

Item: 17948

Title:	Closing down of Canadian Car plant at Fort William - Development of Bobcat vehicle
Meeting Date:	1959-01-28
Reference:	RG2, Privy Council Office, Series A-5-a, Volume 2744 Access Code: 90
Item Number:	17948

<http://www.bac-lac.gc.ca/eng/discover/politics-government/cabinet-conclusions/Pages/item.aspx?IdNumber=17948>

Item: 17949

Title:	Arrow aircraft - Alternative aircraft programme
Meeting Date:	1959-01-28
Reference:	RG2, Privy Council Office, Series A-5-a, Volume 2744 Access Code: 90
Item Number:	17949

<http://www.bac-lac.gc.ca/eng/discover/politics-government/cabinet-conclusions/Pages/item.aspx?IdNumber=17949>[12/21/2019 11:06:32 AM]

British Columbia coastal steamships; labour dispute
(Previous reference Dec. 20th, 1958)

8. The Minister of Labour reported that the Canadian Pacific Railway and Banks of the Seamen's International Union had resolved nearly all their differences in the dispute and an agreement could be expected soon. Banks had been much more flexible. From the standpoint of the C.P.R., it appeared that the contract which might emerge would be much more satisfactory than the previous one. The legislation providing for the resumption of operations and compulsory arbitration expired on February 25th, so the recent developments were most welcome.

9. The Cabinet noted the report of the Minister of Labour on developments in the British Columbia coastal steamships labour dispute.

Canadian Broadcasting Corporation producers; strike
in Montreal
(Previous reference Jan. 27)

10. The Minister of National Revenue reported briefly on developments in the C.B.C. producers' strike. He had met with the head of the producers' group and the president of the Artists Union late the previous night. Meetings were to continue quietly again today. The producers seemed anxious to settle.

11. The Cabinet noted the Minister's report.

Closing down of Canadian Car plant at Fort William;
development of Bobcat vehicle
(Previous reference Jan. 21)

12. The Minister of Finance submitted a report from the Treasury Board on the proposal that the second stage in the development of the Bobcat should be undertaken, with a view to awarding the production contract to the Fort William Canadian Car plant in due course. The board reviewed at length the implications of the proposal and strongly recommended that there be no departure from the present concept of the orderly development of the Bobcat, including procurement of further pilot models at the appropriate time, and that a production order should not be placed until the Cabinet decided on military grounds that the Army should be so equipped, and until development had been carried to the point where production could be initiated on a fair price basis, if possible, with the assurance that few if any changes would be required during production. The board felt that development

SECRET

- 5

should continue without further interruption, and had approved an amendment to the Army Development Programme involving expenditures of \$100,000 in the current fiscal year and of \$400,000 for 1959-60 to cover completion of engineering trials and testing and pre-production engineering and drawings.

An explanatory memorandum had been circulated, (Minister's memorandum, Jan. 27 - Cab. Doc. 35-59).

13. The Minister of Public Works said the report of the Treasury Board was a pessimistic one from the standpoint of the immediate employment problem at Fort William.

14. The Minister of National Defence said he had no alternative but to agree with the arrangements suggested by the board. Too much money was involved to make a quick decision to go into production, unless the Cabinet felt the employment situation at Fort William was so serious that it had to override all other considerations. His advisers said they would not be in a position to make a recommendation to start production until about 10 months had elapsed. This would not be of immediate help. Whether or not the company would agree to keep the Fort William plant open in these circumstances had yet to be seen.

15. During the discussion it was pointed out that discussions should now be held with the company officers to see what commitment they might be prepared to make to keep the plant open.

16. The Cabinet,-

(a) concurred in the recommendation of the Treasury Board that the development of the Bobcat vehicle should continue, and that \$100,000 for the fiscal year 1958-59 and \$400,000 for the fiscal year 1959-60 be allocated in the Army Development Programme to cover completion of engineering trials, testing and correction of design faults of the three prototypes fabricated in the first phase of development, and to cover pre-production engineering and drawings as necessary; and,

(b) agreed that ministers meet again with Canadian Car officers to see if termination notices to employees of the Fort William plant could be withheld pending a decision on production of the Bobcat, about ten months hence.

Arrow aircraft; alternative aircraft programme

17. The Minister of Finance said that almost as soon as he tabled the main estimates for 1959-60 it would become known that there was no provision for expenditures on the Arrow beyond April 1st, except cancellation costs.

18. The Prime Minister said he had received suggestions that Avro might be given a contract to produce, under licence, a Blackburn aircraft of United Kingdom design. It was his understanding that this aircraft might be suitable both as an interceptor and for ground attack purposes. Such a development would be helpful in furthering the government's Commonwealth policy.

19. The Minister of National Defence said the Blackburn aircraft was not in existence yet and could not be available for three years. It had been studied as a possible replacement for the F-86 in the R.C.A.F. Air Division in Europe. The N.A.T.O. military authorities had in mind two roles for the Air Division, - all weather reconnaissance and strike. These could be carried out as long as the CF-100 remained in operation. They had suggested, however, that the F 86, with which the Air Division was also equipped, be replaced by an aircraft with a strike capability. The most promising was a Grumman machine. This would have a large measure of Canadian content in it perhaps 70 per cent, and much of the work might be done at the Avro plant at Malton. It would be manufactured under licence from the U.S. company. It was just barely supersonic. At the moment he was inclined towards replacing the F-86's in the Air Division and doing nothing about the CF-100's.

20. The Cabinet noted the brief reports on the Arrow and possible future aircraft programmes and agreed that these matters be discussed again in the near future.

St. Lawrence Seaway tolls; Memorandum of Agreement with the United States

(Previous reference Jan. 14)

21. The Minister of Trade and Commerce said he had no objections of detail to the recommendations contained in the Tariff of Tolls on the St. Lawrence Seaway. He would naturally prefer no tolls on the Welland Canal at all, but he had no specific proposals to make at this time.

22. During the discussion the question of charging tolls on the Welland Canal was reviewed again at length. If it was decided not to levy tolls now it would be impossible to impose them when "twinning" of the locks was undertaken to increase capacity. This