

*Supply—Defence Production*

built and for which they operate. Theoretically there is capacity, but practically it is not available for the purpose we require.

All these factors have to be taken into account. I assure my hon. friend that we are as anxious as he is to see that work goes to every part of Canada, and we are making an effort to send it there, but there are difficulties and it is a task that takes a good deal of time.

**Mr. Green:** The minister did not deal with the important question concerning capital assistance, depreciation and priorities for the small plants.

**Mr. Howe:** Ordinarily we have tried to place contracts in existing capacity. In some cases that is not possible. For example, if our gun productive capacity is being fully used, we have to build a gun plant, and for that purpose we extend either capital assistance or accelerated depreciation. We must acquire the facilities. That does not come into the picture so much in dealing with subcontracts. Subcontracts are usually put where capacity exists. But if we require capacity at a place and we find there the skill to carry out the work and the manpower to carry it out we will certainly extend either accelerated depreciation or capital assistance just as readily in the small town as we will in the big city.

**Mr. Green:** I think the minister will find that some of these small plants will be unable to do their part in filling the subcontracts unless they get help such as depreciation or priorities or possibly capital assistance. A few moments ago the minister himself said that many of them will be fully occupied with their peacetime production. I know that in Vancouver some of the firms would find it very difficult if they had to get into war work without assistance by one or the other of those methods. From what the minister said I take it there is no policy against giving such assistance even to a small plant.

**Mr. Howe:** That is quite correct.

**Mr. Green:** One other question: is there any plan in mind for building cargo vessels? I think the minister mentioned only war vessels this morning. I should like to know whether cargo vessels are to be built. If so, will they be modern fast cargo vessels?

**Mr. Howe:** The government encourages the construction of cargo vessels by various means; one of which is accelerated depreciation, as my hon. friend is aware, and the other is the use of escrow funds. The government has no program of government-building cargo vessels.

[Mr. Howe.]

**Mr. Green:** Are there no modern fast cargo vessels being built in Canada at the present time?

**Mr. Howe:** Yes.

**Mr. Green:** Very few, are they not?

**Mr. Howe:** On the great lakes very modern vessels are being built. I have been asked to go up on Saturday just to see one set out on its maiden voyage. Unfortunately I cannot go. I would like to go. It is the biggest cargo vessel on the Canadian great lakes.

**Mr. Green:** I mean ocean-going.

**Mr. Howe:** Ocean-going? There have not been any undertaken recently.

**Mr. Green:** Are there no modern ocean-going cargo vessels under construction?

**Mr. Howe:** Four modern cargo vessels are being built in Montreal at the moment for Colombia. Others were built since the war, but none for Canada.

**Mr. Thatcher:** Can the minister say whether, when these tenders are being called, the lowest tender is always taken, or is there any conscious effort on the part of his department to diversify some of the contracts in the outlying provinces?

**Mr. Howe:** Yes, that is watched very carefully. There is a latitude, which I have mentioned in the house. We do not stress it, and we use it only if we think we should. It is used sparingly. If we can put a contract in Saskatchewan at not more than 5 per cent higher than we could place it somewhere else, in an area that is well taken care of, we would place it in Saskatchewan. The trouble with placing contracts in Saskatchewan is that there are very few productive facilities there, and we rarely get a price on government work from that province.

**Mr. Knight:** Is it not a fact that if the people were assured of contracts there would be a certain expansion of facilities? We are not at war at the moment, but during the last war these facilities were created in Canada in view of the contracts that were coming from the government. The minister is probably right when he says that most of our facilities are working at capacity. But I think I am right when I say that a great many of the owners of those facilities would be prepared to expand if they were assured of contracts. That particular type of expansion is the thing we need in that province, because, as someone pointed out here today, our young men and our young women were induced to leave that province during the war by more profitable work in the east. We would have liked to keep our people at home. We have a problem. The greatest