

required for the fiscal year. This estimate is based upon a preliminary survey made at my request by the economics and statistics branch of the department. It provides for an outlay of approximately \$165,000,000 for the last three quarters of the fiscal year. Claims approved during the first three months were approximately \$5,000,000, and we consequently feel it wise to set the figure for the full year at \$175,000,000.

In preparing this statement, the economics and statistics branch of the department has adopted the method of estimating the value of the material content included in the value of production left in the various munitions programmes at August 15, 1945, and adjusting this figure for the amount which has already been financed through advances, and also for the amount of usable materials, with particular reference to stores such as 4 x 2 vehicles, which are readily convertible to civilian use.

Mr. MACDONNELL: I do not think there is any point in taking up the time of the committee in discussing this matter. The minister has told us, and we understand the reason, that this figure is extremely difficult to arrive at. Really it is a figure one has to jump at rather than to calculate. However, following the same practice as he has followed in respect of the contracts included in this report, would the minister give us some information as to the amount which will still fall to be paid after the current fiscal year? If he cannot give an accurate statement, possibly it would be as good as the \$175,000,000 figure which he has set for the present year.

May I draw the attention of the committee to one point. It would seem that the minister has one great advantage when negotiating the termination of contracts, because one section in the specimen agreement states that any action, decision or determination by the minister under the provisions of the clause in question shall be final and binding upon the contractor. This puts the minister in a somewhat better position to estimate the future. If the minister would give the committee some figure—and I do not care how approximate it may be—as to the years following this fiscal year, I should think it would be of interest.

Mr. HOWE: As I said yesterday, the figure of \$175,000,000 could better be called an intelligent guess than an estimate. Until we can get an inventory from every contractor respecting his stock on hand for war purposes, and all his materials in process, which usually come from a great number of subcontractors, it would be impossible to get a figure which one would care to call an estimate. The

statistics branch have prepared this figure of \$175,000,000. It does not seem reasonable to me that for \$175,000,000 we can terminate contracts running at the rate of \$150,000,000 per month. Yet our target for complete settlement is the end of the current fiscal year. We may not make it, but we are going to try. I dare say that the figure of \$175,000,000 is as good as can be given at this time, although I think probably it will be exceeded.

Mr. MACDONNELL: I shall not press the matter further. Perhaps at some stage of proceedings of the war expenditures committee we might be considered free to go into the matter, if it seems desirable to do so.

Mr. HOWE: I believe it would be satisfactory to hear from the people who are actually handling contract settlements, and if the committee wishes I shall be glad to see that they appear.

Mr. POULIOT: Mr. Chairman, before the item is carried I should like to give my impression of certain things that have happened in the Department of Munitions and Supply, and I think it is a most opportune time to do it when we are discussing the termination of contracts. The Progressive Conservative party cannot complain of the set-up of the various branches of the department any more than they can complain of the set-up of the various branches of the Department of National Defence, army, navy and air force.

In the Department of Munitions and Supply there was a man who grew to fame. At first he was general counsel of the department; then he became the controller of controllers. His name is Harry Borden. He was associated with another fellow named McTague, so much so that they left their government jobs together and McTague went as counsel in Borden's office. I shall be told, as I was told last April, that Borden was a public-spirited citizen, that no one was better. I shall be told that he was a great Canadian, that no one was greater. I shall be told that he was greater than the Prime Minister, the leader of the opposition, the leader of the C.C.F., the leader of the Social Credit party, the leader of the bloc populaire, or all of them put together. That is the story that was told me at the time—that he was public-spirited. He looked after his law office very well. So much so that he took advantage of his position to fatten his law office, just as much, I will say, as the fatted calf, but before the return of the prodigal son to the Tory party. His office was the fatted calf; it grew prosperous. This man had a bird's-eye view of the department, and everyone had to go to his law firm.

[Mr. Howe.]