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# The Guardian

Clear, becoming overcast this evening; west winds 25 to southwesterly 15. Low-high 5B, 13. Sunday: Sunny, very cold.

"Covers Prince Edward Island Like The Dew"

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## 18 More Loggers Arrested

ST. JOHN'S, Nfld. (CP) — RCMP said late Friday that charges have been laid against 18 striking loggers following dawn raids on western Newfoundland camps of Bowater's Newfoundland Pulp and Paper Mills. Superintendent A. W. Parsons of the Newfoundland detachment said "more arrests will follow." There was no indication of how many.

## U.S., Mexican Presidents Conclude Talks

ACAPULCO, Mexico (AP) — President Eisenhower and Mexico's President Adolfo Lopez Mateos ended their two-day "good neighbor" meeting Friday night by agreeing to build a joint \$100,000,000 dam on the Rio Grande River. They also agreed that their governments should co-operate to help Mexico sell more minerals, coffee and cotton.

## HISTORY IS MADE

British Prime Minister Harold Macmillan, Turkish Foreign Minister Fatin Zorlu and Greek Premier Constantine Karanalis (left to right) join in three-way handshake after signing historic document on Cyprus in London, England. Accord establishes the Mediter-

## Resolution Will Request Benefits For Farm Help

Unemployment Insurance for Canadian farmers is recommended in a resolution to be debated before the present session of the Provincial Assembly winds up. Placed on the order paper by Harvey Douglas (L-2nd Kings) with Harold P. Smith (L-4th Queens) as seconder, the resolution notes that unemployment insurance has been of great benefit to this Province where employment is necessarily seasonal, but deplures the fact that these regulations do not apply

## Subsidized Rental Plans Frowned On By Mr. Green

OTTAWA (CP) — Some serious doubts about subsidized rental housing schemes were voiced in the Commons Friday by Works Minister Green. In some cases, subsidized low-rental projects are necessary, said Mr. Green, responsible for federal housing policy. But they should be the exception rather than the rule "because when you get into the field of widespread subsidization, it seems to me there is a very thin line between the family that gets the accommodation and the benefit of the subsidy, and the family that has to pay for it."

## Smog Clears From Britain

LONDON (Reuters) — Britons breathed easier Friday as smog which harrassed the country for most of this week cleared except in spots in western England and along the south coast. The 83,000-ton liner Queen Elizabeth, anchored off Southampton since Monday, still was prevented by fog from getting into her dock.

## Nfld. Pulp And Paper Mills Threaten To Cease Operation

ST. JOHN'S, Nfld. (CP) — Newfoundland's two big pulp and paper companies said Friday they will close down rather than submit to the International Woodworkers of America (IWA). A joint statement was issued over the signatures of T. R. Moore, president of the struck Anglo-Newfoundland Development Company, and Albert Martin, vice-president of Bowater's Newfoundland Pulp and Paper Company. The statement said the companies will never sign working agreements with the IWA. "The paper

# Scrapping Of Arrow Jet Leads 14,500 Jobless

## Give Cake & Eat It, Dewar Tells Legislature

"A prescription" for stopping inflation was offered to the members of the Prince Edward Island legislature yesterday but the "prescribing physician", Dr. L. G. Dewar (PC 2nd. Prince) warned them in advance they "wouldn't like the medicine."



DR. DEWAR

In a number of remedies under the heading of "how to stop inflation," he listed: increase taxes; reduce public works; decrease demands for consumer goods; lower grants to the provinces; cut social security benefits; lower wages; cut commodity price, lower the birth rate or restrict contraction of credit.

"I wonder how many of the members of the House would agree with any one of these measures, to say nothing of dealing with them all at one time," he added.

F.D.R.'S PLAN Dr. Dewar recalled that in 1933 President Roosevelt, against the advice of his most trusted economist made the decision to go off the gold standard, "and we have had inflation ever since," said Dr. Dewar.

The O'Leary doctor felt that in the case of United States, at a period of world wide depression, inflation was the measure which brought them out of it. "In this case, it seems to have been a good thing, but where should it stop?" he asked.

He stated that when a farmer contracted to deliver 60,000 bushels of potatoes; this was the amount he was expected to come up with but when a bank contracted to pay \$50,000 there was no guarantee that the dollars paid out would be worth 100 cents.

QUOTES CLAXTON Quoting from a speech delivered by Mr. Brooke Claxton, the O'Leary member noted the former Minister of National Defence stated:

"The recession through which we have been passing proved to be of shorter duration and more selective than many had anticipated. "Now there has been a marked change in the economic weather. Inflation is the biggest danger we can see ahead although we have in many lines surplus goods and surplus labour. "Several factors contribute to the threat of inflation but among them, the fear of inflation is perhaps the most im-

it went to 88 cents in 1951-56 cents in 1952; -86 cents in 1954; -85 cents in 1956-82 cents in 1957 and 79 cents in 1958.

## BRIGHTER PICTURE

Referring to local press reports at the beginning of the present year, Dr. Dewar noted that prosperity was described as being at a new peak in P.E.I. and the reasons given were \$3 1/2 million in building projects; bank clearance up \$16; tourist business up 16 per cent; net farm income up 21 per cent; volume of trade the greatest in years; 87 miles of road paved compared to 31 miles the previous year.

He stated that Canadians during 1958 earned more, saved more and spent more than in any similar period in the nation's history. "The money did not stay in the banks and the insurance companies, it went into the people's pockets and into circulation," he added.

At the same time Dr. Dewar noted the stock market never slipped all year. When asked by the Premier, "What about the bond market?" he replied, "this is one of the laws of economics, when the stock market is up the bond market is down."

Unemployment at the present time was nothing to be alarmed about, Dr. Dewar declared. "We all regret unemployment and I would like to see every man and woman employed the full year (Continued on Page 13, Col. 2.)

## Ferry Sails Today From Nfld. Port

The ferry Prince Edward Island is scheduled to sail at day-break today from Port aux Basques, Nfld., for her home port at Borden, P.E.I., it was learned from Canadian National Railway authorities in Moncton. The ferry will be accompanied by the icebreaker Labrador. The Prince Edward Island has been tied up at the Newfoundland port awaiting an escort through heavy Gulf ice. The ferry carries bunker fuel for only some 50 hours heavy steaming and the amount is insufficient to batter a passage through ice said to be heaviest for years.

## Canada's Export Of Commodities Shows Decline

OTTAWA (CP) — Canada's exports of commodities in January slipped more than 10 per cent to \$350,200,000 for all countries compared with the figure for January a year ago.

The decline of \$39,400,000 on January, 1958, the bureau of statistics reported Friday was due chiefly to a drop in the value of exports to the United States.

Exports to the U.S. totalled \$200,000,000 and to the United Kingdom \$55,400,000, a drop of \$6,200,000. The only increase was in commodity exports to other Commonwealth countries valued at \$25,000,000 against a \$22,700,000 a year earlier. Exports to all other countries dipped to \$69,800,000 from \$75,000,000.

## Montreal Tender Reported Lowest For S' Side Hangar

OTTAWA. — (Special) — Construction of a large cantilever hangar at Summerside RCAF Station at a cost of more than \$3,000,000 will be carried out by the Federal Government, Dr. O. H. Phillips (PC, Prince) announced Friday.

Lowest tender received for the project was from Louis Donolo, of Montreal. It was for \$3,107,778. The contract will be awarded as soon as engineers of Defense Construction Ltd., check the details. No island firm tendered for the hangar.

Dr. Phillips said tenders for the "readiness" and anti-corrosion hangar will be opened in about two weeks' time. The new hangar will be used to accommodate Argus aircraft. Construction of the hangar is part of the development program planned for the Summerside station. Millions will be spent before it is completed.

## Open Rocky Point Tenders

Lowest tender for building 15 miles of paved road from Rocky Point to Afton Hall and from Afton Hall to Caroe Cove was submitted by Curran and Briggs Ltd. The amount was \$475,650.

Tenders were opened yesterday noon by Premier A.W. Matheson in the presence of the Hon. Eugene Cullen, R. Gordon White, Deputy Minister of Highways, and ten other officials and representatives of paving companies.

Other tenders were Warrens Maritimes Ltd. \$483,550 and Hayes Paving Co. \$603,200.

## Butter, Milk Stocks Held

OTTAWA (CP) — The federal government held nearly 70,000,000 pounds of butter and more than 65,000,000 pounds of dry skimmed milk at Jan. 31 under its price support program. Agriculture Minister Harkness reported in the Commons Friday.



DESTROYER ESCORT GATINEAU IS COMMISSIONED

Ratings board the Canadian Halifax dockyard. Built at Lauzon, Que., Gatineau is the third of the new Hestigouche class destroyers to enter service. This

summer she will head a naval escort for Queen Elizabeth down the St. Lawrence Seaway. Her commander is Capt. Howard L.

Quinn, 50, (inset) of Vancouver. Since March 5, 1958 he has commanded HMCS St. Laurent and has held the additional appoint-

ment of Commander, Third Canadian Escort Squadron. He will retain the latter appointment. (National Defence Photo)

## PM Explains Gov't Decision

By DAVE MCINTOSH Canadian Press-Staff Writer OTTAWA (CP) — The government Friday junked the Arrow. Prime Minister Diefenbaker announced in the Commons that the six-year program to develop the supersonic interceptor and its power plant, the Iroquois engine, is being terminated immediately. By the time the cancellation fee is paid, the program will have cost the public treasury about \$500,000,000.

A.V. Roe (Canada) Limited announced dismissal Friday night of 9,100 employees of Avro Aircraft Limited, builder of the Arrow, and almost 5,500 workers at Orenda Engines Limited, builder of the Iroquois, pending full assessment of the government move. Both are A.V. Roe subsidiaries. Bound to be affected too in varying degree were more than 600 suppliers and sub-contractors throughout Canada employing some 15,000 workers.

Neither Opposition Leader Pearson nor OCF House Leader Hazen Ague criticized the government's decision on the Arrow. Both emphasized the need for co-operation with the U.S. in the field of defence production and Mr. Ague said Canada should play a part in research of outer space.

## MORE U.S. JET BASES?

Burial of the Arrow—its death was forecast Sept. 25 by the prime minister raised the possibility that more American jet interceptor squadrons will be based in Canada. One now is based at Stephenville, Nfld., and another at Goose Bay, Labrador. The prime minister said Defense Minister Peckares and the chiefs of staff now are "engaged in further studies of the various alternatives for the improvement of our defences."

However, he added that the CF-100 jet "is still an effective weapon" against the present bomber threat. There are nine CF-100 squadrons in Canada. Production of this plane ceased a few months ago.

An industry source in close touch with the situation said the government's announcement will mean the end of Orenda Engines Limited, the company which produced the power plant for the CF-100 and the Sabre jet fighter. Avro Aircraft is working on development of a "flying saucer" for the U.S. Army and may be able to continue in operation.

Mr. Diefenbaker didn't provide any hope that Avro or Orenda will get orders to replace the cancelled aircraft and engine. NO OTHER WORK "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 engine," he said.

The industry source said Avro's technicians will be able to find work easily—in the U.S. But the outlook looked gloomy for the other company workers. Thirty-seven Arrow prototypes were on order and five have flown with an American engine as the power plant. The first Iroquois engine had been scheduled to be installed in the Arrow in April. Up to now, the Arrow program

has cost about \$400,000,000—the most expensive single weapons project in Canadian history. An Avro official estimated the cancellation fee will be as high as \$100,000,000.

Mr. Diefenbaker said 100 Arrows would have cost about \$700,000,000 on top of the \$33,000,000 expended up to last September.

The RCAF drew up its Arrow plans in 1952 and the first contract was let to Avro the following year. The plane was unveiled Oct. 4, 1957—the same day that the Russians put the first man-made earth satellite in orbit—and first flew in March, 1958.

## ALWAYS DOUBTS

But its future was always in doubt after it became evident that the original cost estimate of more than \$200,000,000 for development was going to double and that the per unit cost for production would more than triple.

The government's decision flies in the face of some expert opinion. RCAF Air Marshal Roy Slemmon, deputy commander of North American Air Defence Command, nearly lost his job last November when he said publicly an interceptor was needed for as far into the future as could be seen and that the Arrow would be the best available plane until the American F-106 was ready in five or six years.

Mr. Diefenbaker said development of the Arrow was a success although, for various reasons, it was "much behind the original schedule."

"Unfortunately," he said, "these outstanding achievements have been overtaken by events." "In recent months it has come to be realized that the bomber threat against which the CF-105 (Arrow) was intended to provide defence has diminished and alternative means of meeting the threat have been developed much earlier than was expected."

## BOMARC MISSILE

The "alternative means" apparently referred to the Bomarc ground-to-air missile. Two Bomarc bases are scheduled to come into operation in Canada in late 1961 but the Bomarc, with a planned range of some 400 miles, has not yet been fully developed.

The prime minister said the numbers of Soviet long-range bombers produced "now appear to be much lower than was previously forecast."

"Thus the threat against which the CF-105 could be effective has not proved to be as serious as was forecast," he added.

"Potential aggressors now seem more likely to put their effort into missile development than into increasing their bomber force."

"By the middle of '62 the threat from the intercontinental ballistic missile will undoubtedly be greatly enhanced, in numbers, size and accuracy, and the ICBM threat may be supplemented by submarine-launched missiles."

By the middle 1960s the missile seems likely to be the major threat and the long-range bomber relegated to supplementing the major attack by these missiles. It would be only in this period, namely after mid-1962, that the CF-105 could be fully operational in the RCAF."

## Arrow Jet Seen Wonderful Plane

TORONTO (CP) — Jan Zurakowski, first man to fly the CF-105 Arrow jet interceptor, says it is a "wonderful aircraft and Canada needs it."

Mr. Zurakowski, until recently chief test pilot for Avro Aircraft Ltd. and now a technical advisor, was commenting Friday on the federal government's decision to drop the controversial aircraft. He said missiles alone cannot defend Canada. They could be jammed and only a manned aircraft such as the Arrow could find out how the jamming was done and break it down.

"Missiles can't come back and tell you what's happening." He said the Arrow met and in some ways exceeded RCAF specifications and that criticisms that it does not have enough range are not valid.

If a longer range was desired, it was possible to add more fuel tanks.

## EXCELS U.S. PLANES

The RCAF had asked for a twin-engine aircraft which would carry a pilot and radar operator and Avro had produced a plane superior to any United States interceptor that Canada could buy.

Mr. Zurakowski, a Polish Battle of Britain hero, said he is "very much upset" by the government's decision. "Russia is developing interceptors and bombers as well as missiles. In the face of that, it would be ridiculous for Canada to scrap manned aircraft. "They will be required for several years at least."