

Supply—Defence Production

The Deputy Chairman: I was just about to do so. I thank the hon. member for Peace River for having called attention to the disorder which prevails in several parts of the chamber. We have not yet the benefit of the amplifying system; therefore in order that we may be able to hear the statement which is being made by the Minister of Defence Production, we must have silence in the chamber.

Mr. St. Laurent: And even behind the curtain.

Mr. Howe: The suggestion is that we have silence behind the curtain as well as in the chamber.

Some hon. Members: Hear, hear.

Mr. Howe: To continue my statement, from then on it will, I think, be convenient to deal with the different programs which we are carrying out in the various divisions of the three main branches of the department: the production, general purchasing and materials branches. I will begin with the organization of the Department of Defence Production.

I have arranged for hon. members to receive copies of the organization chart of the department. I hope this will be of assistance to them in the consideration of the estimates and the work of this department.

When the department was established on April 1 of this year the majority of the staff was recruited from the government service, chiefly from the Department of Trade and Commerce and from the Canadian Commercial Corporation. A number of employees have also been drawn from sections of the government service that have been discontinued or are cutting down on staff, such as the wartime prices and trade board, emergency import control divisions, etc.

As I mentioned last March, we have also recruited men from industry to head up a number of divisions and to provide the technical knowledge that is so essential to the job we are trying to do. You will recall that under the Defence Production Act the minister may make appointments outside the normal procedures of the Civil Service Act. However, relatively few appointments have been made in this manner, and where it has been done, it has been used chiefly to secure specialists from industry; and in most cases these persons are serving without government salary. At the time of its inception there were 871 persons employed in the new department, and three-quarters of them came from the Canadian Commercial Corporation. By June 1 the staff had increased to 1,120.

This figure is exclusive of crown companies, such as Defence Construction Limited, Canadian Commercial Corporation as it is now constituted, etc.

In addition to the offices at headquarters in Ottawa, the department has offices in the leading cities of Canada, and also in Washington and London. The department has taken over the district offices formerly operated by the Canadian Commercial Corporation, but in Toronto and Montreal the office accommodation was insufficient to meet the expanded needs of the new department, and other quarters have been leased. Headquarters of the petroleum and machine tools divisions and the wool division of the Canadian Commercial Corporation are located in Toronto; the chemicals and explosives division and the pulp and paper division are in Montreal. Other divisions of the department are also represented in these two cities, and in each case there is an office manager to co-ordinate the administrative work in these two centres. As space was limited in the Canadian embassy in Washington, it was necessary to move the department's office to new quarters on June 1.

In the Washington office we have on-the-spot representatives for the different divisions of the department that have a direct interest in what is happening in the United States priorities field.

To avoid duplication of effort, arrangements have been made to use trade and commerce officers and facilities in London, England, and also at St. John's, Newfoundland, and Vancouver, British Columbia. In each case it was found that the interests of the two departments were sufficiently close to warrant such a course and that it was unnecessary at this time to set up separate offices.

Turning now to some of the problems with which we are dealing, I think I should start with the question that first arises in connection with the wide variety of things that are required by modern armies, navies and air forces. Should these items be produced in Canada, or obtained from other sources of supply? In many cases it has not been easy to arrive at these decisions. A number of factors are involved. As you know, a decision has been taken to adopt United States type equipment for our army. This means, in many instances, that before we can make production decisions we must secure rights to manufacture from the United States, as well as plans, specifications and bills of material. Frequently we must also secure special security clearances for departmental officials or Canadian industrialists to visit plants in