

resale. I presume the hon. member means that if we sold, let us say, 10 kegs of nails to, let us say, John Smith, a builder, did we see that John Smith, the builder, did not re-sell those nails at a profit?

Q. Yes. I am just coming back to the point which was referred to by Mr. Hellyer, who spoke about the rumours which were flying around concerning profits being made.

Mr. HELLYER: At the time possibly of final disposal, 10,000 kegs were available somewhere, and instead of being distributed through the various channels, they probably may have all been sold to one distributor who, rather than sending them out through the regular channels, put them on the grey market, so to speak, and at a time when the rumour was circulating concerning the price and the availability of nails, they were still a little difficult; and consequently they commanded about \$15 on the market. That was the basis of the question. It would not have been a case of re-sale to an individual builder, but a case of the distributors.

By Mr. Fleming:

Q. We are interested here in the committee in knowing this; there may not be any profound significance to it from the point of view of the corporation, but we would like to know to what extent the re-sale which was carried out may have lent itself to either faulty distribution or to perhaps large profits on the part of those to whom the corporation sold these nails?—A. Mr. Chairman, I do not want to labour this, but I do not think that in the latter stages of this arrangement, when we had the co-operation of the distributors and the outlets in the nail business, that it is possible to keep the 30,000 kegs we started with separate and distinct from the new supplies which were coming in from the manufacturers. I think I know the point raised by the hon. members, and I shall make a statement on it later. But I would rather doubt that what the hon. members fear has taken place because I think it must be remembered that nail distribution in these latter stages was not a matter for one or two companies, but rather a matter for the hardware industry as a whole. Therefore I do not think that the people in the hardware industry as a whole would have been particularly happy with one individual getting all the so-called remnants of Central Mortgage nails and making an exorbitant profit.

Q. But you will have something to say later on about this?—A. Yes.

By Mr. Laing:

Q. On a general chain of comment again, I would like to refer to page 1 of the annual report where it says:

Early in the year it appeared unlikely that material and labour supplies for the next 12 months would be sufficient to maintain the 1950 rate of house building...

That decision has been changed since this was written, I take it; and I think that Mr. Mansur would agree that supplies are in more plentiful availability, and that the labour position is somewhat improved, if not in cost, at least in amount. Where does the change in policy occur? Does it come out of the directorate, or is it from the ministry? I refer to the activities directly under the operation of the corporation such as Veterans Rental Housing and so on, which were suspended and then started again. If you have a definite policy to build a certain number of houses and you suspend them on this account, where does the resumption take place? Is this constantly before the directors when they meet, I mean the position with respect to supplies, labour, and so on?—A. Yes. That situation, ever since Central Mortgage was formed and until the last 4 months has been