

Q. And how many guns did that original letter of intent of August 23, 1950 state?—A. Seven!

Q. You say seven, at a total price of what?—A. There is no price. A figure was set aside of \$2,100,000.

Q. You say \$2,100,000, so that actually at that point—let us say during the month of October as I understand it, we are in this position: the Canadian Commercial Corporation has gone to Sorel Industries with two letters of intent, one on behalf of the Canadian Navy which indicates their plan to purchase seven of these units at a total cost of \$2,100,000 or approximately \$300,000 a piece; and another, based on a United States Navy plan for 40, for \$10 million, \$250,000. Is that correct?—A. Yes, I think that is correct.

Q. Why at that point, let us say, in August, when you first placed your letter of intent regarding Canadian requirements, you had no positive indication whatsoever from the United States that they were going to require an additional supply?—A. If you include the word "positive", I think that would be correct.

By the Chairman:

Q. Did you have some indication that was not positive?—A. We had an indication that an order would be placed by the United States authorities, but Mr. Hamilton asked if we had a positive indication. It seems to me that a positive indication would have to be an order at that time and we did not have an order.

By Mr. Hamilton (Notre-Dame-de-Grâce):

Q. But negotiations were going on?—A. Yes. The United States Navy had sent production specialists before this time to Canada to survey the possibilities of having some production for their own account at Sorel.

Q. Do you remember off hand when these people were up discussing this matter?—A. I think one occasion was in July of 1950, but how many other discussions took place I do not know.

Q. It was shortly before the Canadian letter of intent was sent. Let us leave it there for the moment. In the case of other equipment for the Canadian armed services, you would be following a similar pattern with other companies?—A. Similar to what?

Q. Similar to the pattern followed with Sorel Industries; that was a pattern in which you issued—or the Canadian Commercial Corporation issued on the basis of requirements indicated by the armed services, a letter of intent to the manufacturer?—A. That is a common form of entering into a contract, and it has occurred in other instances, yes.

Q. And some of those cases would be where part of the equipment is required for the Canadian armed services and part for the United States?—A. I am not sure that I can think of similar circumstances at the moment, but there may be some.

Q. Is this the only case in which we have bought equipment for the United States?—A. No, but it is the only case which comes to my mind immediately where it was done on this basis. We have sold many things to the United States on the basis of being the low tenderer or on the basis of having an item in production which they wanted and on which we were able to quote a price to them and it was satisfactory, and they got it; but I cannot at the moment think of a case on all fours with the present one. There was no production at all by Sorel Industries at the time coming to the governments indicated, but they wished to get the end product.