

Q. And then provincial governments?—A. Then the provincial government, if it is after the same thing as the federal government and the federal government does not want it then it would be able to have . . .

Q. On a thirty day . . . A. I have not established that yet.

Q. But it is a matter of time?—A. It is a matter of time.

Q. And then we go down to the third priority, and that is also a matter of time?—A. Correct. I stated the other day in relation to priorities in front of the Veterans Affairs Committee that in my experience—and I have had six years—immediately the demand is greater than the supply priorities are ineffective, and you then have to descend or elevate yourself to a system of specific directives.

Q. You feel you have come there now, do you not, pretty much?—A. Whenever the supply is less than the demand priorities cannot function effectively. I think that has been accepted as a general principle. It was proven during the war years.

Q. Suppose I want a motor car. Certainly the demand is much greater than the supply at the moment. Are you suggesting that priorities are ineffective under those conditions?—A. I think I might read a part of my brief to the Veterans Affairs Committee, if I may, Mr. Chairman. I should like to read something on priorities as an example of a priority not working properly.

I might instance the mythical case of a steel manufacturer whose output was completely taken up under a priority order for the construction of ships. As time went along the steel manufacturer found he could increase his production rate of steel, providing he himself could get sufficient steel to put up a building; but under the priority ruling in favour of ships, he was not able to get the steel and unless an allocation was made on his behalf he would not be able to increase his production to the benefit of everyone using steel.

Immediately we get to the point where the demand is greater than supply under the priority system your priority must be discarded in favour of allocation.

Hon. Mr. HOWE: In other words, under the priority system certain classes of people get all they want while others get none. Under the allocation system, you can give the top class what they really need, not what they want but what they really should have, and leave something for the others. Is that not what you are trying to say?

Mr. SMITH: In other words, it is rationed.

Hon. Mr. HOWE: Well, we call it allocation.

*By Mr. Smith:*

Q. I am glad to hear it is being changed but I gathered from you that under this priorities business an article or a lot of articles might stand a matter of three months and you are tied up by the priorities in their disposition for probably that length of time?—A. That is possible.

Q. May I also add you are very anxious to get rid of that? It seems like good common sense.—A. That is correct.

Q. And your new suggestion is what, allocation?—A. There would have to be some system of specific allocations in certain cases.

Q. You are a Crown company but let me promote you to a government department because you have liaison, I am quite sure, with government departments. Can you think of any reason why there should not be a much shorter time than that thirty-day period? Surely ten days would be ample for one department to communicate with another?—A. I would be very happy to have a recommendation from this committee to that effect.