

Mr. HOWE: I have stacks of papers here and I can give them all to the house, but it has never been the practice to give a break-down of these items.

Mr. CASTLEDEN: I think we should have it now that the war is over. We should scrutinize these expenditures to a greater degree.

Mr. HOWE: The Metals Reserve company purchased certain minerals in the United States, magnesium and so on. These were strategic metals that we did not manufacture in Canada.

Mr. CASTLEDEN: Purchased from the United States?

Mr. HOWE: Yes.

Mr. COCKERAM: Will the payment of these subsidies be completed this year?

Mr. HOWE: I hope so.

Item agreed to.

Termination of contracts, \$175,000,000.

Mr. MACKENZIE: Carried.

Mr. MACDONNELL: The Minister of Veterans Affairs says "carried", but \$175,000,000 is quite a large sum and I think we ought to know something about it. I should like to make one or two suggestions to the minister. He could elucidate this if he would explain to us what method was used in dealing with the termination of these contracts, and explain whether this \$175,000,000 covers the whole thing or whether there will be further amounts next year and the year after. Perhaps he would also explain rather an odd thing in this statement. Apparently there has been only \$4,500,000 spent in the first six months of this year, and \$170,000,000 is to be spent from now on. Particularly I would suggest that the minister give us the main figures and a general statement of this \$175,000,000, with an explanation of the principles he adopts in dealing with the termination of these contracts.

Mr. HOWE: The \$175,000,000 is only an estimate. It is impossible to arrive at an exact figure until the claims are received. My hon. friend will appreciate that we were producing at the rate of \$150,000,000 a month when the war in Europe ended, and the motor car companies, for instance, had parts manufactured five or six months ahead of final assembly. Everything stopped on V-J day. It takes time to get the claims in, and all the claims have to be checked, the parts examined and the raw material claims assessed. I should be surprised if we get away with \$175,000,000. That is not much more than the

cost of one month's production. I think the cost of cancellation will be more than that. We had ships, for instance, fifty per cent completed. There was very little salvage on them. The contracts must be terminated. We had war materials in almost every stage of completion. We adopted a more or less arbitrary rule that where an article was ninety per cent completed we allowed it to be completed on the theory that it would be more valuable completed than as salvage. My hon. friend will have some idea of the magnitude of the problem when I give a few figures.

Mr. JACKMAN: What happens to the renegotiating money? Does it come back into this account?

Mr. HOWE: It has nothing to do with this account. The renegotiating money goes directly to the receiver general. The recovery to date on that item has been over \$300,000,000.

Mr. COCKERAM: Are you not taking it out of one pocket and putting it into another?

Mr. HOWE: The net recovery is about \$90,000,000.

Mr. MACDONNELL: I appreciate the difficulty, but I think the minister ought to give us a break-down. We will try to be reasonable in what we ask, but I do not want to vote \$175,000,000 without knowing something about it.

Mr. HOWE: This is not new money, my hon. friend will understand. We had continuing requests for these materials. It has been the practice to handle it through a revolving fund and for us to be paid by the services for the finished article. For instance, in building a ship we pay the cost of the ship through the revolving fund until delivery of the ship to the owner; then we get paid. We have rather large revolving funds for which recovery must be made through sale of the finished article or through the cancellation of the contract. It is not new money, but rather the recovery of money and it involves a great deal of accounting. There are claims running into the tens of thousands covering every main contract and every sub-contract. They have all to be audited and settled. We have a very large staff of trained men engaged on that work—all the trained men we can lay our hands on.

Mr. MACDONNELL: This is the kind of thing with respect to which there might be wild criticism, probably most unfair, and I would with deference suggest that it might be worth while to take half an hour when we meet to-morrow for the minister to give some