

Supply—Defence Production

Mr. Green: Has the government in mind the construction of any other reactor at Chalk River?

Mr. Howe (Port Arthur): We are doing development work with other reactors. This provides for a substantial development program. The staff at Chalk River will continue to do development work. The actual project we have there is the project under way at the present time at Chalk River, plus the power development that we are doing jointly with the Ontario hydro.

Mr. Green: Is any money included in the vote for the power development?

Mr. Howe (Port Arthur): \$800,000.

Mr. Green: Under which vote does that come?

Mr. Howe (Port Arthur): The research capital vote.

Mr. Green: Is that a supplementary vote?

Mr. Howe (Port Arthur): It is included in the main estimates.

Item agreed to.

DEPARTMENT OF DEFENCE PRODUCTION

85. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, \$6,391,430.

Mr. Drew: Mr. Chairman, may I say that in view of the fact that already there has been an interesting discussion not only of the policies of this department but also of the details, it is not our intention to avail ourselves of the opportunity ordinarily afforded to open up a general discussion under this item. Therefore we shall proceed with the items themselves. I would point out that in so far as the items are concerned, the department carries out work which goes far beyond the amounts covered by the items. It is a procurement department and the large sums which are involved are embraced in the expenditures of other departments. I make that comment because they will be discussed in large measure, or have been discussed, under the items of other departments.

Mr. Macdonnell: Mr. Chairman, there is a question which I would like to raise and probably it would come under this general item as conveniently as anywhere. The minister of course is familiar with the offer which has been made by the Hawker-Siddeley group with whom Avro is associated to the shareholders of Canadian Car and Foundry. I intend to ask the minister some questions about this. He has been at pains to tell us of the great public investment in Avro, and I should like to ask the minister if he would

[Mr. Howe (Port Arthur).]

comment on this proposal. After his comment there may be other questions I would like to ask.

Mr. Howe (Port Arthur): Large sums have come out from the United Kingdom to be invested by the Hawker-Siddeley group in Canada, and this group has made an offer for Canadian Car and Foundry. The Department of Defence Production was not consulted in any way and it was as much of a surprise to us as it was to my hon. friend when we read about it in the newspapers.

Mr. Macdonnell: I am interested in the minister saying that it was a surprise to him, as I would not have expected it to be. The minister told us in some detail about a month ago of our investment—I suppose I can call it that—of about \$122 million in the Avro company. Without attempting to define the exact legal relationship which the government has by reason of that large investment, I confess I would have expected that there would have been some knowledge on the government's part of a transaction of this kind which could so radically change the character of the Avro company. I notice that Mr. Gordon is quoted as saying that it is a natural one for both companies. But he also said that Canadian Car was established in the commercial field, into which Avro had not yet moved although both industries were heavy industries.

Again having regard to what the minister told us a few weeks ago, and also the rather extensive conversation I had with the minister just three years ago when these estimates were up and during which he outlined in detail the position with regard to the Avro company—the investment at that time was almost the same, \$120 million—I should like to ask the minister if he will comment on this situation which I take it will go a long way toward creating a monopoly in the aircraft industry in Canada. Perhaps the minister, who is so familiar with it, could give us the percentage which would be under the control of this group if this deal is carried out, as seems likely.

First of all you have the Canadian Car situation, then you have the Canadair situation, with one important director common to both companies. What is going to be the position of the government which is the purchaser of Avro's products? Has the government any view on this near-monopoly, if I may correctly describe it in that way? Might not the government have been expected to be consulted in the matter when in ordinary common-sense usage of words they could be described as being a very large partner?

I have asked a lot of questions, and perhaps I might run over one or two of them. The