

By MARK HARRISON
Star Staff Correspondent

Ottawa, Feb. 25—The Diefenbaker government was secretly warned almost 15 months ago that Canada's aircraft industry was in "serious jeopardy" because of lack of government planning.

The warning, it was learned today, was contained in a confidential report submitted to Prime Minister Diefenbaker Dec. 2, 1957 by the Air Industries and Transport Association of Canada.

It warned that the "lack of a properly integrated planned program" had created "an immediate and serious threat" to the future of the Canadian aircraft industry's scientific facilities and skilled manpower.

It also warned the government to take this problem into account when deciding any change in the defence budget, or in defence purchases outside of Canada.

The report takes on added significance today when the Diefenbaker government is under strong fire for permitting the A. V. Roe Co. to be hard hit by cancellation of the Arrow program without offering it any substitute work program.

Confidential Report

The prime minister, it is understood, has not to this day replied to the AITA on the issues raised in its report.

The 19-page report, bound in a navy blue loose-leaf binder and marked "confidential, not for publication" deals with "the scientific and industrial resources of the Canadian aircraft industry."

The report noted that the strategic crisis of survival for the west had become the crisis of science—involving education, basic research, applied research and development, and specialized production and test facilities.

"New policies for the industry are dictated by the threat of instant destruction," it said. "Traditional views that the aircraft industry could be maintained at some lesser degree of preparedness, and gear itself quickly to heavier demands in an emergency, are now doubtful."

"This period of grace has been superseded and our concern for survival is a concern with the immediate present—with safeguarding existing scientific facilities and personnel."

\$350,000,000 Investment

It noted a large part of Canada's scientific potential was represented in the aircraft industry. The industry employed some 7,100 scientists and engineers and maintained re-

(Continued on Page 2, Col. 1)