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Title: Policy concerning re-equipment of the Air Division

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9. The Cabinet noted the discussion on the Parliamentary programme and decided, for the meantime, that the estimates of the Department of Finance would not be called until after the forthcoming Federal-Provincial Conference.

Legislation; Newfoundland Additional
Grants Act
(Previous reference June 16)

10. The Prime Minister said that the latest draft of the bill appeared to be a complete victory for the Province. While he regretted what he had said, and would not repeat it, he could not now back out of it.

11. The Cabinet reviewed the terms of the bill but decided to postpone further discussion until Mr. Browne was present.

Judicial appointment

12. The Cabinet approved the recommendation of the Minister of Justice that Arthur R. Willmott, Esq., Q.C., of Cobourg, be appointed Judge of the County and District Courts of Ontario and a local judge of the High Court of Justice for Ontario.

(An order in council was passed accordingly;
P.C. 1959-785, June 22.)

Policy concerning re-equipment of the Air Division

13. The Minister of National Defence said that the F-86 aircraft, with which 8 of the 12 squadrons in the Air Division in Europe were equipped, was obsolescent and should be replaced with the least possible delay. When the Supreme Allied Commander Europe had been in Ottawa last month he had recommended that the Air Division should have a strike/reconnaissance role and had indicated that he would be prepared to accept the re-arming of the F-86 squadrons on the basis of 18 aircraft each instead of the present 25 per squadron now. In addition to being obsolete as an interceptor, the F-86 was not capable of performing the strike/reconnaissance role.

The R.C.A.F. had reviewed the merits of a large number of aircraft of United Kingdom, European, United States and Canadian design with a view to selecting a suitable replacement and had narrowed its choice down to two. The first was the United States Grumman F11F-1F and the second was the U.S. Lockheed F104G. No difficulty was envisaged in the ability of Canadian manufacturers to

produce either under licence, although some items might have to be made in the U.S. It would be about 24 months from the date of the decision to "go ahead" until the first aircraft started to reach operational squadrons. A five-year programme of 214 aircraft, which would provide for squadron establishment, training, overhaul and wastage, would cost from \$400 million to \$500 million for either the F11F-1F or the F104G. To keep annual expenditures within reach of the present budget, production schedules had to be spread over five years.

The Chiefs of Staff felt that, from the military point of view, the most attractive replacement aircraft would be the MacDonnell F4H but they had ruled it out because of the high cost. No decision as to re-equipping the four CF-100 squadrons in the division was required at this time.

The Minister recommended, on the advice of the Chiefs of Staff, that the re-equipment of the F-86 squadrons in the Air Division with a new aircraft for employment in the strike/reconnaissance role be approved on the basis of 18 aircraft per squadron and that a programme involving 214 aircraft, of either the Grumman F11F-1F or the Lockheed F104G type, at an estimated total cost not exceeding \$500 million, be started this year.

An explanatory memorandum was circulated,
(Minister's memorandum, June 5 - Cab. Doc. 174-59)

14. Mr. Pearkes added that, if the Division were to remain as an active component of SACEUR's force, it simply had to be re-equipped. If the division were withdrawn, there was a real danger that the N.A.T.O. alliance would start to disintegrate. Therefore, it first had to be decided whether to keep the Division in Europe and then, if in the affirmative, to agree on the aircraft. He was prepared to leave a decision as to which of the two aircraft would be selected to the Department of Defence Production, depending on the best production arrangements that could be made.

15. During the discussion the following points emerged:

(a) From the alliance's standpoint as a whole, it was of vital importance that the Air Division remain in Europe. If Canada withdrew, others would withdraw too and the alliance would fade into nothing.

(b) On the other hand, it was argued that Canada spent more proportionately on defence than most other N.A.T.O. countries and that our European allies should be induced to spend more themselves, failing that, Canada should reduce the size of its commitment.

- 6 -

(c) The annual operating costs for the division equipped with F-86s and CF-100s were approximately \$82 million. Since the strength of 8 of the 12 squadrons with new aircraft would number 18 compared with 25, it could be expected that operating costs would be smaller in the future. The cost of maintaining the Army brigade in Europe was \$30 or \$40 million annually.

(d) The Air Division should be re-equipped in such a way that it would be adaptable to the defence needs of Canada in the event that N.A.T.O. disintegrated a few years hence.

(e) The morale of the R.C.A.F. was declining, but it could be expected to improve quickly as soon as a decision to re-equip the Air Division was announced.

(f) The R.C.A.F.'s role in Europe had been essentially defensive. With the new role proposed, it would change to the offense, the political implications of which should be carefully considered particularly as it would be using nuclear weapons. To this it was pointed out that before the R.C.A.F. went into action, the first blow would have been struck by the other side. The new role was really that of counter-attack.

(g) Even though the decision might be to remain in Europe and re-equip the Air Division, the alliance could disintegrate anyway. What then would be the position? The answer to this was that the re-equipment programme was to extend over five years. If, within that period, there were a collapse, production could be halted.

(h) Plans for the defence of North America were still anything but clear, as the controversy in the U.S. over the Bomarc and the Nike missiles showed so well. This made it difficult to reach decisions involving a great deal of money with respect to Canada's commitments in Europe.

(i) Canada's defence effort was minute compared with that of the U.S., and although Canada might expect to be the very centre of destruction in a war, it might as well be recognized that we would have only a small voice in influencing military events. Our best contribution now was political and our military contribution should be geared to make our political voice as effective as possible.

- 7 -

16. The Cabinet agreed,-

(a) that an Air Division of the R.C.A.F., should continue to form part of Canada's participation in N.A.T.O. defence in Europe;

(b) that a new aircraft should be procured to re-equip the eight F-86 squadrons in the Division, on the scale of 18 aircraft per squadron;

(c) that the announcement of the decision to re equip the Air Division be made by the Minister of National Defence when the estimates of his Department come before Parliament;

(d) that the Minister of Defence Production should negotiate with the manufacturers of the Grumman F11F-IF and the Lockheed F104G to ascertain the most favourable arrangement obtainable for the production of 214 aircraft of one or the other of those types having regard both to price and to the possibility of partial production in Canada; and,

(e) that the Minister of Defence Production should report to the Cabinet as soon as possible on such negotiations.

Legislation; Queen's Fund for Research in Children's Diseases

(Previous reference June 11)

17. The Prime Minister said the reaction to the proposal for the Queen's Fund was good. He had received several letters asking whether private contributions would be acceptable, and, if so, whether they would be deductible for income tax purposes. In all the circumstances, he wondered whether it would be advisable for the Fund to be established under a statute of its own rather than through an item in the estimates.

18. The Cabinet agreed that legislation be drafted for the establishment of the Queen's Fund for Research in Children's Diseases with provisions broad enough to allow contributions to the Fund from private sources.