

which got the contract. I want to say this: Once we were informed by the war office of the attitude of the British government we went into figures with the Enfield factory in England which produces those guns at the rate of fifty a week—

Mr. BENNETT: It is more than that.

Mr. MACKENZIE (Vancouver): —and we established the following figures: If we produced in Canada only 7,000 guns, on the same unit price basis as in this contract, the cost would be \$4,887,923.63. Under the joint arrangement the cost of the guns would be \$3,515,894.11. In other words there is a saving to Canada, as a result of production being increased from 7,000 to 12,000 guns, of \$1,372,029.52.

Mr. BENNETT: It is the old story of increasing the unit production and reducing the unit cost.

Mr. MACKENZIE (Vancouver): Yes, increasing production and reducing the cost of production.

My right hon. friend referred to the possibility of applying the same principle in other directions. It would be of tremendous advantage to the Department of National Defence, to the government and the people of Canada if we could do that. I want to assure my right hon. friend and the committee that nothing has been done except so far as we can to encourage the placing of these orders, where we ourselves were handicapped through the impossibility of the production of orders in Canada.

Mr. BENNETT: Making the unit cost prohibitive.

Mr. MACKENZIE (Vancouver): Yes. We cannot always ask industry to go ahead with our small orders in Canada, because they cannot do it on a satisfactory financial basis.

I want to repeat what I said. I would like to see this contract examined from a business basis, through and through. I think it is one of the finest things ever done, since we had to do it in Canada, for the dominion. I would prefer to see it done by public ownership, because I am against the principle of the private manufacture of arms.

We studied the report of the royal commission in Great Britain of the senate committee in the United States and of a distinguished committee in Ottawa under the chairmanship of Doctor Skelton which sat two and a half years ago. They considered this one problem. As the result of the recommendations of that committee we tried to combine the principle of public ownership with private management. That is exactly the principle followed out

to-day in connection with this. I realize it is capable of political attack but I do say to my right hon. friend that it is the very best thing that can be done to-day in order to expedite matters and to do a job at the cheapest possible cost for the production of the material in Canada.

With reference to the third point raised by my right hon. friend in regard to the air force may I say I looked up the files of the department on the question and I have found that in 1937 there was an editorial in the Vancouver Sun written on July 7 of that year, as follows:

The announcement that the Canadian government had refused permission to Great Britain to establish royal air force training stations in Canada, but will permit the British authorities to recruit Canadians to be trained in that service, would seem to indicate that this country has rather fumbled the issue.

I made an inquiry, and received from the senior air officer the following:

I regret I have been unable to trace the authority for the statement in question. A search of central registry has failed to reveal any request by the air ministry for authority to establish a training station in Canada. No one in this office has any recollection of having seen correspondence dealing with such a request.

Mr. BENNETT: I would not expect there would be.

Mr. MACKENZIE (Vancouver): The other day, after certain remarks were made in another place, I made further inquiries, and the situation is still the same. As a matter of fact I want to say that in regard to the training of Canadians, and preparing them for commissions in the air force in Great Britain, we have met every request. We are sending 120 a year to Great Britain, and training some at Trenton—fifteen at the present time—who will later proceed to Great Britain and take commissions there, and then qualify after short term commissions for reserve in the Canadian air force.

This insidious campaign outside—not in the house—that there has been a lack of willingness to cooperate, I say is absolutely false in every word. There has been absolutely a full spirit of cooperation, and I would ask the Prime Minister, if he will, to read a letter which came from the British government the other day indicating their appreciation of the cooperation extended to the recent air commission in Canada.

Mr. MACKENZIE KING: First of all I have to say that I am somewhat surprised that the right hon. the leader of the opposition in this house, and the leader of the opposition in the senate, assert that they have information with respect to conversations which