

War Appropriation Bill

\$1,300,000,000, which certainly is a very large sum of money. Having in mind the fact that at the time of the great war gold was valued at \$20.67 per ounce, whereas to-day it is \$35 in New York and \$38.50 here, could the minister tell us what this \$1,300,000,000 would have amounted to at the time of the great war, bearing in mind the difference in the price of gold? In the last analysis, it seems to me that to-day \$1,300,000,000 is not such a large sum of money, having in mind the value of gold at the time of the great war compared with to-day.

Mr. ILSLEY: I feel sure that it would be greater than at the end of the last war. That would not depend upon the value of gold; it would depend upon the price level, and it is my impression that the price level at the end of the last war was considerably higher than it is to-day.

Mr. MacNICOL: I was thinking of it in reference to the price of gold during the great war.

Mr. ILSLEY: I do not think that has anything to do with the matter.

Mr. DIEFENBAKER: I should like to ask the minister a question arising out of the statement he made, as reported at page 823 of *Hansard*, with regard to advances of money being made by the Department of Munitions and Supply in order to assist private corporations in the construction of necessary plants and equipment. The minister said:

Large sums of money have been advanced, and additional sums will be advanced, to contractors to pay for adding to their plants or to build new ones. Additional sums will be advanced to provide working capital.

Does that mean that there has been any departure from the scheme that has been in operation during the past year, under which advances were made only for the purpose of assisting in the construction of plants?

Mr. ILSLEY: Some sums have already been advanced for working capital.

Mr. DIEFENBAKER: What is the total of the advances made during the past year for this purpose?

Mr. HOWE: Advances for working capital are made only in the case of government owned plants. There have been perhaps three or four instances in which money has been advanced to private contractors for working capital, but that has always been under the direction of a trusteeship. They have been accountable advances to help contractors carry on contracts that were too large for their financial position; that is, contracts which they could not finance through their banks. In those instances we have appointed

[Mr. MacNicol.]

one or two trustees, as the case might be, to watch the expenditure of this money and to recover it. I believe all such advances have been recovered, and I doubt whether at the moment there are outstanding any capital advances to private contractors.

Mr. DIEFENBAKER: What is the anticipated amount that the Department of Munitions and Supply will advance to private contractors during the current year?

Mr. HOWE: I know of no plan for advancing working capital to private contractors during the current year. As I have said, we have made such advances in four or five instances. I know an advance was made in one instance to an aircraft company to finance the purchase of materials until they could deliver their planes, and I know of two or three other instances of that nature. As I stated, moneys so advanced have been under the direction of a trusteeship. The money has been turned over to the trustees to advance to the company, and to recover from the company. It is my impression that all those transactions have been closed; that is, the working capital has been paid back to the government, and none is outstanding at the moment.

Mr. DIEFENBAKER: The question I am asking is, how much was advanced during the past year and what is the anticipated amount of such advances for this year? During the course of his remarks the Minister of Finance made this statement:

... additional sums will be advanced to contractors to pay for adding to their plants or to build new ones.

I am asking two questions based upon that statement. First, what was the amount of the advances made last year? Second, what is the amount of the anticipated advances for the current year?

Mr. HOWE: Capital assistance, funds expended in creating new facilities, to wholly owned government companies totalled \$16,703,000 up to January 31, 1941, and capital assistance to private companies amounted to \$42,297,000 up to the same date. Those are all capital advances for the construction of new facilities; there is no working capital shown in this statement. As I have said, it is my impression that at the moment there are no outstanding working capital advances to private companies.

Mr. DIEFENBAKER: Then do I understand that advances to private companies for the construction of new facilities have not been all repaid?