

Canadian Commercial Corporation

believe, when the Department of Munitions and Supply took over defence purchases. We receive a requisition, and if there is a specification that specification is attached. With that requisition is a certificate of encumbrance which says that a reservation is placed on the estimates to the extent of the moneys required to fill that requisition. The two documents arrive together. I am sure that the proper board in the Department of National Defence has approved the item before the certificate of encumbrance can be obtained.

Mr. Drew: Then, Mr. Chairman, since the direct connection between the defence commitments authority and this corporation has been established by the minister's answer, it does become extremely important for every member of this house to know exactly what the effect of this bill is on the relationship of this corporation to the Department of National Defence. I do not think any better illustration could be put before the house than the report of an interview with the Minister of National Defence carried in the press on November 22 last. I believe this is of sufficient importance that I should read from the report, because it refers to the activities and to some very unusual consequences which flow from the relationship between the defence commitments authority and this Canadian Commercial Corporation. The dispatch from which I am reading is one which appeared in the *Hamilton Spectator* but, since it was furnished by the British United Press, it appeared in the press generally. I will quote that report verbatim, because it indicates the nature of the proceedings contemplated under this act in relation to the Department of National Defence purchases.

The stockpiling of all the equipment and material which Canada's fighting forces would need for a year of war is the aim back of the government's preparedness program, Defence Minister Brooke Claxton today revealed.

To this end the following measures were listed by the Defence Minister as already having been taken:

1. Creation of a defence commitments authority, an entirely new and unprecedented government agency whose function is to enable the military authorities to enter without delay into future contracts for material and equipment which otherwise would have to wait for parliamentary approval next midwinter. Already contracts in excess of \$29 million have been placed by this agency.

2. Purchase of service planes from the United Kingdom and the United States at a cost of \$7 million.

3. Purchase of new North Star planes, still aviation's last word in long-distance, heavy-duty aircraft, at a cost of more than \$18 million in recent months.

4. Awarding of a contract for refitting and modernizing 209 R.C.A.F. service plan planes at an estimated cost of \$10,377,000.

5. Expenditure of more than \$6 million on jet engine research and experimental construction.

6. Large-scale orders for new motorized equipment for the army and for the overhauling and modernization of existing equipment.

An imminent phase of the preparedness program will be directed towards the needs of the navy. Extensive contracts for ships, involving new types of vessels such as anti-submarine craft which have had no place in Canada's naval establishment in the past, are said to be in preparation.

Defence Minister Claxton disclosed the foregoing developments in the course of a brief but impressive survey to the British United Press of the swift momentum which the Canadian rearmament program is gaining.

In clear-cut answers to specific questions, Claxton lifted realistically targeted, carefully co-ordinated concentration upon the nation's security interests.

The picture shows strikingly that, with Canada's defence interests being recognized broadly as being in co-operation with the United States and the western European democracies, considerations of neither traditional parliamentary practice nor past military policy—

I would repeat that—

—considerations of neither traditional parliamentary practice nor past military policy are allowed to block the way of speed and effectiveness of present action.

The Defence Minister revealed as an example, that "an entirely new body different from anything ever existing in the past" has been created in the defence ministry. It is known as the "defence commitments authority," and its purpose is to enable the military authorities to contract in advance expenditures which parliament subsequently will be called upon to approve.

The revolutionary nature of this agency can only be appreciated by understanding the importance which tradition and parliamentary practice alike attach to the principle that all public expenditures must be approved by parliament before they are made. At the last session of the House of Commons defence department estimates totalling \$250 million—ten times the pre-war figure and approximately \$20 per capita spread over the nation—were authorized. They were expected to give the defence authorities all the scope they would need.

This report continues with further explanations of this statement, but I would repeat the statement that is contained in this report based upon an interview with the Minister of National Defence, that the purpose of setting up the new organization within the Department of National Defence which, in turn, has its decisions carried into effect by the Canadian Commercial Corporation, is to enable the military authorities to contract in advance expenditures which parliament subsequently will be called upon to approve.

I ask through you, Mr. Chairman, whether that is a correct statement of the functions of the corporation and of this authority.

Mr. Howe: Mr. Chairman, I do not know anything about the situation to which my hon. friend has been referring. I do know that any requisition that comes to the Canadian Commercial Corporation is accompanied by a certificate of encumbrance. The certificate of encumbrance reads that vote number so-and-so of the Department of National Defence is encumbered to the extent of so many dollars in payment for the goods