

Supply—Defence Production

the people came the present facilities would be sufficient. There are many other reasons why every encouragement should be given to the small plants in Canada. Now, at the beginning of this large defence program, is the appropriate time to adopt policies which will bring about the expansion of these smaller plants.

That sums up what I wanted to place before the minister. I would ask him to answer with regard to those three suggestions. In the first place, under the plans of his department is capital assistance to be available to the small plants? Second, are they to be given the benefit of the priorities? Third, can they get certificates of eligibility which will enable them to have the advantage of the depreciation write-off, which advantage will be given to at least some of the larger firms? I believe the minister stated this morning that these depreciation write-off privileges were in the process of being given to the amount of about \$21 million. I wonder if he can give the information with regard to these three proposals, in so far as the small plants in Canada are concerned?

Mr. Howe: Mr. Chairman, I am fully aware of the desirability of spreading the work into the small plants, and into the small towns in this country. I believe the hon. member will recall that there were serious complaints from British Columbia at the beginning of the last war to the effect that no work was going to British Columbia. If he looks at the industries in British Columbia today, he will find that about half of the industries were built as a result of contracts issued for war production in the period 1940-45. If ever a successful job was done in my opinion it was done in building up industry in British Columbia, largely through subcontracts for war materials. We provided millions of dollars' worth of machinery. Vancouver, which never thought of itself as an industrial city before the war, can today compete with any part of Canada in efficient production, largely owing to the fact that modern machinery and modern techniques were introduced there as part of the war effort.

Nevertheless, it is impossible to start a large war contract from the small town. For instance, about one-third of our defence production program is in aircraft. It is not possible to ask a small centre to design an aircraft and put it into production. It is possible, after production starts, to break down the aircraft into components that can be built in small towns. For example, there are subcontracts for aircraft parts being sent from Toronto to the maritime provinces. There are subcontracts on aircraft components going to Winnipeg. I dare say that

subcontracts for aircraft components will be placed in Vancouver. Somebody whispers now. That is a process that takes time. The prime contractor must get his production line in operation, and he must get his design and fabricating up to the point where he can send patterns out to smaller plants and get components built.

That is also true of the next largest program, namely, radar. It takes a very highly competent engineering staff, and a very large staff, to bring a unit of radar production into being, but once the over-all design has been made and proven and the manufacture is under way that can be broken down very readily, and was broken down in the last war, and sent to a great number of smaller plants.

We have in Vancouver a firm that specialized on one particular branch of radar, and when orders are coming forward in the proper way that firm will be a prime contractor. All this cannot be done overnight, and the smaller the factory the longer it takes to get work suitable for that factory.

The purpose of the small industries branch is to build up that particular phase of the work, and, as subcontracts become available, to make sure that they go to plants that are capable of handling a contract of an appropriate size. That work is under way. I think it is better planned this time than it was in the last war. We are building on the experience of the last war, and I believe that in time any plant that is capable of taking work of that class will be able to get it.

My hon. friend must also keep in mind another factor, namely, that the plants in any area were not built for war. They were built for a particular purpose; and most of them are busy on that particular purpose. For example, I suppose if we had a type of contract suitable to the firms in Vancouver we would find great difficulty in getting capacity in Vancouver for that work, because Vancouver production facilities are very busy now looking after the business for which they were organized. That is equally true in Saskatchewan. Someone said: You could use all the garages in Saskatchewan to build war munitions. Unfortunately, for the war effort the garages were built for another purpose, and that was for servicing the mechanical equipment that is operating in the vicinity of those garages. We tried that in the last war, and we found that while garages were willing to do a bit of work for us in the wintertime, in the summertime they were busy on the task for which they were