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OTTAWA—The present plight of A. V. Roe (Canada) Limited over the Arrow situation points up once again this basic danger:

Individuals or companies who place all their eggs in one basket leave themselves open to fall at any time.

In this case, almost all of Avro's activities were tied in with the Federal Government.

More than 14,000 men and women had jobs, some of them very good, because of one major contract with Ottawa.

It called for the development and production of the CF-105 supersonic jet, the Avro Arrow. When the program was scrapped a week ago Avro and its employees had nowhere else to turn.

Outside of a few small contracts, including one with the United States for development of a flying saucer, Avro Aircraft Limited and Orenda Engines Limited received almost a death blow when Prime Minister Diefenbaker announced abandonment of the Arrow.

Avro executives claimed it came as a complete surprise, that they were "shocked" by the move.

The feeling by people in the know here is that, if they were, they have no one else but themselves to blame.

Mr. Diefenbaker made it plain last September 23 the Arrow was on its last flight. He dropped several hints after that indicating the program would end March 31. Defense Minister George Pearkes left no doubt that the CF-105 was headed for the scrap heap.

## Clear Warning

This was pointed up even more when Canada made unsuccessful bids to sell the Arrow to the United States and Britain. Mr. Pearkes, also tried to interest the North Atlantic Council in the jet, with no luck.

So the handwriting was on the wall for all to see; but apparently Avro officials refused to read the fine print.

The Prime Minister couldn't have been much clearer in his September warning. "... the number of supersonic interceptor aircraft required for the RCAF Air Defense Command will be substantially less than could have been foreseen a few years ago, if in fact such aircraft will be required at all in the 1960's in view of the rapid strides being made in missiles by both the U.S. and U.S.S.R."

It's understandable that the first reaction to Mr. Diefenbaker's announcement should be one of blunt criticism of the Government by Avro management, employees and their families. Mass layoffs, especially in winter, are bound to cause hardship and suffering.

But should not much of the blame be placed on A. V. Roe company itself for the dislocation?

Opinion held by many people on Parliament Hill is that Avro should have been hustling up business from elsewhere.

Canadair Limited, of Montreal, has to a large extent.

Why not Avro?

Instead of informing its employees that all was well, that there was nothing to fear, it should have cautioned them about what could happen.

And what about the suddenness of Avro's announcement that all employees would be laid off immediately? Could not this have been done gradually, say 500 this week, another 500 next?

After all, there is still much clean-up work that has to be done. It goes with the cancellation of any large contract. The Government said it would pay for the work stoppage.

And about \$50,000,000 was set aside in the 1959-60 estimates for just this purpose.

But Avro, which over the years had become used to large and continuing government orders, apparently became perturbed because Ottawa "dared" to withdraw its support from the Arrow.

It decided apparently to embarrass the Government by laying off about 14,000 of its employees. In this way, Avro apparently believed, it would draw the sympathy of the country, or so it seems to many political observers.

## Reaction Changes

For the first few days, this was the reaction of Canadians. But viewed in a different light, many Canadians are now convinced the move by the Government was the right one.

After all, one doesn't have to be an expert in aviation to realize that the CF-105 was just too costly. Then there were questions about performance. Its operational range, for instance, was less than some experts thought it should be. It was feared the plane would become obsolete even before enough of them were produced for the RCAF.

Too, the bomber threat against which the Arrow was intended to provide defense has diminished. So that is why the Government decided to switch to Bomarc guided missiles.

Avro, after its hasty dismissal of its employees, has now started to rehire some of

them. And this is taken as evidence that it shouldn't have laid all of them off in the first place.

Avro has also appealed to the Prime Minister to turn other contracts its way. Something along these lines is likely to be done.

## On New Terms

But any new contracts, development or other, will be on Ottawa's terms. Avro has grown fat too long on its own terms, and at the taxpayers' expense, is the belief here.

The Government has poured close to \$1,500,000,000 into Avro for development and research, and for aircraft for the RCAF. The plant was sold to Avro's parent company, Hawker-Siddeley Aircraft Limited, of Britain, in the first place for about \$2,000,000.

Ottawa paid for the machinery and equipment. The Federal purse was opened at Avro's need. Cost-plus basis contracts were commonplace between Avro and Ottawa.

It cost Canadian taxpayers \$122,000,000 before Avro produced its first plane for the RCAF—the CF-100.

The Government has received numerous letters from Canadians commenting on the Arrow decision. The early ones were very critical. Now the tone is that the Diefenbaker administration acted wisely.

Even MP's who have Avro families living in their ridings are now getting letters praising the Government for its courage and foresight.

The \$400,000,000 CF-105 jet program is going into discard.

But perhaps out of the situation new contracts may come on a more practical and realistic basis.

Moves this week lend hope to this.

Avro recalled 2,000 non-technical workers.

Finance Minister Fleming announced that the Government will share payroll costs for six months for a "nucleus of technical staff." This will mean return to work for 1,000 engineers and scientists in addition to the 2,000.

And, by helping Avro keep key personnel, the Government expressed the hope that by the end of the six-month breathing space the company would have found new contracts.



When you've successfully developed the anti-missile missile, you're to get cracking on an anti-anti-missile."

(Al Beaton in the Vancouver Province)