

OTTAWA, Feb. 23 (CP)—Text of Prime Minister Diefenbaker's speech during Commons debate on cancellation of the Arrow jet interceptor contract.

At the expense of reiteration I refer to the fact that the motion before the House is asking authority to move the adjournment of the House for the purpose of discussing a defence matter of urgent public importance involving mass layoffs and the threatened disintegration of the aircraft industry in Canadian defense production.

Speaking on behalf of the Government this afternoon, instead of relying on the technicalities of the rules which no doubt would have given rise to considerable argument, I stated that we welcomed the opportunity for the discussion in order to clarify many of those things which in the course of the last two or three days have been enunciated by misrepresentations and conclusions not warranted by the facts.

I sat here this afternoon and listened with interest to the speakers who have participated in the discussion on behalf of the Opposition, and while in general they have indulged in continuing criticism it is interesting to observe that when they had the opportunity of offering suggestions as to what might have been done in regard to this question none was forthcoming.

We are now hearing the same old chorus, the same old songsters singing the same old song. They sing it because they had nothing to present but criticism. Honorable gentlemen opposite found themselves in rather a difficult position. The allies of recent date of economic and social planning found themselves separated this afternoon when even the leader of the Opposition found himself unable to accept some of the statements made by the honorable member for Assiniboia (Hazen Argue) in respect of the question of U.S. dominance of Canada.

I intend simply to remove one or two misapprehensions immediately concerning matters which I feel should be clarified. This afternoon we listened with interest to the honorable member for Assiniboia dealing with the question respecting the cancellation of this contract. As I listened to the words, the gentleman I wondered if my recollection of his former words was correct and so I looked back and found an interesting statement attributed to that honorable gentleman at page 1,062 of Hansard of Nov. 13, 1957, wherein he directed a question of some interest to me in the following language:

"Has the attention of the prime minister been drawn to the reported statement of Lieut.-Gen. Simonds that if the \$300,000,000 wasted on that dead duck the CF-105 had been used to stockpile Canadian wheat in Europe it would have been spent to much greater advantage?"

The voice of November, 1957, is a different voice from that of Feb. 23, 1959. The honorable gentleman then went on to say:

"Has the prime minister considered a substantial reduction in current military expenditures and would he consider using any monies thus saved to stockpile wheat in Europe, or otherwise to give economic assistance to the free nations?"

Mr. Speaker, to which voice shall we listen; which is the voice of authority, the one in 1957 when it described the CF-105 as a dead duck, or the voice of today?

As I listened to my honorable friend the leader of the Opposition I observed that he found himself in some difficulties today too. He had expressed a different point of view at other times. I was not quite able to follow him today as to whether he is for or against the CF-105 being continued. He spoke on both sides of that question, whereas, only a few months ago in a statement he made at Edmonton, Alberta, as reported in the Edmonton Journal of Oct. 3, 1958, he said:

"We decided when in office 2 1/2 years ago to go ahead with the CF-105 and review it year by year in the light of developments."

Then, he went on to say this: "The Liberal Government had reviewed its decision every six months. Had the Liberals been in office when the first ICBM was fired," Mr. Pearson said, "this would not have been a major factor in possible revision of our decision."

Then he went on to say: "The Conservative Government should have cancelled the production order in the fall instead of waiting until next spring. How much is going to be spent on the Arrow between now and then?"

Mr. Pearson: On a point of order, Mr. Speaker, this particular quotation was put on the record once before by my honorable friend. It will be found on page 56 of Hansard of Jan. 19, 1959 at that time and denied it. I said I had the text of what I said, which did not bear out the press statement quotation. I also said I had denied it to the press a day or two after it appeared and the prime minister accepted my word on that occasion and now he is dragging it up again.

Mr. Diefenbaker: I notice there were no denials at the time.

Mr. Pearson: There was a denial at the time, Mr. Speaker, as I have just said.

Mr. Diefenbaker: Well, I am reading from The Canadian Press again as reported in the Ottawa Journal of that day: "He said the Conservative Government should have cancelled the Arrow production order this fall instead of waiting until next spring. How much is going to be spent on the Arrow between now and then?"

The honorable gentleman now says—and naturally I accept his denial.

Mr. Pearson: On a point of order I said on Jan. 19 last development of electronics and

and the prime minister accepted it then and he had better accept it now.

Mr. Diefenbaker: I must necessarily accept it and I would I do but I still refer to the fact that The Canadian Press carried that story and one or two other newspapers.

Paul Martin (L. Essex East): Mr. Speaker, I rise to a point of order. When one honorable gentleman rises in his place, as the leader of the Opposition did some weeks ago, and denies a statement, under our rules it is not open to any honorable member, by any device whatsoever, to refuse to accept the statement of an honorable member who speaks against an alleged statement, and the prime minister now resorting for the second time to a course which is a violation of the rules of the house.

Mr. Diefenbaker: Possibly I might read another portion of the speech. I am not sure that that and see whether or not it is too late. "Liberal Leader Pearson, speaking to the Liberal Association at a banquet in the discussion on behalf of the Opposition, and while in general they have indulged in continuing criticism it is interesting to observe that when they had the opportunity of offering suggestions as to what might have been done in regard to this question none was forthcoming."

Mr. Pearson: I do not deny that at all. Under this government we are getting in too deep.

Mr. Diefenbaker: Well, the only definition that I can give to the expression that Canada is getting in too deep is that expenditures such as the CF-105 represent too great a contribution to one phase of defense and place Canada in a position where it cannot properly discharge its responsibilities otherwise. I go further, as he spoke this afternoon he made much of U.S. influence. How he spoke of it in those lackluster tones. Well, he said that we had never had anything like this before.

Mr. Pearson: Quite true.

Mr. Diefenbaker: In fact since we heard him this afternoon he said the same thing over the national radio. I got the speech twice, once this afternoon and again this evening, and he went on to say that never before had there been anything like this cost-sharing of the Bomarc. It is not heard of. This is mutual aid. You remember the words, "How foreign it was to him that the United States should be spending money in Canada or sharing in our defense."

Well, in building the DEW line they did not share with us; they paid it all. Did it shock the sensibilities of those honorable gentlemen then when the United States came into Canada and instead of Canada participating in her own defense and paying the costs of this line for radar defense the United States paid it all? But, then, he went on to say that this thing had never been heard of before. We have got to put stop to it.

Well, on the Pinetree Line the distribution of expenditures as between Canada and the United States is exactly the same percentage as it is in connection with Bomarc.

I wonder why statements such as these should be made, why there should be such shock to the mind of the leader of the Opposition who referred to this outrageous thing, the United States coming into Canada and contributing by way of mutual aid. This has been the course followed during the last several years, during the period when he was a minister of the Crown.

Having cleared away some of this underbrush, may I now proceed to say something more. It is interesting to see his attitude with respect to the CF-105 and the cancellation of this project. He did not say what he was reported to have said at Edmonton to the Liberal Association but I call witnesses on this behalf respecting the tremendous change that has taken place in the last two years, the technical revolution, the like of which has never taken place in the history of mankind.

In the intervening years since the CF-105 was first considered on the drawing table we have had the Sputnik and the Lunik. We have also had the ICBM. We have had tremendous changes in the last few years. The Honorable Member for Trinity (Paul Hellyer) referred to the fact that it is 50 years ago today since the Silver Dart was flown, the first flight with what may be the British Commonwealth of Nations. There have been tremendous changes in those 50

years. The nation can afford whatever is really required for defense. It cannot afford anything less.

Then it goes on: "But let us also recognize that strong forces are operating which would push defense expenses to unnecessary and wasteful levels. Perspective is essential."

It finally ends up with this: "We are not wholly satisfied with the administration's defense program, but it is a considered program and it deserves questioning on specific points, not alarmist or partisan attacks."

I think that is fair; that fairly expresses the situation. Again I say, let no one say that in making a decision such as this we did it without much thought. We gave this decision a long period of consideration. In order to justify the expenditure of the taxpayers' money for defense, it is necessary that it be actually useful in the future and necessary for maintaining a potentially useful defense unit in the country.

I realize that defense production is an important weapon in the battle against unemployment. However, I say with all the seriousness that I can put at my command, that the production of obsolete weapons as a make-work program is an unjustifiable expenditure of public funds.

These changes have been made in other countries. Only last summer the United Kingdom found it necessary to cancel further work on the Saun-

ders—Roe SR-177, supersonic fighter which had reached an advanced stage of development. The United States cancelled out two of its aircraft, the F-100C and the F-106D.

Then, in the United Kingdom, the government's decision was announced by the minister of supply. In these words: "While this aircraft commands general recognition as an excellent and unique design in its class, unfortunately it no longer fits into the particular pattern of the United Kingdom defense program."

I am not going to repeat what I said on an earlier occasion, but the president of the United States dealt with this matter in his address to Congress. He went on to say that major national security outlays would be projected at \$43,500,000,000 for the current budget.

The problem, he pointed out, and I am dealing now not with the new weapons but the conclusion based thereon, the problem posed by rapidly increasing costs of complicated new weapons, the subject which should be emphasized.

He revealed that the overall cost of each Atlas missile will average \$35,000,000, and that we now are buying bombers which actually cost less in gold. Then, summarizing what he said a little later on: A striking example of the switch to the new weapons was revealed in the total expenditures on missiles, negligible less than a decade ago which will soar over \$7,000,000,000 in the current fiscal year.

I should like now to quote from the monthly letter of the National City Bank:

"The press of selection inevitably has been painful for suppliers of discontinued weapons. One way to avoid dislocations and political repercussions would be to continue spending more on everything, good and poor weapons."

This was the position in which we found ourselves. The changes that have taken place in the last eight or nine years, particularly since 1946, have been such that the plans of a few years ago have been outmoded by the changes in aircraft techniques during that period.

Now, an argument was raised today, generally by the leader of the Opposition and specifically by the honorable member for Assiniboia, to the effect that in what we had done—I think the words were—there is a big jump in the cost of the United States. Well, I say to the leader of the Opposition:

Mr. Pearson: I made no such statement.

Mr. Diefenbaker: No, I say to the leader of the Opposition that when that outrageous statement was made by the member for Assiniboia, that we should say to the United States which is joined with us in defense, which provided us with the entire expenditure of \$300,000,000 for the DEW line with that percentage of the expenditure on the Pinetree line I mentioned a while ago, and the other line, that in collaborating together in defense we should say to them, unless you buy everything we want you to take, you will not get any bases in Canada, well, what would that mean? It would mean withdrawal from NORAD. What would our relationship be with NATO?

I believe that we must strongly advocate and press, as we have, with the United States the necessity, as the leader of the Opposition said, of the fullest co-operation in connection with production. We must do that forcibly, strongly and continually to the end that we receive in Canada, being joined in defense, a fair and just distribution of the expenses being made jointly.

I believe that to say to the United States on whose shoulders rests in large measure the maintenance of the freedom, not only of our country but generally throughout the free world, that we should not, either you do this or you get out, is not in keeping with the responsibilities of that honorable gentleman. It is indeed could it be countenanced for a moment on the part of any nation to a friendly nation joined together in North America by the bonds of geography, common tradition and common dedication.

This may sound all right in certain quarters, but it is that kind of irresponsibility which has brought about the transition from former greatness to the present numerical content of that type of statement.

We need to constantly press upon the United States the necessity for giving to us, as every nation has a right, a fair and just distribution. The Minister of National Defense (Mr. Pearson), the Secretary of State for External Affairs (Mr. Smith) and the Minister of Defense Production (Mr. O'Hurley), have been in constant communication with their counterparts in the United States. We have not achieved everything that we want. We are not satisfied. We shall continue to press, and forcibly press.

One of the things of which I was convinced, more than anything else in my tour around the world was this: Those who are joined in freedom must maintain unity in the full respect to the rights of each other, that the economic strength must be maintained if we are to meet that challenge which in the last several months has become even more direct, particularly since Mr. Khrushchev's speech to the council during the latter days of January.

What have we done in connection with out sovereignty? As far as the DEW line is concerned, we have taken over, as was said the other day, its operation. We are taking over the airfields in the north, and in the course of the next two or three years hence these airfields will be operated by us. We are ensuring that our sovereignty

over the northern area shall be maintained.

They used to speak of the vision I had of Northern Canada. Then I spoke of the tremendous possibilities of the north, not only for defense but for economical strength and stability, and there were those who said we build from igloo to igloo.

In the last few weeks we find that some 70,000,000 acres of potential oil lands and mineral lands in the north have been taken over, thereby indicating that a major source of Canada's wealth is in that area over which we must continue to assert our sovereignty, first, by occupying these area stations in the north, and secondly, through the instrumentation of resource development in those areas.

May I say in addition that when they speak of this expenditure of some \$7,000,000,000 for the CF-105, we should provide our own defense, unless the United States provides it on the basis we want. Is it possible for 17,000,000 souls to be able to make a contribution in respect of these costly weapons, these tools of defense, and endeavor at the same time to maintain a similar expenditure to that of a nation of 10 times our population?

Having dealt with that, let me speak for a moment of the CF-105. The leader of the Opposition (Mr. Pearson) was quite fair this afternoon when he said there were certain facts which we did not have before the onset of these facts I think will, when known by the Canadian people, begin to give them an appreciation of the areas which have been defended by the CF-105.

Most people that I have talked to have been under the impression that the CF-105 would constitute an instrument capable of protecting our northern areas. The vast unpopulated north would have available to it an air force which would be able to defend Canada against any potential aggressor.

I am now reading from an article which appears in the current issue of the Atlantic Advocate. It is entitled Aviation's Year of Decision.

It deals with the CF-105, and it says this: "National pride is considerably involved and, perhaps, the greatest single force behind the Arrow program as at present outlined. . . . Avro is not by any means the whole Canadian aircraft industry. It is a big bird, but its employment figures are about one-fourth the industry's total."

Then it goes on to deal with the various types of aircraft manufactured by de Havilland and Canadair. "The supersonic speeds of today's bombers, and the interceptors to meet them, make this vision of air patrol a thing of the past. The Arrow probably has a flight time of an hour, including climb to required altitude and a few minutes of combat. This means that its operating range from base is not much more than 500 miles."

The honorable minister placed on the record today a general indication of the area which would be protected against attacks at supersonic speeds. On the other hand, we have available to us the Bomarc, whose area of defense and defensive action is not far removed from that of the CF-105, but the difference in expenditure has been clearly set out. The cost of the Bomarc missile to Canada as compared to the \$721,000,000 of the CF-105 is approximately \$19,800,000. That represents something that must be taken into consideration, all things being equal and the defensive properties of each being about the same.

The honorable leader of the Opposition mentioned a while ago, insofar as the statement is concerned, that he gave no indication of the things he allegedly said, and I accept that. But I think I ought to point out to him too that he gave a press conference in the City of Vancouver on Sept. 26, and he was asked there what he thought about the CF-105.

He said he was not familiar enough with the details to say if Canada was justified in apparently scrapping the CF-105 Arrow fighter. The honorable member said it appeared from the Government's statement that it intended to scrap the plane after next spring.

Then he said—this is not The Canadian Press report of the Edmonton speech; this is the Vancouver Sun report of Sept. 26—that it would be very difficult to justify the Government's action in spending about \$100,000,000 on Arrows until next spring if it were only to keep jobs open.

Mr. Pearson: Why did you not scrap it and save \$100,000,000?

Mr. Hellyer: Would the prime minister permit me a question? Mr. Diefenbaker: Surely.

Mr. Hellyer: The prime minister said that the expenditure of the Canadian taxpayers' money on defense procurement could not be justified as a make-work program, if I understood him correctly. I wonder if the prime minister saw Philip Dean's article in The Globe and Mail this morning which said that the U.S. Government adopted the Bomarc as a weapon.

North American defense not so much because of the missile's military merits but to avoid shutting down an aircraft firm? My question is this: Does the prime minister think that the spending of the Canadian taxpayers' money is justified on the procurement of a U.S. make-work program?

Mr. Diefenbaker: Apparently the honorable gentleman has not been in here during the last 18 months. I have been discussing that situation and I dealt with the division of responsibility as between the United States and Canada at length.

Insofar as Mr. Dean's article is concerned, I am not going to say it has no basis, but certainly the information that we have from the chiefs of staff is far

removed from the views of Dean.

There has been much said about the tremendous surprise which arose over the fact that we acted as we did. I have not the time to quote from the various newspapers and periodicals across the country in connection with this matter. However, if the honorable gentleman are interested, they will read in the Oct. 25 last issue of Maclean's Magazine a clear interpretation of the statement which I made on Sept. 23, 1956, to which I am going to make reference.

Indeed, even before that there were editorials regarding this matter. The London Free Press of April 23, 1953, said this: "The decision, which may be made shortly, is whether to order this aircraft into production with a view to re-equipping our first-line RCAF fighter squadrons. It is the most expensive single decision ever to confront the Defense Department in peacetime. Its ultimate cost would not far short of Canada's expenditure on the St. Lawrence Seaway."

Well, that was an understatement. Then it went on to the basis of the latest estimates which were brought forward: "It may be fine for our national ego to boast that we can design and produce a fighter plane of the Arrow's undoubted capabilities, but how large a price are we willing to pay for national pride?"

And the article continued in that way.

The Victoria Times in an editorial on Oct. 20, 1953, said the inside story of the super-sonic fighter aircraft, the Avro Arrow, "emerges from an interesting intramural dispute among the editors of Maclean's magazine." The articles go on to say that the decision to be made is one which has to be based on no other consideration than that of value.

The Montreal Star of Nov. 13, 1958, said: "The appalling cost of this aircraft is enough to stagger Government ministers and serious people everywhere. We are a middle power with a budget and an industry to match. If this alone were not enough to give us pause, there is also the fear that the dawn of the missile era has already made the Arrow obsolete."

The chief reason for building the Arrow is the fleet of bombers which the Russians are known to possess. Now we are made painfully aware that they may be well on the way to supplanting their own bombers with long-range missiles."

The article concludes in this way: "But if our military experts feel that it was a noble idea that has lost primary importance in a changing concept of war, Canada will have no alternative but to decide that the CF-105 be set aside for other projects, no matter how painful this may be to the large segment of industry that had a stake in its development."

The Winnipeg Free Press dealt with this on Jan. 13, 1959: "With the opening of Parliament only a few days away the Avro Aircraft Co. has offered indication of the area which would be protected against attacks at supersonic speeds. At least, like a new low price. Last fall the Government decided against putting the Arrow into full production, but delayed making a final decision until March 31. The Government has since been under heavy and unrelenting pressure from the aircraft industry and other interested parties to change its mind. The CF-105 is expected in a decision favorable to the manufacturers of the Arrow."

The Free Press, which has never been noticed for its adherence to views expressed on this side of the House, went on to say: "The Government doubts, with reason, whether an aircraft like the Arrow, which cannot stop intercontinental missiles, will be worth the high cost involved."

Then, again, the Toronto Telegram, on June 16, carried this UPI dispatch from Washington: "United States defense officials said today the main reason for the continued refusal of the United States to buy Canada's Avro CF-105 fighter plane is that the Arrow cannot fly at top speed long enough. The Arrow is capable of speeds above 2,000 miles an hour only in short bursts. The officials said further that the United States hardly could buy the Arrow from Canada when it has suspended production at home of two very similar aircraft."

Mr. Diefenbaker: I notice there were no denials at the time.

Mr. Pearson: There was a denial at the time, Mr. Speaker, as I have just said.

Mr. Diefenbaker: Well, I am reading from The Canadian Press again as reported in the Ottawa Journal of that day: "He said the Conservative Government should have cancelled the Arrow production order this fall instead of waiting until next spring. How much is going to be spent on the Arrow between now and then?"

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Mr. Pearson: On a point of order I said on Jan. 19 last development of electronics and