

Committee on Defence Expenditures

continent can steel, and raw steel particularly, be turned out as cheaply as on the Atlantic seaboard. There is iron ore at your back door. There is the coal necessary to turn out steel. There is a basic plant already in operation that turns out 25 per cent of Canada's total steel requirements. It can be expanded without a great deal of money being spent.

I cannot understand why that has not been pushed unless the reason is that United States capital has been invested in this basic industry to such an extent that they do not want to set up competition with themselves. They may also be afraid of market prospects if and when our defence program is completed. On the Atlantic seaboard the export market is the one they should be considering. When the plant was first established at Sydney it was with the end in view of catering to the overseas market. I suggest that one of the main jobs that the committee should endeavour to do is to take a look at the industries we are setting up in Canada for war production. In the last war we had complete centralization. When the war was over hundreds of millions of dollars of government money that had gone into plants was passed back to the industrialists at about 10 per cent of its true value. Then this war came along and the government has had to buy back for 100 per cent of their value many of the plants which they had disposed of. The people who sold these plants and made millions of dollars do not even have to pay a tax because there is no capital gains tax in this country. This is something this defence committee should look into. If we ever get the kind of war we anticipate, that is an atomic war, decentralization of industry is a "must" unless we want all our plants knocked out at the one time with one or two bombs.

I say that the terms of reference of this committee leave much to be desired as far as I am concerned because what I wanted to see set up was a defence committee which could sit down with the Minister of National Defence (Mr. Claxton) and his deputies and go into the program of defence being mapped out to see if it was adequate to meet the needs at this time.

We have not that kind of committee. This committee is limited to discussing expenditures that have been made. I do not see where it has the power to bring in recommendations. It can make observations and express opinions, but we can do that in the house without a committee. The committee should be permitted to call in defence production and all the other departments which dovetail into the national defence program

and not only scrutinize the money that has already been spent but recommend what other things should be done or should not be done which might require the expenditure of additional moneys. As far as I am concerned, this committee falls short of what is necessary at this time.

One of the first things the committee should do is to order an investigation into the steel industry of this country. We should not be faced with the conditions we are faced with at the moment where unemployment exists in certain cities. Why are these men unemployed? We are told that the particular companies cannot get steel from the United States. I am sure this committee will find out that many contracts that should be under way at the present time are not being worked on because of a shortage of steel.

We were using all our steel to meet ordinary civilian requirements at the time this defence program was inaugurated. This defence program means an increase of perhaps 40 per cent in steel requirements. If we are going to meet the commitments we have made there will have to be an increase in steel production. There has not been any increase. The very base of our defence program is steel. If we use all our resources and productive capacity we can meet our own requirements, but we are not doing that at the present time.

I suggest that it is absolutely necessary to our whole defence set-up that we settle this question once and for all. When a contract is let to General Motors, to Chrysler Corporation or to any company converting to the production of wartime materials, the government should be in a position to know that the steel necessary to carry out that contract is available and that the company taking the contract will not be placed in the position of having to depend on the United States which is using most of the steel it produces today. These companies should not have to finagle around in a black market in order to get steel for legitimate defence contracts. I urge the committee to take a look at the steel picture and try to get some expansion in this country.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few observations, based mainly on the remarks of the leader of the opposition (Mr. Drew) and the hon. member for Cape Breton South (Mr. Gillis). The hon. member for Cape Breton South has certainly taken a generous attitude in connection with what this committee might do, but even though it may not be quite as expansive in its operations as he suggests I hope that a generous attitude will