

# 'No Other Work For Makers of Arrow Or Engines'--Ottawa

By BRUCE MACDONALD  
Star Staff Correspondent

Ottawa, Feb. 20—The federal government has scrapped the Avro Arrow and its Iroquois engine, Prime Minister Diefenbaker announced in the House of Commons today.

At the same time the prime minister made it clear that the government has no alternative air defence system planned to take the place of the supersonic jet interceptor, raising the threat that thousands of employees of the A. V. Roe and Orenda Engine companies will be thrown out of work.

## Commons Hushed

Mr. Diefenbaker, making the announcement to a hushed House of Commons at the opening today, indicated the government's decision to abandon the Arrow was due to a rapidly diminishing need for interceptors and the estimated \$7,800,000 cost each for 100 aircraft.

With the death of the Arrow and the Iroquois engine designed to fly it at world record speeds, some \$400,000,000 in development costs will go down the drain.

But this cost is not final because the government will have to pay Avro Aircraft Limited and Orenda Engines Limited a cancellation fee for termination of the contract. Avro has estimated that this fee may be as high as \$100,000,000. About \$50,000,000 is contained in the 1959-60 defence department estimates for this purpose.

Avro will be reimbursed for the work done on the 11 planes already under construction at the Malton plant. No monies will be forthcoming for the other 26 which the government ordered. It might be months before claims are fully settled and final costs determined.

Prime Minister Diefenbaker also disclosed that the government is also negotiating with the U.S. for the right to acquire nuclear warheads with which to arm the Bomarc ground-to-air guided missiles.

## For Full Potential

"The full potential of these defensive weapons is achieved only when they are armed with nuclear warheads," the prime minister asserted.

"The government is, therefore, examining with the U.S. government questions connected with the acquisition of nuclear warheads for Bomarc and other defensive weapons used by the Canadian forces in Canada and the storage of warheads in Canada." The same question was also being taken up with regard to providing nuclear-armed weapons for Canadian forces in Europe.

At present U.S. law prohibits the U.S. government from making the warheads available to Canada. The only way they now could be supplied was if they were under the control of

U.S. military personnel stationed here and in Europe.

Mr. Diefenbaker told the Commons he was "confident" Canada could reach agreement with the U.S. "on the appropriate means to serve the common objective."

Because the government considered it important to "limit the spread of nuclear weapons at the independent disposal of a national government," Mr. Diefenbaker said the cabinet believed that the U.S. should retain "ownership and custody" of nuclear warheads required for Canadian weapons.

There was a strong belief among observers that the government adopted this "policy" because it was informed by the U.S. there was no chance of Canada getting them on any other basis.

The prime minister also said that Canada did not believe it should go in for the production of nuclear weapons itself for the same reason.

"The requirements of Canadian and U.S. legislation on atomic energy will continue to apply and there will be no change in Canada's responsibility for regulating all flights of aircraft over Canadian territory," the prime minister continued.

He recalled that Canada and the U.S. had joined forces under NORAD for the joint air defence of North America.

## Joint Responsibility

"The Canadian government exercises with the U.S. government joint responsibility for the operations of the command including the use of defensive nuclear weapons, if necessary."

"In the event that these defensive weapons are made available for use by NORAD, they could be used only in accordance with procedures governing NORAD's operations as approved in advance by the two governments."

"Such weapons, therefore, would be used from Canadian territory or in Canadian air space only under conditions previously agreed to, by the Canadian government."

He said decisions as to the procedures concerning custody and control of nuclear warheads for use by Canadian forces operating under the supreme allied commander in Europe and the supreme allied commander in the North Atlantic ocean will be subject to negotiation with appropriate NATO partners and those commanders.

"Canadian requirements for civilian aircraft are very small by comparison with this huge defence operation and frankness demands that I advise that at present there is no other work that the government can assign immediately to the companies that have been working on the Arrow and its engines, the prime minister said.

"This decision is a vivid example of the fact that a rapidly changing defence picture requires difficult decisions, and the government regrets the inevitable impact of it upon production, employment and engineering work in the aircraft and related industries," he said.

## CF-100 "Effective"

"The government has taken no decision to acquire other aircraft to replace the CF-100, which is still an effective

weapon in the defence of North America against the present bomber threat," the prime minister disclosed.

"The minister of national defence and the chiefs of staff are now engaged in further studies of the various alternatives for the improvement of our defences."

Mr. Diefenbaker did confirm in the Commons, however, that the U.S. will pay two-thirds of the cost of erecting two Bomarc ground-to-air guided missile bases in northern Ontario and Quebec and pushing the Pine-tree radar line farther to the north in these two provinces.

The U.S. will also pay one-third of the cost of installing the SAGE system, the electronic computer system designed to work in conjunction with the radar network to guide fighters and missiles on to an enemy target.

## Jobs for Canadians

All three projects will provide some work for Canadians and will help to reduce the loss of employment that might otherwise take place.

The prime minister said that the government had fully taken into the account "the present and prospective international situation, including the strategic consequences of weapon development and the effects of the decision . . . on Canada's ability to meet any emergency," in reaching its decision.

Mr. Diefenbaker told the Commons that at the time it was decided to proceed with the design of the supersonic aircraft in 1953 to replace the present CF-100 long-range, all-weather fighter, it was estimated the air force would require 500 to 600 and the cost

would come to between \$1,500,000 and \$2,000,000.

While the Arrow was an "outstanding success," it had been overtaken by events.

"In recent months it has come to be realized that the bomber threat against which the CF-105 was intended to provide defence has diminished and alternative means of meeting the threat have been developed much earlier than was expected," he declared.

He said the threat of great masses of long-range bombers invading the continent had given way to the danger of inter-continental ballistic missiles.

Mr. Diefenbaker told the House the decision was a very hard one for the government to take.

"Having regard to the information and advice we have received, however, there is no

other feasible or justifiable course open to us," he continued.

"We must not abdicate our responsibility to assure that the huge sums which it is our duty to ask Parliament to provide for defence are being expended in the most effective way to achieve that purpose."

## Canada's Personnel

The prime minister said that Canadians would carry out the work on construction of the new Bomarc and radar bases. They would also be manned by Canadian servicemen.

The one-third share of the estimated \$300,000,000 cost being borne by Canada for the Bomarc and radar bases would cover construction outlays. The two-thirds share being covered by the U.S. would be for the technical equipment installed in them.

"Such division of functions is

necessary for the reason that the U.S. is well advanced in the planning and implementation of this program and the development of technical equipment required for it.

"In so dividing the sharing of costs, uniformity of construc-

tion will be ensured and the dangers of differences in technical equipment will be avoided."

Mr. Diefenbaker also indicated that the Royal Canadian navy will receive nuclear warheads for its anti-submarine destroyers.

Mr. Diefenbaker also said the government is determined "to leave no avenue unexplored" in the search for an acceptable disarmament agree-

ment with Russia "even though we must reluctantly admit the need in present circumstances for nuclear weapons of a defensive character."

"Canadians will continue to support effective measures for

disarmament but in the meantime we cannot minimize the importance of providing the strongest deterrent to aggression and of protecting the deterrent power against surprise attacks."

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