

OFFICIAL USE ONLY

May 27, 1960

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE

SUBJECT: Combined Procurement with Canada of F-101B and CL-44 Aircraft

1. As we have recently discussed, we have under very serious consideration an arrangement on the above subject which should prove to be of maximum benefit to both the United States and Canada. I believe that our defense position can be greatly enhanced while, as part of the same transaction, we will be able to make a substantial step toward our MATS modernization goal.

2. The proposal is that the Canadians procure 66 F-101B aircraft, now in U.S. inventory and procured with funds from previous fiscal years, for approximately \$105 million. As part of the transaction, the USAF would procure 35 CL-44 aircraft for \$155 million to be assigned to MATS to meet requirements for immediate modernization prior to procurement of the SOR aircraft. On a strictly FY 1961 cash basis, the U.S. would obtain 35 CL-44 aircraft for \$50 million, which is \$1.4 million each. This compares with a figure of \$4.4 million each, the actual program cost including spares.

3. From our point of view, modern interceptor aircraft will be deployed as far north as practicable with very significant gains to North American defense as an immediate benefit. In addition, the interim modern aircraft needed so badly in MATS, can be obtained on a much more economical basis than is otherwise possible.

4. There are also some significant related benefits to be realized. As I have previously mentioned, a sensitive political situation has arisen in Canada due to a series of events involving the CF-105 cancellation in favor of BOMARC and SAGE joint procurement with the U.S., followed by reductions in BOMARC and SAGE super combat centers. In addition, the production sharing program initiated 18 months ago has not produced the expected results from the Canadian viewpoint. The exchange-procurement discussed above presents an ideal opportunity to improve this situation while simultaneously attaining a significant benefit to the United States. In this regard, it is important to note that neither procurement would be likely to take place without the other also being made.

5. This suggestion has been given to the Canadians informally and their reaction is expected when their Prime Minister visits the President next month. The proposal is also subject to Congressional approval.

JOSEPH V. CHARYK
Acting Secretary of the Air Force

OFFICIAL USE ONLY

It is clear that the United States wanted interceptors in the north, obviously as long as they were their own. Paragraph 4 notes the cancellation of the Arrow in favour of Bomarc and the defence sharing program, which was not working.

(EISENHOWER LIBRARY)