years. When he assumed the responsibility of a Minister of the Crown I thought it was my duty to cease to see Mr. White except when he sent for me, and to take no advantage of the close association of years or the friendship which had grown between us, as a basis for influencing him in his public duties. During the five years that he has been a Minister of the Crown I have not called upon Sir Thomas, either on public or private matters, except when in rare instances he has asked me to confer with him upon some matter of fact in reference to the Board with which I have the honor to be identified. If Sir Thomas White has political aspirations other than in serving the country in the capacity in which he has served it so efficiently, I know nothing of them. One of the things that is difficult for those who are identified with Ottawa is to believe that the obvious thing is true. They seem to fail to realize that a man may have convictions governing his views upon public questions which he holds honestly and because they are views which he has reached as the result of his own mature consideration. I am not in the confidence of the Govern-

*Shortly after the war began Mr. Flavelle was appointed Chairman of the Imperial Munitions Board and on the King's Birthday, 1917, was honored by being made a Baronet.

ment of Canada. I have been treated in my official relationship in connection with the Imperial Munitions, Board with great kindness and have had the invaluable assistance of the Prime Minister. He has never by suggestion, never by question, nor in any other way sought to interfere with the freedom of action which belonged to the members of the Board. He has rather on all occasions given his time freely when he received an intimation that we desired his assistance upon matters which we thought of sufficient importance to claim his attention. I desire to say to the correspondent of the paper in question that as far as private telegrams passing between gentlemen are concerned, I neither say I sent telegrams to the Prime Minister or received them from him for the simple reason that if I telegraph to any gentleman in connection with matters which concern him and me alone, it is not the business of the press or anyone else, but our own business. If on the other hand it is intimated that I am intriguing for the purpose of advancing some one's interest, or in some way interfering with the government of the affairs of Canada, I owe it to myself, I owe it much to the Imperial authorities whom I am representing, as well as the Canadian Government, to give it an unqualified denial.

I cannot believe that any man who was present at the meeting in Ottawa and heard me speak can have been responsible for the item which appeared in the paper this morning. I said then what I will say now,—that if an election is held in Canada at an early date, it will inevitably mean the raising of the red rag of racial differences between the English speaking people of this country and the French-Canadian people of Quebec. I said in Ottawa that I believed such a condition would be a calamity. I said there as I repeat now that every effort should be made to live together, to understand one another's point of view, and with all patience and reasonableness seek to interpret what our own mutual responsibility may be. I told the members of the Canadian Club at Ottawa that we cannot put the French-Canadians into the St. Lawrence River and remove them from the country, and

our French-Canadian friends cannot put the English speaking people to one side and say: "We will not respect your feelings and your views," nor can we get rid of the representation which both communities are legitimately entitled to have in the Dominion Parliament. I conceive it therefore to be the duty of public men to discover means whereby we shall avert a calamity of this character. I said further, which I repeat here, that it is inconceivable that a Government dependent for its majority upon constituencies where the German and Austrian votes determine the result, and, under the unfortunate conditions which have developed in French Canada, dependent upon the support of the French-Canadian representatives in Parliament practically *en masse*—it is inconceivable when we are asked to sit around the table with representatives from the other Overseas Dominions to determine what will be the future relation of all these Dominions to the Empire that a Government which depends on this support for its power will be permitted without civil strife to carry out this service. Civil strife on one side and racial differences on the other, should make every thoughtful man stop and ask what are the remedies that are to be applied and what action should be taken to avoid such conditions.

The Board with which I have the honor to be identified is responsible to the Imperial authorities. The Government of Canada does not seek to interfere with our freedom, and has not, as I have indicated, sought to direct our policy. I am speaking to a body chiefly composed of business men. I fancy few of you realize the extent of the detail or the remarkable character of the operations which are carried out by this Board. When you undertake to do a million to a million and a half dollars of business every day; when you carry it on in five or six hundred factories separated as far as Newfoundland on the East and Victoria on the West; when you reflect that we are responsible for all the raw product that enters into the shell in two hundred and twenty of these factories—that we buy the steel, we arrange to forge it, we ship the forgings one thousand, fifteen hun-

dred, two thousand, three thousand, four thousand miles to the factory where the machining is done; that we supplement the forgings with the various component parts entering into a shell, purchasing them as far South as Florida, and are dependent upon railways to deliver the product on time and subject to delays through weather conditions, you will understand some of the difficulties of this business.

You will understand too the difficulties which at times manufacturers had to meet because other manufacturers who had promised the Board to make deliveries of steel or forgings or component parts failed to do so and the machining and assembling plants were idle for want of material. For this reason the manufacturers have suffered a good deal of hardship.

What we have accomplished could not have been done were it not for the remarkable body of men who have gathered together to support us. We conceived it to be our duty to seek first to do the business which was entrusted to our care sufficiently well to warrant new business. We had the sense to consider it was stupid to act on the commercial traveller idea of going to England to secure a greatly added quantity of business when we were utterly and hopelessly congested with what we had. We tried to gather men about us who would help us to administer the greatest single business carried on on this continent, with the exception of the Steel Corporation of the United States and the Standard Oil Company. We started from zero point with no organization, and we may be pardoned if we have a reasonable sense of pride that at the end of twelve months with between six hundred and seven hundred men at the head office, between four and five thousand inspectors over the field—I say we may be pardoned if we have a reasonable pride in the assurance which has been given to us from England, "You have done well." In all this business from the day that our activities commenced we took the ground that we were trustees for the State, and that neither personal friendship, nor business relationship, nor party, nor church, should influ-

ence us in placing orders. These hundreds of millions of dollars of orders have been placed and these hundreds of millions of dollars of shipments have been made and not a farthing of the whole business has been carried on on any basis other than on our interpretation as to what was just to the State.

There are men in this country who are studying Imperial problems and who are deeply interested in the question, "What will happen after the war?" for I suppose we are all agreed that there must be some change in the relations between the several Dominions which make up the Empire, and I repeat here what I said in Ottawa and what I thought—though the newspapers did not—what I thought was the most important single thing that I said. Does this rather interesting accident of having a body of men administer a great department of State in an Overseas Dominion, working in harmony with the Government of the Overseas Dominion, but independent of it, furnish any illustration of the possible conditions which might be set up if in place of the Imperial Government as at present representing England only, it became a Government representing all the Dominions within the Empire? It is rather interesting to note that by this accident there has been administered in Canada without friction or misunderstanding with the members of the Government of Canada a volume of business, practically under Deputy Ministers, which in extent is two and one half times greater per year than the usual expenditure of the Overseas Dominion itself in Government service. That is to say,—the expenditures of this Board responsible to an outside Government amount annually to two and one half times as much as the normal expenditure in this country for Governmental purposes.

The work which the Board has sought to do has been only possible through the co-operation of the manufacturers of Canada, and that they have done well can perhaps as well be said in the remarks made by Mr. McKenna at a luncheon given to Sir Thomas White in London when he stated: "Who

would have supposed before this war that it would have been possible that an Overseas Dominion such as Canada would gather together, send to the Front or have in training for the purpose of sending to the Front, a body of men greater than all the forces which we trained and prepared and sent to South Africa to a war which sixteen years ago we thought taxed the Empire, or who would have supposed that Canada would have become a country to produce munitions in greater quantity than were produced in any other country in the world except Germany prior to the war?" That is the service which the manufacturers of Canada have accomplished during two years' time. I said in Toronto the other day that I had seen when I was in England samples of shells from manufacturers in Canada so bad, so unsatisfactory, that if there had been any reasonable kind of factory inspection they would not have gone forward. I was speaking to a specific subject. I do not blame the newspaper reporter, but with the faculty he has of desiring to make a headline state a lot, he put in: "Shells from Canada are a failure." If I had been asked I would have said to the newspaper reporter that in the same bonded warehouse where I saw faulty shells from Canada, I saw faulty shells from the United States and from Great Britain. The human element will never be removed, human weakness is ever present, and we will never reach a point where we automatically produce everything of high excellence. But this is the gravity of the situation; there are no averages in munitions. If you break a dozen eggs to make an omelet or to make scrambled eggs and there are eleven fresh but one not quite as good as you would like it, but still there it is. If the unsuspecting man at the table does not know of it he takes his scrambled eggs or his omelet without much comment; but take that stale egg and put it before him separately and he will say to the waiter, "Waiter, take it away." Now, bear in mind every shell is an individual shell performing its own service and discharging its own function, and if a manufacturer makes nine hundred and ninety-nine excellent shells and every one performs the

service that was intended, but if through carelessness, through oversight, he fails to make the thousandth as good as the other nine hundred and ninety-nine, and if in consequence there is a premature explosion in the gun that blows the gun to pieces and kills the gun crew because of it, that is the kind of thing that every manufacturer ought to know that he might have heart searching in his works to discover what carelessness had been present whereby the faulty shell had been produced.

It may be a surprise to you to learn that in England where there are four thousand odd controlled factories that the Government goes to a manufacturer and says: "We want you to make that article," specifying it, "and we will pay you that price for it; we will supervise your accounts and your profit and loss sheet; we will permit you to write off for depreciation that percentage, and when your profit and loss sheet is struck we will deduct fifty, sixty, or eighty per cent. of the profit for the State." I would like to say to my manufacturing friends here where we have a condition of absolute freedom to do as we please and where the profits of the business except that portion of it which is claimed by the Dominion Treasury is entirely in your own hands—I would like you to compare your position to that of the British manufacturers. Some of you who have made money to so great an extent that you have permanently put your business on a satisfactory basis and left an important margin for distribution besides, I would like you to realize the different conditions under which the British manufacturer operates, and the different sense of responsibility which he possesses, first as interpreted to him by his Government and afterwards as interpreted by himself through his own desire to discharge his responsibilities.

Where buyers and sellers meet there will always be differences of opinion. The Board when it assumed its duties checked over the orders that were on hand to ascertain what had been the development, and the likelihood of deliveries later. We conceived it to be our duty to say to the manufacturers: "These prices were given to you for early delivery; you have not succeeded and it is not fair to the Crown while they are buying product at dollars per shell less, and when we are able to give deliveries to the Crown of shells of the same character from other manufacturers who have succeeded, that you should continue to have the old price as though you had made the deliveries. We want you, therefore, to sit down and tell us what in fairness should be taken off

your contract so as to be just to the Crown." With the exception of four or five or six cases every settlement that was ultimately effected was effected with the co-operation and at the figure which the manufacturer himself named—after there was a reasonable conversation. When I tell you that the aggregate of the amount written off the contracts that were delayed in delivery amounted to some \$4,000,000—\$2,000,000 of it in Canada, and \$2,000,000 of it in the United States—you will recognize that the manufacturers acted well when they were asked to assist in fixing a just settlement. In the matter of price for renewal contracts we have sought to be governed by the same principle. We do not always carry the judgment of the manufacturer that we are as just as we think we are, but after all we have information which is not available to the individual manufacturer, and when we have fixed the renewal price we have done it not for the purpose of being smart or clever, but for the purpose of giving a just price and a just return to the capable manufacturer. You will bear in mind that all the material is supplied by the Board. The manufacturer supplies plant and labor and the needed organization.

It is very easy to cultivate a spirit of anger against profiteers; it is very easy to cultivate a spirit of anger against Governments, and to find fault with them. But why? They at least are doing the thing that is needed; they are turning out the munitions that are necessary. May I ask during this time when you have been somewhat censorious or cross against the profiteer or angry with the Government, what have you done? How far have you served the State by intelligent, constructive criticism, and what help in this respect have you given the Government of this country or the Opposition whereby they have reached saner conclusions in the discharge of their duties? I have returned from a country so deeply moved by the war,—a country under ordinary circumstances so contentions for its individual rights that men are ready to scrap at any minute in defence of them—that has developed a temper which will make possible in two or three months' time that every man in the country will be doing what he is told, and will accept the dictation. They will eat the food both as to type and as to quantity they are permitted to eat; they will reach a position, I doubt not, where the manufacturer will be told: "Stop making that article; it is not needed." Before they are through with it merchants will be directed: "Stop selling that product and buy no more

of it, for all the energies of the nation and all the activity of the nation, and all the resources of the nation are needed for things which are necessary." Does this country realize it is at war? Are we drunk with prosperity? Have we lost the capacity of moral earnestness? I cabled from London a few weeks ago at the request of the Imperial authorities saying that it was vital to the production of a type of steel which was urgently required that certain material produced in Canada should be secured and for which the Imperial authorities had contracts, but the contractor stated he could not make deliveries because he could not secure the requisite electric power, and that there was a greatly increased demand because of Christmas trading. My God, Christmas trading! What difference does it make whether my friend Ryrie sells a dollar's worth of jewelry or not during this time? What difference does it make whether my friend Fox closes up the William Davies Stores so as to sell goods only in daylight? What odds is it if my friend Fudger finds his profit and loss sheet affected because there is not light enough to spare to light people who come to trade? Why do we do this? We are not mean. We are anxious to respond to any call made upon us, but why expect that the call will only come from some Government circle? Why do you not call yourself? Is this Canadian Club to be a place where men will come to have their fancy tickled by an address every few weeks and fail to assume responsibility for activity which will cost something? There is enough dynamic force in this Club this afternoon if you had the necessary moral earnestness that knew no reserve to turn this country upside down. It is not true that you are out of politics any more than I have been out of politics because politics are dirty. It is because neither you nor I have been willing to pay the price. Things are too comfortable with us. We rather pride ourselves in saying it is business as usual. We are gratified in finding our balance sheets, and our profit and loss sheets, the best in our record, and we have the spirit, although we are not quite so honest in stating it as the good woman I heard of in Earls Court yesterday who said "This war do bring a lot of good cheer."

If you go to the Front you will be struck with the most amazing spectacle that you could conceive possible. No words that I could attempt to give you would give an adequate picture of the astonishing activity back of the lines, of the movement of traffic, of the wondrous tonnage of material, and above all of the character of the men who ungrudgingly

undertake their task day by day under conditions of the most trying and depressing character.

If you go shooting or hunting or fishing and you get wet to the skin, you make a great effort to return to camp that you may remove your wet clothes and dry out. You tell your friends after you come home of your experience and claim the sympathy of your wife. Do you realize, gentlemen, that while you are sitting here in comfort there are hundreds of thousands of men who have had hardly a dry stitch on them for weeks; who have been wet to the skin, not while they were fishing or in sport, but while they have been under fire, in the presence of possible death, or grievous wounds any minute during night or day! I saw thousands of men on the Somme returning from the trenches without a square inch from the top of their steel helmet to their heels which was not literally covered with mud, and with the horses that accompanied them in a mess of mud from their fetlocks to the back of their ears. When you see these men who have been in the trenches for 48 to 72 hours, weary to the point of exhaustion; when you think that the sleep they secured was while leaning against the side of the trench subject to a call at any moment for defence or offence; when you see and hear the batteries of guns planted in the midst of the camp; when you see all the activities of these wondrous camps of men including every kind of shack or tent or dug-out as each Company's fancy or resources, directs; when you see mixed up with these the great batteries of guns: 4.5, 60 pounders, 7 inch, 8 inch, 9.2, and occasionally off by themselves the aristocrats, the 12 or 15 inch gun; when you see the activities of the camp go on as though hundreds of shells from these guns were not screaming over men's heads as they whirl by on their terrific message two or three or four or five or seven miles distant; when you go to a forward dressing station and see the conditions under which the men are treated as they are brought in at night, for they are mostly brought in at night, and you see the condition of the ground over which they are carried, not a square yard of it that has not been affected more or less by shell fire and by destructive influences—full of holes, full of trenches, full of tangled pieces of wire and every conceivable thing to make it difficult to move,—through pelting rain or winter's snow as the case may be, dark as Egyptian darkness, for there is no light—there is no Christmas trading there, gentlemen!—there must be no light, and the young doctor in charge who had taken care of two hundred and fifty poor

fellows the night before told me that through the exhaustion and the weariness, caused by falling into holes, with the slipping and slithering and sliding as they carried them, they had to have relays which required in some cases as many as forty men to bring a wounded man from the field where he lay to the dressing station. There came to me the thing which I sought to say in Ottawa, and I seek to say it to you now—What have these men done? What have these men done that they should bear this burden and this trial while we at home are in comfort and at ease? What thing is there that we can do at home that we may be worthy of the heroism of these men? I ask you, gentlemen, I ask you in your activities, whether it be as voters in the election or employers of labor or living at home, whether you have bank accounts available to take up war loans, or whatever may be your circumstances, I ask you in place of scolding Governments and finding fault with profiteers to ask yourself what part have I placed in the game to be worthy of the men who are over yonder?

There was a lad who years ago I saw in Sunday School; I knew him since he was a baby. I saw the boy grow up through the knicker-bockers' stage, and the awkward time when he did not know what to do with his hands or his feet; I saw the lad in our own office 19 years old, tall and straight and comely; and I saw him when he came into the office to shake hands with me and bid me good bye. I saw him three weeks ago last night lying in the hospital with both feet off, and I learned on the Tuesday night before that because there had been difficulty with the bone in one of the legs, they had to operate again and cut it off up by the thigh. What do you think the lad said? "It makes me proud to have you come and see me, sir." Think of it. I told the congregation in Sherbourne Street Church last night I wasn't fit to live in the same room with the boy. And what else do you think he told me? Of the nurses and doctors and of kind friends, and of the fight—"It was a great fight, sir." This lad that I saw as a baby the other day talking about taking a man's place and a good fight!

The other day after I spoke to the manufacturers a man who was present came to me and said: "That was a very nice Sunday School talk you gave us." I never in my life wanted so much to forget I had been brought up respectably. I have known that man for years as a liar; I have known him for years to be without political morals or business

morals. He is the type who thinks he has stated a great truth when he says elections cannot be won by prayers. That is the type, and is the time, gentlemen, not far past due that this class should be less influential in both Liberal and Conservative ranks and that during these grave times he should not be so much in evidence?

My time is over-shot.—Voices: Go on; take all the time you want.

Long ago, on a great day a body of disciples waited for their Lord, and when he came from the Mount and there was a poor unfortunate possessed of a devil that they had not been able to exorcise and when He commanded the devil and it came out of him, they in their amazement asked "Why could not we cast him out?" he said unto them: "This kind can come forth by nothing but by prayer and fasting." And, gentlemen, the principle laid down by the great Teacher is true in the simple things in life as well as every great emergency in life—it is costly to do a good piece of work—are we willing to put up with discomfort? The serious things in life that matter come under the class—this kind can come forth by nothing but by prayer and fasting.

Have you reflected on the profit and loss sheet for this war? It will cost 100,000 or 125,000 or 150,000 of the cream of the young manhood of this country either as killed or as wounded, and when we get through with the job we will have an annual charge for debt and for sinking fund and for pensions that I judge will not be much short of \$100,000,000 per year. What is on the other side of the account? Nothing but character, and if this nation is in danger of failing to secure the only asset that is possible for them out of the war—the asset of character reflected in acceptance of responsibility with courage and patience and fortitude—if we miss that asset we miss the only asset that belongs to this war. What we need is a spirit "not of fear, but of power and of love and of a sound mind."

(The meeting adjourned with the singing of "God Save the King!" suggested by Mr. Flavelle.)