

## FOR THE COMMON GOOD

## editorial

In the India of not so many years ago in terms of history, there was widely practiced an ancient Brahmanic rite known as "suttee". This was a grisly custom which required the reluctant Hindu widow to join the body of her deceased husband on a funeral pyre and thus re-unite with him in death by being burned alive.

All of which brings to mind the thought that with all the furor over the cancellation of the Arrow, is not too little attention being given to the case for the Orenda Iroquois? Just because the Arrow is dead, is it really necessary for the Iroquois to join it on the funeral pyre? After all, this marriage of airframe and engine was never really consummated.

**A Different Matter:** It is the bitter truth that Canada did not want, or thought she could not afford the Arrow. Arguments about what has been done are now academic; the course selected insofar as the Arrow weapon system is concerned is irreversible. But this is not true of the Iroquois, a fact that was recently emphasized when correspondence between Orenda and the DDP, relating to French interest in the Iroquois, was tabled in the House of Commons.

The correspondence showed that late last year the French air ministry asked for a quotation on ten Iroquois, which they were considering as a powerplant for a new bomber, at the same time indicating that there was an eventual requirement for 300 engines. Orenda's quoted price for the initial order was \$395,000 for each engine; 300 would have been worth some \$130 million. The catch was that the French understandably sought assurance that the Canadian Government would continue its backing of the Iroquois, and it was not possible to give this assurance.

It will also be recalled that in September of 1957, a seven-year agreement was signed between Orenda Engines Ltd. and Curtiss-Wright Corp. whereby the American company acquired the rights to manufacture, sell and further develop the Iroquois in the U.S. At the time this agreement was widely hailed, and rightly so, as proof that Orenda had indeed come up with a better mousetrap. Deputy Minister of Defence Production D. A. Golden was reported as saying that if the engine was well received in the U.S., Canada could get its development money back and even make a profit on its initial investment in the project.

**Iroquois Spending:** Up till that time, expenditures on the Iroquois amounted to approximately \$35 million, of which Orenda had contributed \$8 million. It is estimated that when the Arrow program folded, spending on the Iroquois was in the neighborhood of \$50 million.

What remains to be done to develop the Iroquois into a marketable commodity? So far as we can ascertain, it lacks only having been submitted to a supersonic flight test program. The vehicle in which it was to undergo this program, the first Arrow 2, was at last report still in storage at Malton.

All the ingredients but one are on hand to produce a commercial venture that could be profitable to both Orenda and the Canadian Government (which would get royalties on a foreign sale). These ingredients include the near fully developed product, the facilities, techniques and brains to carry the development program through its full course, and the vehicle needed to complete the flight testing program.

Most important, there is irrefutable evidence of strong customer interest.

The missing ingredient: money. How much we do not know, but if \$50 million has taken the development work to the point at which it now stands, it does not seem unreasonable to suggest that it could be taken the distance for another \$10-\$15 million.

**Problem of Finance:** Where is this money to come from? Since the Canadian Government no longer has any interest in the Iroquois as a potential user, it does not stand to reason that it should be expected to expend any more funds on the project in the form of outright supporting grants. However, why couldn't the necessary funds be advanced by the Government in the form of a loan, sufficient in size to cover, say, two-thirds of the completed development costs?

Such a loan would not be entirely unprecedented, as a similar system was used to help finance the development of the Otter and is being used again in connection with the Caribou. The Government got its money back, presumably with interest, when the Otter program paid off, and it may be anticipated that it will be similarly repaid the moneys advanced for the Caribou.

Alternatively, the Government would merely guarantee any loans made to Orenda, the money actually being put up by outside financial institutions. Nor would this approach be unprecedented, the Government within recent weeks having agreed to guarantee 80% of the loans necessary to finance purchases by two U.S. cargo carriers of CL-44 transports from Canada. The value of these aircraft is over \$60 million, so the guaranteed portion of the loans would be over \$50 million.

**Something of Value:** It seems to us that there is here an opportunity to salvage something of considerable value from the ruins. Bitter words and charges have been flung by both sides and there is no doubt that the beginning of negotiations may be difficult. But both Government and industry can profit by swallowing their pride and realizing that there is nothing to be gained by further exchanges of recrimination. After all, there is considerably more at stake than the injured feelings of Cabinet ministers and top management.

For the common good there has to be, somewhere, a catalytic agent that can bring these two groups together in accord once again. Are we looking hard enough?