

the expenditure of a capital nature which appears to the minister to have been reasonably incurred in complying with the directions.

If the minister were to tell a person that he must build an extension to his plant, let us say, or put in some new machinery, then an appropriate proportion of that expenditure would have to be paid by the government.

Mr. MacNICOL: But would that include wages?

Mr. POWER: The labour cost of installation might be included, but I doubt whether any other labour cost would come in.

Mr. LAWSON: The other labour cost is included in the goods supplied.

Mr. POWER: Yes.

Section agreed to.

Sections 16 to 18 inclusive agreed to.

On section 19—Offences and penalties.

Mr. MacNEIL: May I ask if the rights of organized labour are fully protected under this bill?

Mr. ROGERS: The point raised by my hon. friend is one which would naturally be raised in connection with a bill of this kind by one interested in organized labour. This point was not overlooked in the drafting of this bill. On the other hand, it was not found possible to put in any appropriate words the rights and obligations of labour in relation to the activities which might be carried on under this ministry of supply. It seems to me that one cannot go beyond this statement, that in connection with this very large reserve of power in regard to the mobilization of industry in this country, it would be natural for the minister concerned to work on a basis of consultation both with industry and with organized labour. I have every reason to believe that if the cooperation of labour were sought on fair and reasonable terms, cooperation would be given in generous measure. I doubt very much if it would be possible or, indeed, advisable to put into this bill any special clause dealing with the position of organized labour. I think we can depend upon the relationship to be worked out satisfactorily on a basis of effective consultation.

Mr. SLAGHT: With reference to this section, which is the punitive portion of the bill, perhaps I can allay some of the fears that were expressed by the leader of the opposition in regard to the drastic nature of the bill, by pointing out that under section 11 provision is made for remuneration after arbitration. If anyone concerned feels that he has been ad-

[Mr. Power.]

versely dealt with, that section is open to him. Under this section provision is made for the only method I can see of enforcing the measure, namely proceeding by summary conviction against anyone who does not comply with what are said to be drastic provisions. So we find that we have what is a basic protection against anything that might be regarded as too arbitrary in this country. Anyone proceeded against for failure to comply with the directions of the minister would have all the protection of the court in the proceedings on summary conviction and also all the protection of the appellate court on an appeal from any such summary conviction, if he felt himself to be aggrieved. I think with those safeguards we may consider that this measure well protects the subject in war-time.

Mr. MacNEIL: I can appreciate the difficulties outlined by the Minister of Transport, and I do not wish to detain the committee at any great length, but I think some further assurance should be given in regard to the limitation of profits. It is well remembered—and I have before me some of the evidence—that a similar committee was set up during the last war, and subsequently some unsavoury evidence was brought to light showing that some of the members of the original shell committee were personally interested in firms handling large contracts for the government. One member of the board was interested in a firm which secured contracts to the value of \$15,000,000. Can we have some assurance that the members of this supply board will not have any direct personal interest in any of the firms likely to secure war contracts from the government?

Another point that arose during the last war was that middlemen were allowed to operate. Anyone who has read the Memoirs of Sir Robert Borden or even the booklet issued by the Liberal party in 1917, which in condensed form points a finger at all these difficulties, will see what might arise in this connection. Actually reputable firms such as Bauer and Black, another firm making Webb standard equipment, were refused the right to do business direct with the government. That is my second point. Can we be sure that middlemen will not be allowed to take a rake-off? There was one case in which three men actually agreed to share a rake-off of a million dollars on a contract for shell fuses.

The third point on which I think we should have some assurance is in regard to the elimination of a patronage list. Before the public accounts committee of 1915-16, and before the Davidson and the Duff-Meredith commis-