



Across the Land

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Tumult Born of Dead Arrow

Eight days ago as the rustle that accompanies the start of a new sitting of the House of Commons subsided, Prime Minister Diefenbaker rose to his feet, glanced at the Speaker and begged leave to make what he called a somewhat lengthy statement concerning national defense. Only the cabinet and a few insiders knew what was coming, but the rest were not kept waiting. By the time he reached the end of the fifth sentence, he had officially confirmed Ottawa's worst-kept secret: The Avro Arrow was dead.

Ever since late September, when the Arrow was put on six months' probation, the Government had been dropping coy hints that the program would be terminated. But the unexpected timing of the announcement—five weeks before decision deadline—and the fact that he had nothing to offer Avro to ease the shock, gave Mr. Diefenbaker's statement the impact of a belly landing on a concrete runway.

In Toronto, Avro officials heard the news open-mouthed. The worst they had expected was a stretch-out to finish the 37 Arrows that formed the initial order, giving them time to readjust to some new program. They reacted swiftly. Just after 3 p.m., when armored trucks had delivered the weekly payroll of \$1,000,000, the public address system broke the news to 13,800 stunned employees: They were unemployed, as of that moment. A population twice the size that of Chatham suddenly had no means of support.

The furor that followed has few parallels in recent Canadian history. Canada has been ushered into the age of the missile (Bomarc, Made in U.S.A.) on a frenzied note of controversy, misunderstanding and recrimination. Amid all the spark and smoke, it was impossible to tell just where Canada's defense policy was heading.

Few were inclined to dispute the decision to abandon the magnificent and obsolete piece of machinery that Avro craftsmen had lovingly created. What raised voices and blood pressures was the Government's abrupt and unequivocal abandonment not only of the Arrow but also of Avro, which would almost certainly lead to the disintegration of a valued national asset, the team that designed and built the aircraft.

After the initial shock, events moved quickly. Avro officials worked feverishly on seniority lists, planning to call back 1,500 workers by yesterday. Crawford Gordon, A. V. Roe president, called a Sunday press conference and bitterly affirmed that the company had no prior notice of the decision. Premier Frost said Ottawa had a responsibility to provide substitute employment for the workers and promised to convene a conference of business, labor and municipal leaders to study the problem.

Conflicting statements were issued from Ottawa and Malton concerning the cost, range and delivery schedule of the Arrow. But the most serious conflict has yet to be explained. Mr. Gordon maintained that since September the company had made repeated proposals to the Government for other programs but got no response.

And an official of one of the Avro unions, Peter Podger, said the union had written the Government just a week before the termination was announced, requesting a meeting of union, management and government. No reply was received. Mr. Diefenbaker, on the other hand, said the company knew the Arrow was going to be scrapped, yet did nothing to cushion the impact.

Reports of personal animosity between the Prime Minister and Mr. Gordon were strengthened in the Commons on Monday when Mr. Diefenbaker, barely controlling his temper, flayed the company and its president for its "unwarranted and unjustified" action in laying off the employees. He suggested it was done solely to embarrass the Government—a suggestion hotly denied by the company.

In Ottawa on Tuesday, in a strained atmosphere, a series of meetings between Government and Avro officials began. Yesterday, Finance Minister Fleming announced the result: The Government had agreed to pay half the salaries of 1,000 engineers for six months. During the week, spokesmen for the Avro unions conferred with the Prime Minister, then with Premier Frost, before holding a mass meeting in the CNE Coliseum where it was decided to request a top-level meeting with government and management. About 4,500 of a predicted 10,000 attended the meeting.

Meanwhile, in the towns and townships north and west of the sprawling Malton plants, the Great Depression had suddenly returned in the midst of plenty. The Malton Homeowners' Association planned a Keep Calm meeting; in Brampton, homeowners petitioned the Government to give them four months' grace on mortgage payments. Sympathetic merchants willingly extended credit, but few customers asked for it.

The Unemployment Insurance Commission established special offices in the factories to process claims. The Association of Professional Engineers helped 20 engineers find new jobs, had more lined up. At least two U.S. companies moved in to hire technical personnel. The 30 members of the Avro tool design department announced they were in business for themselves, received three offers of free office space, plus free equipment and two tentative orders. The lucky few called back to Avro—a Flying Saucer was one project they were working on—found they had a reduced status and lower pay.

Sitting sleekly in a Malton hangar were five finished Arrows, their future as uncertain as that of the company that built them. The cost of creating them worked out to \$80,000,000 each. The total development cost of \$400,000,000, as one commentator noted, would have bought a new Cadillac for every family in Vancouver.

The stock market reacted with astonishing calm. The stock of A. V. Roe, which is Avro's parent company, dropped 65 cents to \$11.75 the day the cancellation was announced. Yesterday, after a full week of furor, it opened at \$11.

At week's end, the cause of the investors' confidence was only one of the many vexing questions that remained unanswered.