

to bring into some kind of alignment the expenditures which Canada made, and is still making in the United States, and United States military expenditures made in Canada?

And a third point on the same line of questioning. In view of your vast amount of experience in this sphere as Deputy Minister of Defence Production and the fact that Canada is still in a deficit, a rather heavy deficit position resulting from our military purchases in the United States and their purchases in Canada, is there any advice that you can give us as to how we might bring this more into alignment and adjustment?

Mr. Golden: Well, Mr. Winch, I must say I did not bargain on this one. Let me do the best I can. First of all, as you probably know I have not been Deputy Minister of Defence Production for almost seven years and I must say I do not spend most of my time worrying about what I used to do in Defence Production, so some of these things are . . .

Mr. Winch: You could not have had those years of experience without coming to some conclusions.

Mr. Golden: Yes, but whether the conclusions are valid or not is another matter. As far as procurement is concerned, you will no doubt recall Mr. Howe telling the House of Commons that National Defence orders a gold piano and Defence Production buys it. I do not think it was like that when he said it; I do not think it was like that before he said it; I do not think it was like that after he said it, but nonetheless there is a real germ of truth, or there was—anytime I say “is” I hope you will understand I am saying “was” because I am not that up to date. There was a real germ of truth in that. The Department of National Defence, when the Department of Defence Production was set up, never surrendered their right to call up products, to decide what their specifications were, either performance specifications or what have you, and I do not think that was changed when the Department of Defence Production was established in 1951. Nonetheless as between reasonable men there is a great deal of difference between saying that Defence Production will buy whatever the Department of National Defence calls up and that Defence Production is going to insist that National Defence buy product A or product B. There is a very, very wide spectrum in between. Certainly in my experience there were many cases when the Department of National Defence would be

reasonably happy with one of several different products and consequently were prepared to allow the economic or industrial connotations of one purchase as against another to prevail; and there were many cases where this was not possible and no industrial or economic consideration obtained because a particular product was required for a particular requirement.

But the number of purchase orders, the number of products involved runs into the tens of thousands in the course of a year and it is very difficult to give principles of general application which one cannot immediately seize upon and say, “That was nonsense” in one particular case or another. But certainly, if I understand your question correctly, the Department of National Defence as the user department had the right to require certain products to be manufactured or purchased, but this was subject to negotiation in many cases.

Mr. Winch: On that position, as we all know Canada seemed to have a policy of buying what was being declared obsolete in the United States and yet we bought; like the *Voodoo*, the *Bomarc*, etc. When you were Deputy Minister of Defence Production was the matter raised when the Defence Department said, “This is it”, or did you have to follow through and make the purchases even if the United States were declaring them obsolete?

Mr. Golden: Mr. Winch, that is a much different question and really, with respect, what you have just said is not so. You said the Defence Department bought the *Voodoo* and the *Bomarc*. The *Voodoo* and the *Bomarc* were acquired by virtue of a very, very complicated inter-governmental transaction involving hundreds of millions of dollars. All documents I assume are available to members of Parliament; anyhow they are not available to me. I know you did not expect me to feed your words in any legalistic way, but nonetheless it is not true to say that the *Voodoo* and the *Bomarc* were bought in the normal sense of the word “bought” and did Defence Production say anything about it. In fact we were in the middle of that transaction; we played a very active role in that transaction; not on the policy side but on the administrative, executive side, and it was a very, very difficult, complicated intergovernmental transaction and the word “bought” does not really describe it at all.