

sells this particular article to other governments at a lower price than that quoted the Canadian government—

Mr. DUNNING: I did not understand the suggestion before.

Mr. MacNEIL: —the government should have power to secure redress in that regard.

Mr. DUNNING: That suggestion is excellent. It is in some contracts to-day. It is a good suggestion as a general principle.

Mr. DOUGLAS (Weyburn): The amendment which the Minister of National Defence has read does not, I think, remove the selected lists of tenderers. It merely provides that all persons who are capable of manufacturing a particular article shall be invited to tender, to make sure that there will not be a restricted list. But subsection 4 provides:

In respect of all contracts, the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise.

Then it goes on to say that the selected list must be a wide list. I cannot accept the minister's statement that the amendment removes the selected list.

Mr. DUNNING: If it is known to everybody that there are only ten producers of a given article in Canada, what would be the use of putting in all the press a public advertisement inviting tenders from them? All we can do is to ensure that we get all those producing an article to compete in supplying the department. Any other method of inviting public tenders through the press would be very expensive and utterly useless.

Mr. DOUGLAS (Weyburn): I am not suggesting that. I am simply pointing out that the Minister of National Defence is hardly correct in saying that his amendment removes the selected lists. It merely ensures tenders from all of them, but there are still the three classes of contract.

Mr. MacNEIL: I think this second group should be dealt with by the five per cent limitation.

Mr. DUNNING: The hon. member puts on it an interpretation that I cannot see at all.

Mr. MacNEIL: Where manufacturers of a particular article have formed one common agency and are pooling their resources with regard to filling a munitions contract, how would you deal with it? You might answer, invite all those engaged in the field to tender. But it may be quite obvious that they are in agreement as to how they will deal with government business, and therefore

competition would not enter in that event. I could refer to a specific instance. What, then, is the objection to putting some form of profit limitation in such contracts?

Mr. DUNNING: In just what form? How can you express it?

Mr. MacNEIL: By another five per cent limitation where tenders are invited from a limited field, and where for obvious reasons they combine and pool their resources to deal with government business, and therefore have control of prices. There is no competition there, and why should not those in that category be subjected to the five per cent limitation?

Mr. DUNNING: If their resources are pooled, that results in only one tender, does it not? Quite obviously the awarding of business could not in such instances be by competitive tender. Under the bill as it at present stands, a situation like that would undoubtedly result in a resort to the five per cent control clause as the only clause. Has my hon. friend given full weight to the statement I made a little while ago as to the weapon which this places in the hands of the board to ensure that competition is honest competition? What my hon. friend is after, and what I am after, is to ensure that competition is honest competition, and not collusion for the purpose of extortionate profits. I am going to proceed on the assumption that the men on the board will be both honest and able. I believe they will be as honest as the hon. member for Vancouver North or myself. I believe that they will endeavour honestly to buy supplies for the Department of National Defence as cheaply as they can. Now then, have we put into their hands sufficient in the way of authority, sufficient in the way of weapons, if you will, to enable them to accomplish their object? I can say this, that if one year from now it turns out that we have not, we shall be prepared to come back and strengthen the legislation. But I am not prepared to write into the law a lot of theoretical stuff which will prevent it from functioning at all.

Mr. CAHAN: You are doing it pretty well.

Mr. DUNNING: My hon. friend thinks we have gone too far in that direction already, and perhaps others do. At any rate this is an honest effort to put into force what I described a little while ago as the most drastic method of profits control yet devised anywhere, so far as I know, in connection with the purchases of war material.