

*Supply—National Defence*

basis, that is, the fact that some of the contracts may go to supply Canadian troops is no advantage to Canadian suppliers who are bidding. As I understood at the time, no Canadian bidders have ever been successful in obtaining any large contracts within the infrastructure organization.

I wonder if the minister could tell us whether in the past year Canadian contractors have had any more success in bidding for NATO infrastructure contracts?

**Mr. Fleming (Eglinton):** I am informed that no Canadian contractor has participated yet in any of the infrastructure contracts. Of course, a Canadian firm has been successful in the provision of simulators, but the information I have been given with respect to the infrastructure indicates that no Canadian contractor has yet succeeded in that field.

**Mr. Fisher:** Can the minister give the committee a rough indication of how much has been involved in the last year in these particular contracts in respect of which Canadians have not made any bids or have not been successful bidders?

**Mr. Fleming (Eglinton):** I do not have the total of the entire NATO infrastructure outlay here, but it would be a substantial sum.

**Mr. Herridge:** Could the minister give us some idea of what is included in this term "infrastructure"? I have a general idea, but can the hon. gentleman say just what is meant by the word?

**Mr. Fleming (Eglinton):** "Infrastructure" is an expression which has come into well-established use within the last decade. As a matter of fact, I think it was NATO itself which introduced this expression. It applies to permanent installations, the fixed installations. It would apply to airports and to buildings; to anything of a permanent or semi-permanent nature which is a fixed installation.

**Mr. Hellyer:** I wonder if the minister would indicate why the Canadian percentage of infrastructure expenditure is being reduced compared with that previously in effect?

**Mr. Fleming (Eglinton):** Because the humble representative of the Canadian government on the committee insisted that Canada was being assessed more than her share. There was a general revision of assessments having regard to the fact that some of the European allies had their percentages struck at a time when they were not as strong economically as they have become. In the revision of the assessments the two North American allies were granted a reduction in their percentages, and some of the European countries accepted

[Mr. Fisher.]

an increase in their percentages. Germany accepted the largest increase.

**Mr. Hellyer:** The minister is saying that Canada's economic position has declined relatively in the last two or three years, and that is the reason for it.

**Mr. Fleming (Eglinton):** Not at all. The fact is that the two North American allies were called upon in earlier years to contribute a share to the NATO budget for its infrastructure which took into account the fact that at that time the economies of the principal European partners were not nearly as strong as they are today. With the increase in economic strength of those countries there is no reason why they should not accept a larger share of the burden, and they have done so, notably Germany. Its increase has been substantial. Who should benefit by Germany's increase as among the other countries? The two countries on this continent that had accepted a disproportionately heavy assessment at the outset naturally felt that they could expect a more proportionate share than they had borne up to this time.

**Mr. Hellyer:** I am not a lawyer but it seems to me that when the European countries' economies have strengthened the converse would be that Canada has not been able to keep up.

**Mr. Fleming (Eglinton):** That is an absurd conclusion. We are speaking in relative terms here. The fact is, and I make no apology for the part I played in relation to this in bringing about the reduction in Canada's contribution, that if a million dollars a year can be saved the Canadian taxpayer, we shall make no apology for the saving.

**Mr. Hellyer:** You are indeed responsible for saving the taxpayers' money in this country.

**Mr. Pearson:** Is the minister telling us that he has saved a million dollars out of the infrastructure as reflected in the supplementary estimate?

**Mr. Fleming (Eglinton):** What I indicated was that the reduction in Canada's share of the budget will amount to approximately that figure. There was some extended discussion as to the extent of reduction in the United States percentage and the extent of the Canadian reduction. The situation is that Canada's—I do not recall the precise fractions now—percentage came down approximately 1 per cent of the total NATO infrastructure budget.

**Mr. Pearson:** As a result of the minister's efforts he is now saying that our contribution