

Big Program Announced By Pearkes

By HARVEY HICKEY

Globe and Mail Staff Reporter
Ottawa, Feb. 23—A program

involving the expenditure of \$807,000,000, spread among the three fighting services, is planned by the Government, Defense Minister Pearkes today told the Commons.

Defending the termination of production of the Avro Arrow aircraft, Mr. Pearkes declared it would have cost \$781,000,000 to acquire 100 of these planes with their necessary missiles and spare parts.

He maintained that the chances of a Russian bomber attack on North America—the type of attack which the Arrow is designed to meet—were already small and definitely diminishing.

Later, answering a question put by Opposition Leader Pearson, Mr. Pearkes said the best military advice was that by mid-1960, the major threat from Russia would be nuclear missiles rather than bombers.

Mr. Pearson subsequently observed that Mr. Diefenbaker had put the emergence of the new threat at about 1965.

Such an attack probably would be launched by missiles and the Bomarc anti-missile, Mr. Pearkes held, was the weapon chosen for the purpose. With the United States bearing two-thirds of the cost of establishing two Bomarc stations, the cost to Canada would be about \$37,000,000.

He compared this figure with the \$781,000,000 required for 100 Arrows and observed that in addition to this sum, \$341,000,000 had been spent on development of the Arrow up to Jan. 31.

Mr. Pearkes said that the \$807,000,000 intended for a balanced defense structure would be allocated as follows: \$37,000,000 for the Bomarc; \$350,000,000 for six destroyer escorts of the Restigouche type; \$237,000,000 for Argus reconnaissance aircraft used as submarine chasers; \$43,000,000 for re-equipping the army, including the Lacrosse short-range missile; and \$140,000,000 for army transport planes.

Mr. Pearkes said he could not share the dismal forebodings expressed by Paul Hellyer (L, Toronto-Trinity) in moving that the Commons set aside all other business to debate the termination of the Arrow contract. Every effort would be made to relieve the hardship caused the workers in the Avro plant at Malton.

But the world was entering a new era in flight and was not closing the book. "Fifty years ago," he said, "I suppose the wheelwrights and the coach builders were lamenting the fact that the motor car was being introduced. Unfortunately, as one moves forward in the world, hardship and suffering is imposed by those triumphs which are achieved from time to time."

He wished to express his regret that there were people out of work as a result of the decision which the Government had had to make. He then em-

barked on a history of the Arrow project.

When during the Korean War the Russians had flown a turbo-jet aircraft and it became known that they had the atomic bomb, the senior officers of the RCAF had decided that Canada required a jet fighter capable of engaging a Russian jet bomber. At that time, there had been no over-all agreement with the United States and Canada stood alone. It had been felt that some 500 to 600 more advanced aircraft were required to replace the CF-100.

The CF-100 had cost about \$750,000 each. So in 1953, a sum of \$30,000,000 had been authorized for the development by 1958 of an improved plane costing from \$1,500,000 to \$2,000,000 each. The then defense production minister, C. D. Howe, had said in 1955 that before the Government got through with this enterprise, it would have cost \$100,000,000.

Even at that time the Avro company had been told that the project was on a year-to-year basis. "In fact," said Mr. Pearkes, "the Government re-examined the program every six months because of the doubts which existed as to whether they were justified in expending such large sums of money."

The then defense minister, Ralph Campney, had tried to sell the plane to the United States but while he got some encouragement in Washington, no commitment was made. At that time, it had been estimated that \$300,000,000 would be spent on development and that an additional \$1,544,000,000 would be needed to equip 15 squadrons with the aircraft.

By 1956, it had been learned that the United States was developing an aircraft of somewhat similar performance. This plane subsequently became the F-106. U.S. officers now felt that the F-106 met their requirements better than the CF-105 would and that it would be much cheaper for them.

After the Conservatives took office in June, 1957, they reviewed the program and in October they definitely stated that it would be continued for one year only. At any time within that year, the program could be cancelled or altered. He quoted speeches he had made in the Commons in January, 1958, where he had emphasized that the Arrow project was under continuous examination and was on a year-to-year basis. He had stated that the Government reserved the right to discontinue it at any time.

"I think that answers very clearly the doubt which may exist in some people's minds whether this company had any warning of the possibility that the development and production of the aircraft might not be proceeded with," he said. "The statement of last September, of course, made it perfectly clear."

"I can say that ever since I assumed this office I have been in constant touch with the officials of the company. I have seen them in London, I have seen them in Toronto, and I have seen them in my office here."

"Officials of the department and officers of the air force have been in continual touch with the company and have been advising the company almost daily of the progress made."

Opposition Leader Pearson: "I wonder if the minister would permit a question. My question is: Had he or any officials of his department seen the officials of the company before the announcement made last Friday, to give them some warning that this announcement was coming?"

Mr. Pearkes: "The officials of the company have been in Ottawa within the last two weeks. They had seen the report in the press which had been put out, the statements by the officials of my department which were reported in the press when the estimates were tabled, clearly showing that there was only enough money either to continue the development or to cancel it. There was no hesitation made. There was no attempt to confuse anybody. It was clearly stated that both were possibilities."

"So, after we had assumed office, it was made quite clear that we intended to continue the development of this aircraft for one more year. During that year there were very significant changes taking place on the strategic scene."

"Hon. members will recall that only a little over a year ago, at the end of 1957, the first Sputnik was launched, and ever since then phenomenal progress has been made in all forms of missilery, in the United States, in Russia and in the United Kingdom. About that time Mr. Khrushchev made the announcement that the manned bomber was obsolete."

"Now Hon. members need not take his statement as full, gospel fact, but he has made a lot of statements which have proved to be remarkably correct, and the indication has been that the Russians are not continuing the production of any type of bomber more advanced than that known by the code names of the Bear and the Bison, and that the numbers of Bear and Bison aircraft in the Russian inventory is extremely limited, and, furthermore, that these are the only two types of Soviet bomber which could reach this continent and return again. The figure quoted by the Hon. member for Trinity (Mr. Hellyer), when he said that the Russians have some 2,000 bombers, must not be taken as indicating that these 2,000 bombers could reach this continent or that more than a very small fraction of that number could ever make the return flight, even if they were not opposed. They have not got a range."

"It would therefore seem that the basis upon which this development was first begun back in 1952, namely, to have an interceptor ready by 1958 to meet what in 1952, quite reasonably, was expected to be an overwhelming force of enemy

bombers capable of attacking this continent, had definitely not materialized and all the information we can get from all the sources which are available to the Government indicates that the threat of the manned bomber against this country is diminishing."

"It would therefore not seem to make sense for us to go ahead and develop an interceptor which would be ready by the end of 1961 and which could be in squadron operation by 1962, to meet a threat which would hardly exist at that time. If, in the meantime, there is a change in Russian intention and the Russians go into the production of a new type of bomber, or even build up the numbers they now have of the

Bear and Bison types, there would still be time to meet that threat."

Mr. Pearkes said that last summer he had gone to Washington and had done his best to try to interest Defense Secretary McElroy in the Arrow. Later in the year at the NATO Council meeting in Paris he and other cabinet ministers had again attempted to sell the plane to the United States. They had been told with finality that the United States could not take it.

With similar lack of success, he had tried to sell the aircraft to the United Kingdom.

"During 1958 when it was becoming obvious that neither the United States nor the United Kingdom would be interested in purchasing the CF-105, very extended studies were carried out to see what alternatives might be adopted, how many of the CF-105's we could possibly afford to purchase and how many would be required to meet the diminishing threat."

"There was some concern at that time about the range of the CF-105. We had been informed then that the ranges were 238 nautical miles flying supersonically and 347 nautical miles subsonically. Of course, obviously if you are going into an attack you would cruise as far as you could and only go into your supersonic speed at the last few minutes so you might say that the general operational range of the CF-105 at that time would have been about 300 miles including some period of operating supersonically and some period of operating subsonically. That would have been the radius of action from base stations which would have been North Bay, St. Hubert, Bagotville and Ottawa."

"We were concerned about the limited range of this aircraft. We therefore concluded that the maximum number of aircraft which we would require to meet the threat would be approximately 100 operational aircraft. The figures of cost worked out to be \$1,261,000,000 as from the first of September of last year and that figure did not include the previous development costs. That seemed to be a staggering figure. Not only was that cost to be considered but we would have had to introduce—as we will have to introduce for the Bomarc or any other weapon system—the ground environment cost which runs into many additional millions."

After the consideration of these facts the September statement was issued. We had realized that if we were going to go into production of this aircraft the company would have to receive several months' warning so that they could get the long leads ready and be prepared to carry on with the production program overlapping that of development program. October of 1958 was considered the deadline when it would be necessary to give a firm decision as to whether or not we should go into production."

"The decision was announced by the prime minister on Sept. 23 when he decided that the Astral fire control system and the Sparrow missile should be discontinued there and then because the company had suggested—and it had been suggested several times previously—that part of the great expense of this aircraft was included in the control and missile system. They had suggested they might possibly make substantial reductions in the cost of the aircraft if they had an opportunity to test out a proven far control system and missile."

"There were proven systems known as the Hughes control system and the Falcon missile which had been proved in the United States. For this among other reasons permission was given to extend development for a further period in order that the company might test out and see whether these new, proven systems could be introduced into this particular aircraft and to ascertain whether material productions in price could be made. There were other reasons as well including the international system and the situation in the Far East which were announced by the prime minister at the time."

"The company then came up with a new proposal in which they offered a flyaway cost of \$3,750,000 per copy, making a total of \$345,000,000 with support spares and equipment amounting to \$98,400,000, with missiles amounting to \$42,600,000 and the completion of the development of some 20 aircraft of which they expected to get eight which would be operational amounting to another \$295,000,000 making a grand total of \$781,000,000 for 100 aircraft."

"That was a large figure and it was suggested that it would

compare favorably with the CF-100. In a statement made by Mr. Crawford Gordon which appeared in The Toronto Globe and Mail, he stated that this would compare with the cost of the CF-100 during its peak period of production. The peak period of production of the CF-100 was in 1955 and the cost of that was \$92,000,000 whereas the estimated cost for producing the CF-105 with the development in 1959 was \$160,000,000, and in 1960-61 was \$242,000,000.

"While I am on the question of cost perhaps Hon. Members would be interested in hearing exactly what has been spent on this aircraft up till now. In 1953-54, \$1,067,399 was spent; in 1954-55 nearly \$17,000,000; in 1955-56 this figure had more than doubled to \$38,000,000; in 1956-57 the expenditures reached \$65,000,000. In 1957-58 there was an additional expenditure of a further \$115,000,000; and with the expenditure of \$106,000,000 in this fiscal year, we have a total of actual expenditure, to the 31st January, 1959, of some \$341,000,000."

Mr. Pearkes said the Bomarc could both fly faster and higher than the CF-105 although the aircraft had greater flexibility. The final cost of the two proposed stations would be \$110,800,000 of which the United States would pay two-thirds.

All construction work and all unit equipment would be bought in Canada. The same applied to further development of the Pinetree Line, the introduction of the SAGE system and of the gap filler radar stations.

After outlining the \$807,000,000 spending program on which the Government has embarked, Mr. Pearkes said all requirements had to be kept in balance. The Government had to review constantly the amount of money it could spend on air defense and on other commitments.

"If we met all requirements we would be running into a budget far, far higher than the budget for which we are now providing. If we had not taken this action, if we had continued with the CF-105 we would be faced with making a complete change in our defense structure."

"It might have meant that we would have had to stop the building of such ships as the Restigouche and others of that type. That would throw hundreds of thousands of men out of work from our shipyards. We might have had to cut down the strength of the army or something of that sort. You have to strike a balance."

"I have tried to point out that the threat is very definitely diminishing. We are in partnership with the United States. We are playing our full part in that partnership. We are developing the warning systems right from the DEW Line down to the Pinetree Line. We are spending large sums of money there. We have given of our air space; we have given of our territory. We are playing our full share in the mutual defense of the North American continent. The United States could not carry out the defense of their country without the aid of Canada, without the assistance of Canadian air space, without the assistance of our warning systems, without the facilities which we can provide."

Globe
Mail