

minds. As you know, few countries the size of Canada produce any planes at all. The ordinary internal market is too small for economic civilian production and exchange difficulties curtail exports. But in Canada we have great productive capacity and the industry should be kept alive. We have so far been following the policy of assisting to keep together some essential staffs at a number of plants.

Canada's major development project at present is the production of a long-range two-seater jet engine plane by A.V. Roe Limited of Toronto. This project has passed tests and the prototypes are being made. We are putting two years work into one. If this plane is a success it will meet needs not met by any known plane. Our expectation would be to go into production of this plane for ourselves and other countries. Canadair is making North Stars for export. Last year orders for modifications and repairs with the amount spent on development at A.V. Roe Limited totalled \$6,160,000. We also took delivery of North Stars costing \$18,000,000 and spent \$7,300,000 on planes purchased from the United Kingdom and United States.

I may say that during the last few weeks I have signed contract demands for orders to be immediately placed for the overhaul and modification of 209 planes at a cost of \$10,377,000. We shall, of course be buying or building more planes with further developments which I hope to be able to announce shortly.

We shall also be putting forward proposals to begin a programme of ship construction starting with the ice-breaker and followed by escort vessels of a new type.

Further development work may be done in electronics and various types of equipment, particularly related to the Far North. However, we do not propose to duplicate everything being done in other countries. We do propose to do what is necessary to hold up our end in the pool of developed weapons and research by attempting the things we can do best. We are keeping up Polymer Corporation Limited and the five plants of Canadian Arsenal Limited.

Further activities in the field of development are receiving active consideration.

The schedules of requirements will contain some items which would take longer than a year to produce. We shall expect to receive advice from Industrial Defence Board on what should be done regarding these. In different cases jigs and dies, pilot orders or actual production should be commenced in advance of the starting point.

14. What steps have been taken to plan construction?

Answer:

The Armed Services have schedules of additional construction that will be needed for personnel in training or for operations in Canada. This year we have a programme of \$30 million largely for married quarters. This building is being planned where it will be useful in the event of an emergency. Everything we do today has three phases of development in consideration -

- To meet urgent immediate needs;
- To meet an emergency should it arise in the near future;
- To fit into part of the overall long-term plan.