

Item: 18040

Title: Statement on the Arrow

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Statement on the Arrow
(Previous reference Feb. 17)

1. The Prime Minister said that he would make a statement announcing the termination of the Arrow contracts in the house the following day. The C.B.C. Television Service would present a programme on the following Sunday or Monday on the development of the Arrow. It would be well to make the statement before the broadcast.

He had gone over the draft statement several times but thought that it should be redrafted by a committee of ministers. The redraft could be considered by Cabinet before the statement was made in the house.

2. The Cabinet approved the suggestion of the Prime Minister that Messrs. Fleming, Pearkes, Fulton, Smith, and O'Hurley meet that afternoon to revise the draft statement on the Arrow aircraft and related matters.

Bond issue result; report
(Previous reference Feb. 12)

3. The Minister of Finance reported that the bond issue authorized the week before, made up of two maturities in the aggregate principal amount of \$200 million, had been over-subscribed by approximately \$142 million.

Response to the \$200 million issue had been as follows:

(a) On the 13 month, 2-3/4 per cent bond, \$189 million had been subscribed.

(b) On the 21½ month, 3 per cent bond, \$153 million had been subscribed.

It was somewhat mystifying that some investment dealers had apparently stuck to their orders while others had subscribed much more than the orders on their books. This apparently meant that some firms had over-subscribed expecting that they would get only a fraction of the allotment.

The allocations would be \$85 million on the short-term payments and \$115 million on the longer-term bonds. In making allocations he had set a ceiling of \$10 million on each subscription.

There was reason to consider the issue a