

Howe's Big Department Preparing for Fadeout Around Mid-Summer

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Ottawa, April 4 (Staff).—For all practical purposes the Department of Reconstruction and Supply will fade out of the government picture by midsummer. Whether it will officially close shop then may depend on political considerations and the plans of Hon. C. D. Howe. If it continues it will consist of a minister's office, a deputy minister's office and a chain of Crown companies.

The department which a year ago had a staff of something over 2,700 is now down to a payroll of slightly under 700 and there will be a further substantial cut at the end of this month. Its predecessor, the Wartime Munitions and Supply Department, had a peak payroll of between 3,000 and 4,000.

The years' reduction in the department, however, does not represent a 2,000 reduction in the civil service. The research and development branch, for example, has been taken over by National Research Council virtually intact. The purchasing branch in reduced form has gone to Canadian Commercial Corporation under the Department of Trade and Commerce. On the other hand, two branches working on war contracts have virtually completed their jobs and will wind up during the month.

Expansion Depreciation

Another activity which came to an end and will mean a staff reduction was the handling of applications from businesses for the accelerated depreciation on expansion programs. The deadline was March 31 and it is estimated some \$700 million had been granted in special depreciation up to that time.

The Resources Development branch has been doing a gradual fade-out and its own resources are now pretty much at the zero point. Transport control, revived for the emergency, ends on or before May 15. Steel and timber control has an uncertain future. Its fate depends on the production picture of the next few months.

Continuation of the public projects branch as a permanent fixture may depend on the future Dominion-provincial relations and the establishment of the federal public investment program. It was set up with the long-term goal of co-ordinating federal, provincial and municipal projects and giving advice and financial assistance to the provinces and municipalities. Today its main job is determining the need of federal projects and putting the brakes on unnecessary construction within the federal field. If this is to be its only future it would obviously either be closed up or taken over by the Public Works Department.

Another activity, the fate of which

is uncertain, is the economic research branch under Stewart Bates. A wealth of information has emerged from the studies carried on in this department and there will be a good deal of pressure to continue it as a permanent government service. It is a small and not very costly organization and could easily be transferred to another department at any time.

The main heritage which the Department of Reconstruction and Supply will leave to government lies in four of the seven Crown companies: Canadian Arsenals Ltd. at present has a staff under 200, but will expand. It may be transferred any time to the Department of National Defense. Eldorado Mining and Refining Co. should logically find its permanent berth with the Department of Mines and Resources.

Housing Program

Central Mortgage and Housing Corp. came to the department comparatively recently from the Department of Finance in an effort to consolidate the government housing program. It could not find its old home. In any case it has no logical place in reconstruction. The government will make a valiant effort to shake itself out of the housing business at least by the end of the year and to close up Wartime Housing Ltd.

Polymer Corporation is still very much a going concern and has a permanent place in the Canadian economy. There is more of a question whether it has any place in a Canadian Government. It is a straight business enterprise manufacturing synthetic rubber and as time goes on is likely to find itself more and more in competition with private enterprise. Mr. Howe's answer to this question each time the issue is revived is that the government will be only too glad to sell as soon as it can find a buyer.

In addition to Wartime Housing Limited the two companies whose life is definitely limited are Park Steamship and the massive War Assets Corporation.

Park Steamship is in process of winding up but it will probably be another year before it closes its books. Meanwhile, it has been showing a profit.

War Assets still has a payroll around 10,000, but this will be cut rapidly in the next few months. So will the revenues which it will be turning into the public treasury. Its end will come when it begins to operate at a loss; in other words, when the cost of handling the materials left to be sold is greater than the price they will bring. Its most profitable days are already over. Its last big property deal has just been completed, the sale of the Faircraft plant at Montreal to the Weston Biscuit Company.

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