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September 3rd, 1958.

ITEMS DISCUSSED

Paras.

1. Visit of the Queen and Prince Philip in 1959
3. Air defence requirements; recommendations of  
Cabinet Defence Committee

THIS DOCUMENT ON LOAN FROM THE PRIVY COUNCIL OFFICE - CANADA

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CABINET CONCLUSIONS

Meetings of the Cabinet were held in Room 375 of the House of Commons, on Wednesday, September 3rd, 1958, at 11:00 a.m. and 2:45 p.m.

Present:

The Prime Minister  
(Mr. Diefenbaker) in the Chair,  
The Minister of Public Works  
(Mr. Green) (for morning meeting only),  
The Minister of Finance  
(Mr. Fleming),  
The Minister of Veterans Affairs  
(Mr. Brooks),  
The Minister of Transport  
(Mr. Hees) (for afternoon meeting only),  
The Minister of National Defence  
(Mr. Pearkes),  
The Minister of Trade and Commerce  
(Mr. Churchill),  
The Minister of Justice  
(Mr. Fulton),  
The Minister of National Revenue  
(Mr. Nowlan) (for afternoon meeting only),  
The Minister of Agriculture  
(Mr. Harkness),  
The Minister of Citizenship and Immigration  
(Mrs. Fairclough),  
The Minister of Fisheries  
(Mr. MacLean),  
The Postmaster General  
(Mr. William Hamilton),  
The Minister without Portfolio  
(Mr. Macdonnell),  
The Minister without Portfolio  
(Mr. Browne),  
The Minister of National Health and Welfare  
(Mr. Monteith),  
The Minister of Northern Affairs and National Resources  
(Mr. Alvin Hamilton),  
The Secretary of State for External Affairs  
(Mr. Smith),  
The Minister of Defence Production  
(Mr. O'Hurley) (for morning meeting only),  
The Secretary of State  
(Mr. Courtemanche).

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The Secretary to the Cabinet  
(Mr. Bryce),  
The Assistant Secretary to the Cabinet  
(Mr. Martin),  
The Registrar of the Cabinet  
(Mr. Halliday).

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Sept 58  
(re Arrow)

Visit of the Queen and Prince Philip  
in 1959

1. The Prime Minister said he had asked to have this brief meeting to inform the Cabinet of the announcement he intended to make, when the House of Commons met, that the Queen and the Prince Philip would visit Canada from approximately mid-June to the end of July next year. It had been thought advisable to make this announcement at once to prevent leaks that were otherwise bound to occur.

2. The Cabinet noted with approval the Prime Minister's intention to announce that the Queen and the Prince Philip would visit Canada from mid-June to the end of July of next year.

Air defence requirements; recommendations of  
Cabinet Defence Committee  
(Previous reference Aug. 28)

3. The Minister of National Defence said that, since this subject had last been discussed, Mr. John Tory, one of the directors of A.V. Roe, and Mr. F.T. Smye, Vice-President of Avro Aircraft Ltd., had discussed the future of the CF-105 with the Prime Minister, the Minister of Finance, and himself. These men recommended that the airframe and Iroquois engine elements of the programme be continued but that the fire control system (ASTRA) and the weapon (SPARROW) projects be dropped and substitutes obtained in the United States. Instead of ASTRA and SPARROW they had suggested the U.S. Hughes MA-1 system and the FALCON, respectively. He had had cost estimates prepared on this suggestion and comparisons made with other alternatives. These were as follows:

Expenditures for 100 aircraft, from  
September 1st, 1958:

105/Astra-Sparrow	\$1,261.5 million or \$12.61 million each	
105/Hughes MA-1-Falcon	\$ 896 million or \$ 8.91 million each	
U.S. 106	\$ 559 million or \$ 5.59 million each	
BOMARC (to provide roughly equivalent defensive strength)	\$ 520.3 million	4 batteries of 60 missiles each (no cost-sharing with the U.S.)

4. During the discussion the following further points emerged:

(a) If it turned out in a year's time that the U.S.S.R. was going to equip its air force with newer, more modern bombers, then Canada would have to buy BOMARC or an interceptor from the U.S., or both, assuming the CF-105 was abandoned.

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(b) If, on the other hand, it was clear at that time that the U.S.S.R. was not producing bombers, arrangements would have to be made with the U.S. for defence against missiles.

(c) There would be no chance of resuming the CF-105 programme once it was cancelled. It would be better to cancel it now than to be confronted with no more work for Avro, and the other companies involved, after production of 100 aircraft was drawing to an end in 1961 and 1962. It was unwise to encourage the aircraft industry to continue to produce equipment that could quite well be obsolete by the time it was available.

(d) BOMARC might possibly be manufactured in Canada, under licence, by Canadair, which had the closest connections with the company in the U.S. doing this work. Avro and the other companies in the CF-105 programme would probably not be involved in such a project.

(e) It had been said by some that not only were manned interceptors becoming obsolete but so also were naval surface vessels. The latter eventuality, however, was further in the future than the first. Nuclear-powered anti-submarine submarines would be the most useful defence against enemy submarines equipped to launch atomic weapons. But they were very expensive. Failing that, the surface ships and the anti-submarine aircraft, with which Canadian forces were being equipped, provided a reasonable defence against possible assaults from the sea.

(f) The Chiefs of Staff were divided on the question of the CF-105. The Chief of the Air Staff felt there was a useful role for the manned interceptor, but the specific type of equipment and armament he preferred would depend upon the amount of money that was available. The heads of the other two services felt the nature of the threat was changing so quickly that the situation should be kept under review for a year. They did feel that the CF-105 programme, as it presently stood, was not the best way to spend so much money. The Chairman was of the view that BOMARC would give the best defence for the money likely to be available.



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(g) The truth was that no one could forecast with reasonable precision what the requirement might be a year hence. Each of the military services had their own special reasons for the views they held. The Navy and the Army were particularly concerned that going ahead with the CF-105 might mean less money for them in the future. However, it would be unwise to look for reductions in these two services, even with the CF-105, unless some very drastic steps were taken.

(h) The Conservative Party, right from Confederation, had always been a vigorous protagonist of the theory that Canada's needs should be met from within Canada. To abandon the CF-105 even though it was so expensive and might be obsolete would be hard to explain. On the other hand, it would be equally hard to explain, in three or four years, why the government had spent vast sums of money on a relatively small number of aircraft which might by then be virtually useless.

5. The Minister of Finance reported on the representations made to him by Mr. Tory and Mr. Smye of Avro. The CF-105 programme supported 25,000 persons in employment. If it were abandoned, the highly skilled pool of talent drawn together for the project would be dispersed and many of the people concerned would go to the United States, never to return. No portion of Avro's profits had been invested in other sectors of the group of which Avro was now a part except in the aircraft industry. Although controlled by the Hawker-Siddeley group, Avro was in large part owned by Canadians. They had stated that the R.C.A.F. made a major mistake three years ago by recommending the adoption of SPARROW and ASTRA. A great deal of money could be saved by using the FALCON and the Hughes fire control system. Finally, they said that, if the programme with their proposed modification were continued, their company would have a reasonable opportunity before the end of 1962 to look for other business. If they found little or none, then Avro would be in real difficulties.

Mr. Fleming said he had pointed out to Messrs. Tory and Smye that their arguments, that the Falcon missile and Hughes fire control system developed by the United States should be good enough for Canada, could also be used against them in regard to the airframe and engines which they wanted produced in Canada by their own firm. Mr. Smye, in particular, had been very critical of some R.C.A.F. decisions and officers.

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6. The Minister of National Defence felt bound to say that the R.C.A.F. had conscientiously made the recommendations they thought would be the best in the interests of the defence of Canada. The government of the day was responsible for the decisions reached and the present government would be responsible for any decision on the future of the CF-105. He also said that the figures on savings mentioned by Mr. Smye should be treated with reserve. The latter had not been aware, for example, that there were a number of types of FALCON.

7. The Cabinet deferred decision on the recommendations of the Cabinet Defence Committee regarding air defence requirements, including the future of the CF-105 programme.

R. B. Bryce,  
Secretary to the Cabinet.