

Labour Crisis in Aircraft Industry

United States in the program of the CF-105. Mr. McElroy was there on that occasion, together with Mr. Dulles and other representatives of the United States. Attending on behalf of Canada were the Secretary of State for External Affairs (Mr. Smith), the Minister of Finance (Mr. Fleming), the Minister for Defence Production (Mr. O'Hurley) and myself. We were told definitely and with finality that the United States could not include the CF-105 in its armament inventory.

I also discussed this matter with European powers. We took the matter up with the minister of defence of the United Kingdom. We have been in continuous communication with the authorities in the United Kingdom in the hope that perhaps the United Kingdom would be interested in taking over the CF-105, which would have enabled us to have continued. As recently as last week I received a telegram which confirmed again that they were not interested. They stated very definitely that they would not be able to consider the purchase of the CF-105.

Mr. Hellyer: Would the minister permit a question? Would the government have gone ahead with the contract if it had been able to get a reasonable order from the United States or from the United Kingdom or some other country?

Mr. Pearkes: The government would certainly have given most serious consideration to doing so. I am not in a position to say that they would or would not have gone ahead. It would have depended on many matters, including the size of the order and its relationship to the force of interceptors held by the United States. I merely refer to the fact that I had been to Washington personally and I had personally consulted with the minister of defence in England in order to answer the questions which were advanced by the hon. member for Trinity.

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 extensive studies were carried out to see what alternatives might be adopted, how many of the CF-105 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 flying 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 such as 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 million 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 the cost of 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 the 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 on September 23 by the Prime Minister (Mr. Diefenbaker) when it was decided that the Astra 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 fire control system and missile. This was 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 reductions in price could be made. There were other reasons as well including the international situation 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 at \$3.75 million per copy making a total of