that the payment would be in kind and that such aircraft would be shipped to Canada, the only exception being in the case of the Harvard trainer. Britain had no exact equivalent of that trainer and therefore purchased some 600 aeroplanes in the United States for shipment to Canada to fulfil their obligation, arranging for Canadian production of 210 planes of the same type in Canada. However, Canada's responsibility in the matter of planes was confined entirely to Fleet Finch primary trainers and de Havilland Moth primary trainers. Orders were duly placed for these trainers and they have come forward on schedule. These trainers were well within the capabilities of these two firms and there has been no delay in delivery.

After the fall of France the situation changed entirely. We were notified out of the blue that for two months at least Britain could not ship any trainer planes to Canada and that at the end of two months she would consider whether it would then be possible to ship trainer planes to this country. That threw upon the department of munitions the responsibility for suddenly purchasing planes sufficient to carry on the work of the joint air training plan. The first step was to protect ourselves on engines. I went to the United States immediately, the day after the cable arrived, and I was able to purchase for Canada complete production of one United States engine factory, which undertook to enlarge its facilities to produce engines to meet the schedule that we had to provide in order to pick up the air training plan and safeguard against complete failure. These engines are being delivered on schedule. They are about even on schedule now, and that purchase really did more to save the situation than anything done at that time.

Mr. HANSON (York-Sunbury): That is the Jacobs engine?

Mr. HOWE: Yes. We have under contract about 5,000 of these and every one will be required. Then as a temporary measure we bought some second-hand twin-engine planes in the United States. We bought anything we could buy that was serviceable, and we tried to buy it at a fair price and bring it into Canada, to tide over the immediate situation.

We then began looking to the long range situation. We were able to arrange production for a certain number of aeroplanes in the United States to tide us over until we could bring in Canadian production. We looked at the twin-engine trainer situation and decided that we could not do better than to use the Anson plane as a twin-engine trainer, with the understanding that it must be redesigned to fit Canadian construction methods if we hoped to get any production whatever, and having in mind the fact that the air force asked for certain modifications of the plane before it was produced in Canada.

At the same time, as I have said, we arranged for the production of the Fleet 60, which was of Canadian design, which had been test flown in Canada at that time, and which we hoped to have in production in November. We also did what we could in Canada to step up production of the Harvard plane, and to advance delivery of the first planes on that order. We provided for extension of the plant, and other facilities which we hoped would have that effect.

Our main task, however, was to provide 1,500 Anson trainers, and provide them in time, so that the temporary situation we had worked out in connection with the delivery of United States planes would bridge the gap, and as a result we would have no break in the air training programme. At that time we were faced with the fact that the aircraft industry in Canada, a much smaller industry than it is to-day, were fully engaged with pressing work of their own. De Havilland at that time was going full-out in the production of Moth planes, which were badly needed. Fleet was going full-out in the production of primary trainers. Both these plane companies were working on the largest orders in their history. Other plants were not at that time organized to a point where we could go to them and say, "We want you to arrange for the quick production of 1,500 Avro-Anson planes.

We studied the situation very carefully at that time. Mr. Sanderson was then in charge of aircraft production for the Department of Munitions and Supply, and Mr. Bell had just been brought into the department. After very careful examination, and on their recommendation we decided that the only practical way of organizing that huge production in Canada was to form a wholly government-owned company which would take the responsibility for the redesign of the aircraft, which would apportion construction of the planes among the industry—going outside the usual aircraft companies, because they at that time were loaded up—and which could break new ground in bringing in additional capacity in the industry to produce the planes.

The result was that a company with headquarters at Montreal was formed. The first president was Mr. Ralph Bell. Associated with him as directors were Sydney Dawes, president and managing director of the Atlas Construction Company; Blair Gordon, managing director of Dominion Textiles Company and other companies; Russell Smith, secretary-