

Committee on Defence Expenditure

National Defence (Mr. Claxton), after having received an anonymous letter back in 1951 indicating that there were irregularities, did appoint Mr. Currie. I have every reason to believe that Mr. Currie was extremely competent and had a competent staff under him to conduct the investigation. We have heard time, time and again of the extreme difficulties which were encountered by Mr. Currie in trying to obtain the information which he finally was able to secure. Anyone who has served on the defence expenditure committee must conclude that, as far as the committee is concerned, it will become hopelessly bogged down. It cannot expect anything else.

I repeat that if Mr. Currie, with all the help he had, encountered all these difficulties, the problem will become utterly impossible as far as the defence expenditure committee is concerned. But it may have one value, Mr. Speaker. It may kill time. It may kill a lot of time and an election may take place before it has finished killing time. Maybe that is to be the great value of it.

I repeat, Mr. Speaker, that if the government actually want to go into this whole situation as far as defence is concerned, and clean it up, there are two things they can do. They can arrange to have a judicial inquiry made as far as the army works services are concerned, and they can set up the defence expenditure committee. I would be very much surprised if, in the light of what I said in my speech of November 26—although I hate to refer to my own speech—they could not save the taxpayers of this country scores and scores of thousands of dollars by inquiring into defence construction.

On November 26 I pointed out one thing which I considered highly irregular, and I notice reference to the same thing is made in the Currie report. I do not intend to hash over any ground I covered last November but recommendation No. 30, Mr. Speaker, says:

Prohibition of loans of materials, stores and equipment to civilian contractors is desirable.

Last November I stated there was plenty of evidence to indicate that there was not a contractor at Penhold, for example, who had sufficient or adequate equipment to carry out his contract, and that they were using certain R.C.A.F. equipment.

That is bad from two points of view. First, it is costing the Canadian people far more than they are aware of to have certain defence projects completed. Second, one can see the position in which it puts the prospective bidders for contracts if one contractor who desires to bid knows that he is going to be allowed to use government equipment. The other fellow does not know, so the first

[Mr. Shaw.]

fellow can underbid him without any difficulty at all. I have reason to believe that situation prevails. That is one of the very bad features of it.

Then, of course, there is this question of extras paid to contractors. It is a matter that has to be straightened out sooner or later. The government calls for tenders through its appropriate agency. We are led to believe that if a contractor bids \$3 million for a certain contract and is given the job, that is what the project will cost. But, Mr. Speaker, that is far removed from the truth because of the policy of paying extras. As I say, I could continue speaking about this for some time; evidence I have received since November makes me feel very keenly about the matter.

The effect of the government amendment will be that this committee, I would bet my bottom dollar, is not going to get near this matter. If they do not get near it, they are missing one of the grandest opportunities to save the taxpayers of this country, as I said a moment ago, a greater amount of money than some hon. members in this house may at the moment believe.

Let me repeat what I said earlier, Mr. Speaker. My prime consideration in this whole matter is to see that we get our defences in shape, and to see that the Canadian taxpayer gets a fair shake, as we say, with respect to the expenditure of his money. We are confronted with a situation in Canada today where, as I said, we are carrying the heaviest tax burden we ever carried in our history. At the peak of the war we were taxed for defence about \$2.80 for every \$1 we were taxed in 1939, and it is now in the neighbourhood of \$4.80 or \$5. The Canadian taxpayer also knows from experience that his dollar is devalued, his savings are gone and he is having an extremely difficult time to get by.

My experience with the Canadian taxpayer is that he knows we have to have defences. He knows of the threat that confronts us. He is prepared to pay the shot for defences and I, as a member of parliament, am prepared to vote those moneys which are essential for adequate defences. But if these people come to the conclusion—and I am afraid that many of them are coming to the conclusion—that it is costing them about 30 per cent more for their defences than need be, then there is going to be a far more powerful reaction than the government has experienced up to this time. It is significant that in my particular part of the country where Penhold is located—then the Currie report comes on top of that—some of the