

*Defence Purchasing Board*

Mr. DOUGLAS (Weyburn): They did very well in the past.

Mr. CAHAN: Greater profits were made in the production of wheat during the last war than in the production of munitions.

Mr. DOUGLAS (Weyburn): Some of the armament firms were a long way from going broke.

Mr. CAHAN: Very few of them made money here.

Mr. DOUGLAS (Weyburn): This provision should be extended to cover the selected companies as well as the chosen companies, if we may use that phrase. Then the bill would be made much stronger, and the people of Canada would be assured that under the present basis at least forty per cent of the total value of munitions contracts would come under this limitation.

Mr. DUNNING: If my hon. friend will make a concrete suggestion as to how to make that work, we shall gladly consider it.

Mr. DOUGLAS (Weyburn): I made a suggestion to the Minister of National Defence the other evening, and I shall make it again to the Minister of Finance. Paragraph (a) of subsection 9 of section 7 reads:

Contracts awarded as a result of competitive tender or subcontracts in connection therewith.

I suggest that that clause should be changed to read:

Contracts awarded as a result of public tender.

Then the only contracts to which this limitation would not apply would be those let by public tender.

Mr. MACKENZIE (Vancouver): I think my hon. friend has misconstrued the effect of the amendment to subsection 4 of section 4, which I think meets the point he has raised. It has practically abolished selective lists except where for purposes of military secrecy it is necessary for the board to grant a particular type of contract. The point my hon. friend raised the other day was one of the reasons for drafting this amendment practically abolishing selected lists. There are only two classes of contract now: those by general tender and special contracts covered by the five per cent provision which are specially looked after under the provisions of this legislation. So my hon. friend's fears about the selected lists can be forgotten.

Mr. DOUGLAS (Weyburn): I have not a copy of the amendment before me, but I listened carefully when it was being read and

[Mr. Cahan.]

I was not aware that it had that full effect. Does the minister mean to say that there will be no selected tenderers from now on?

Mr. MACKENZIE (Vancouver): May I read the amendment again:

That subsection 4 of section 4 of the bill be amended by adding thereto after the word "otherwise" in line 41 of page three the following words, "it shall be the duty of the board—

It is obligatory.

—to ensure that tenders in respect of any contracts for the purchase of any defence equipment produced or manufactured in Canada or for the construction of any defence project are invited from every person in Canada believed by the board to be capable of performing the contract, unless—

This is the only proviso:

—for reasons of military secrecy or for other good and sufficient reasons the board is of the opinion that it is not in the public interest to invite tenders in this way."

So for the purposes of this legislation the objection of my hon. friend disappears.

Mr. MacNEIL: It is still possible, even with that amendment, for the board to decide to ask for tenders from within a limited field, and if tenders are invited from within a limited field in that way, the five per cent limitation will not apply. There is still that category to which this five per cent limitation will not apply.

Mr. MACKENZIE (Vancouver): Yes; discretionary power is vested in the board to deal otherwise for reasons of military secrecy or for other good and sufficient reasons, but their first duty is to invite tenders from everybody capable of tendering.

Mr. MacNEIL: The position has been made very clear with regard to commodities in general use, but we must contemplate articles being required for which this government and possibly other governments are the only purchasers. This point was referred to in the report of the committee presided over by Doctor Skelton, and I understand that their report suggested various methods of control with regard to such contracts. If the government contemplates the purchase of an article for which they and possibly other governments constitute the only market in Canada, and tenders are invited from within a limited field, it seems to me that further control should be exercised with regard to that particular type of contract. That is why I suggested to the Minister of Finance that it might be feasible to have in such contracts a penalty clause providing that after the contract is made and the order placed with a particular firm, if it