

TIGHT BINDING.

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reasonably economical basis. The representatives of the Dominion of Canada have adduced many cases in which they consider that production of armaments and munition stores in the Dominion could be established. The Sub-Committee are impressed with the importance of further enquiry into this matter and they recommend that His Majesty's Government in the United Kingdom should despatch suitable persons to the Dominion to investigate on the spot the possibilities of production for the Navy, Army and Air Services. The detailed arrangements for such a mission would no doubt be concerted with the Government of the Dominion.

- (5) In this connection the Sub-Committee have had brought to their notice a particular proposal for the establishment of a Bren gun factory in Canada. In this case there is a probable Dominion demand for some seven thousand guns, and it is understood that the United Kingdom desires to have an alternative supply and further that orders additional to those already provided for may be available in the near future. The case is therefore, on the face of it, one where the principle arises whether demands from different parts of the Empire cannot be combined and the necessary capacity organised in a Dominion. The Sub-Committee are advised that the scheme has been thoroughly thought out as a production problem. There is difficulty by reason of the heavy estimated cost of the guns, as compared with probable cost in this country, partly due to higher labour and other costs in Canada but more to the proposals in the scheme for amortising capital cost on the initial orders. It is not within the

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