

10 years later, former Arrow decision was

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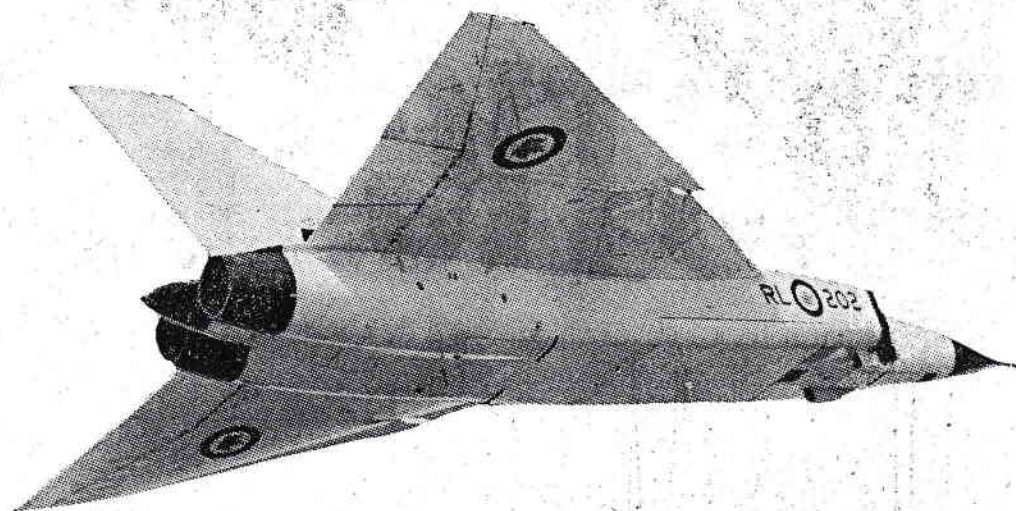
— It was all very legal.

"Take notice," the telegram said, "that your contracts bearing the reference numbers set out below including all amendments thereto are hereby terminated as regards all supplies and services which have not been completed and shipped or performed thereunder prior to the receipt by you of this notice . . ."

The telegram, from the defence production department to A. V. Roe Canada Ltd., 10 years ago today, was the death notice for the CF-105 Arrow jet interceptor.

"An example of shining courage," declared supporters of then prime minister John Diefenbaker for his cancellation of the project which cost \$450,000,000 and did not produce a plane which could fly with its designed engine.

"Economic treason," proclaimed the unions which represented about 13,800 workers immediately laid off by Avro.



The Avro Arrow during a 1959 test flight.

Some 3,000 were later rehired.

MR. DIEFENBAKER maintains to this day that his government's Feb. 20, 1959, decision was the right one. Few disagree with him on military grounds at least.

"The day of the bomber was over," he said yesterday in an interview.

He said it would have cost \$780,000,000 for 100 Arrows — on top of the \$450,000,000 development expenditures.

He said the record shows that the Liberal St. Laurent government had decided to

cancel the project but to postpone the announcement until after the June, 1957, election.

TO THE SURPRISE of the Liberals and nearly everybody else, Mr. Diefenbaker and the Conservatives won that election.

"We carried on the program while we re-assessed it," he said.

"We then decided — unanimously — that pouring hundreds of millions of dollars into a plane which would contribute little or nothing to Canada's defence could not be justified."

Mr. Diefenbaker said the range of the Arrow was only 250 miles.

He said Avro thought it could "milk the Canadian taxpayer like a cow forever."

"THE COMPANY made no attempt to control costs. It thought it could get away with anything. It just piled on the cost. The sky was the limit if it could get away with it."

"The company tried to sell that plane all over the world. It couldn't because the cost was too high . . ."

"When a government

PM's views are unchanged right one: Diefenbaker

makes decisions on the basis of politics, there is no leadership in that government. The only question was: Was the project right? It was wrong and that was the end of it.

"The company, however, thought that its field day with expenditures would continue for years to come. It didn't."

MOST MILITARY MEN now concede that, strategically, Mr. Diefenbaker's decision was correct. Even today, Russia has only about 150 long-range bombers.

But in federal financing of research, Canada still has not recovered from the Arrow's demise.

Politically, the decision was disastrous for Mr. Diefenbaker.

In early 1959, the public opinion polls showed a phenomenal 62 per cent of the voting public behind him.

From Feb. 20 that year, his popularity started its steep slide to the minority government of 1962, the defeat of 1963 and his ousting as Conservative leader in 1967.

TECHNOLOGICALLY, the decision was almost as disastrous because Canada today does not have what many could consider an adequate scientific community.

A wistful question is often asked here: What if all those Avro scientists and engineers had been put onto problems like urbanization, transportation, housing, pollution?

But the trained team broke up and dispersed. Many drifted to the U.S. and Britain. Some are working on the U.S. Apollo moon project.

One insider said yesterday:

"The decision was right but the result was tragic."

Avro was established in 1945 when the Hawker Siddeley Group of Britain took over the \$7,000,000 wartime government aircraft plant at Malton, Ont., for an investment of \$2,000,000.

AVRO SOLD the government some \$1,000,000,000 worth of subsonic CF-100 interceptors and in 1953 launched the supersonic CF-105, also on the financial basis of the government paying all costs plus at least five per cent of these costs for profit.

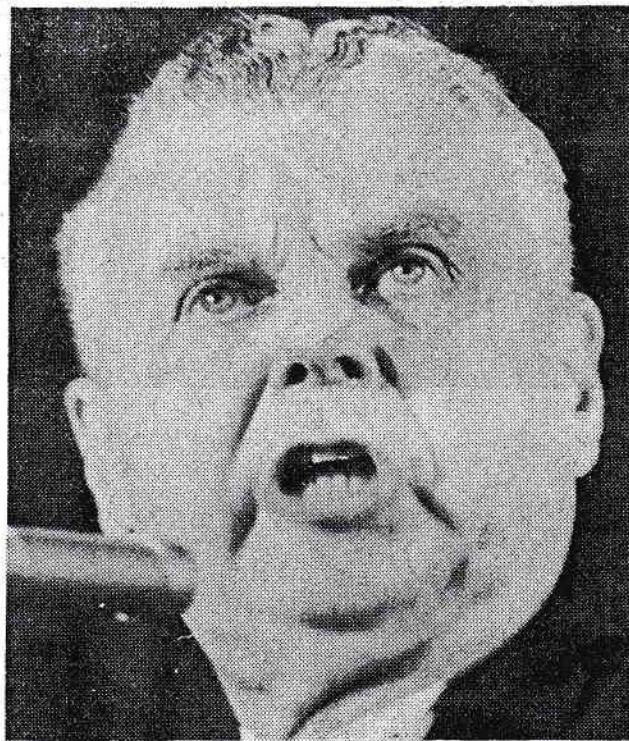
It was originally calculated that the Arrow's development would cost about \$200,000,000. But by 1957 the costs had reached that amount and there was still four years of work ahead.

On Sept. 23, 1958, Mr. Diefenbaker announced that Canada would acquire the Bomarc anti-bomber missile and that a final decision on the Arrow would be made by March, 1959.

The pressure put on Mr. Diefenbaker by the military and business to continue the project was prodigious.

THERE WERE dire warnings that cancellation would mean a return to the depression of the 1930s, Canada's economic submergence in the U.S. and the posting of American squadrons to Canada.

There were even veiled threats conveyed to Mr. Diefenbaker by self-appointed intermediaries that Leslie Frost, then Conservative premier of Ontario, would pull the political rug from under the prime minister.



JOHN DIEFENBAKER

'The day of the bomber was over'

Word got around that Avro was supplying free to all television stations for showing Sunday, Feb. 22, 1959, a film illustrating the glories of the Arrow.

The film, as Conservative Senator David Walker said at the time, became obsolete as its subject when Mr. Diefenbaker scrapped the plane two days earlier.

The plane's obsolescence

could not have been more dramatically illustrated than it was on Oct. 4, 1957.

Avro had chosen that day for its formal roll-out of the Arrow before thousands of guests who had been handsomely wined and dined.

Unfortunately for the company, Russia had chosen that same day to launch the world's first earth satellite.