

Title: Canadian Car and Foundry Company Limited (Avro Plant) - Move from the Lakehead

Meeting Date: 1959-01-10

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Canadian Car and Foundry Company Limited (Avro plant);
move from the Lakehead
(Previous reference Jan. 7)

27. The Minister of Public Works reported on the meeting of a group of ministers, with a widely representative delegation from the Lakehead, to discuss the proposed move of the Canadian Car and Foundry operations from their Fort William plant to Montreal. The main question at issue was the government defence contract for the development of the Bobcat carrier. If the carrier proved acceptable, a contract for its production would be quite substantial. The company intended completing the development stage and the production, if any, in Montreal. This, of course, brought up squarely the question of spreading industry across the country. This move was an example of concentration. Under the Defence Production Act, the government could force the company to remain in Fort William. The proposed move would be a serious blow for the Lakehead area.

28. The Minister of Defence Production said he had spoken to the President of the company who had told him that, if the company had a contract for \$8 million or more a year, the work might be kept in Fort William. The President was somewhat uneasy about the statements attributed in the press to Mr. Green that the government would put pressure on the company to remain at the Lakehead. In the development stage so far, three Bobcat carriers had been built with mild steel. Six more were to be built with armour plate to be imported from Germany. His department did not have the intention at the moment of giving the production contract to Canadian Car and Foundry, but to ask for tenders. If National Defence ordered this type of carrier into production the total cost would be perhaps \$27 million.

29. During the discussion the following points were raised:

(a) It was suggested that, if National Defence decided to go ahead with the development of the Bobcat in 1959, Canadian Car and Foundry might be approached and told that some consideration might be given to plading the production contract with them on the condition that the work be done at Fort William. It was pointed out that this action might be done under the Defence Production Act but the suggestion did not meet with general approval.

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(b) It appeared that the company had made a serious mistake in constructing an expensive plant in Montreal for the construction of Budd cars, for which it was found that there would not be enough demand in Canada. They had recently decided to discontinue manufacture of these cars and import them. This would seem to explain their reason for moving the operations from the Lakehead plant to Montreal.

(c) National Defence could not commit itself on the Bobcat carrier until it had been fully tested, and this would take another year. It would be difficult to reduce the trial period. It was thought that the total cost would increase by a few million dollars if the carrier were made in Fort William, - one reason being that costs of shipment would be much higher; the steel came from Germany, the engines from the United States.

(d) A suggestion had been made that the plant to be vacated by Canadian Car and Foundry at the Lakehead be used to manufacture farm machinery to be exported under the Colombo Plan. Little value was attached to this suggestion, however, since this type of farm machinery would not be suitable for the primitive conditions of agriculture in most Colombo Plan countries.

(e) Canadian trade commissioners overseas would be advised of the availability of the plant in Fort William should there be any foreign buyer interested in purchasing the plant.

30. The Cabinet agreed that the Minister of Public Works and the Minister of Defence Production give further consideration to a solution to the problem raised by the Canadian Car and Foundry's decision to move its Fort William operations to Montreal.

Board of Transport Commissioners; appointment

31. The Cabinet approved the recommendation of the Minister of Transport that Mr. Herbert Henry Griffin of the City of Victoria, B.C., be appointed a member of the Board of Transport Commissioners for Canada and Assistant Chief Commissioner of the board, effective January 19th, 1959.

(An order in council was passed accordingly; P.C. 1959-37, Jan. 12.)

R.B. Bryce,
Secretary to the Cabinet.