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PROGRESS REPORT ON THE IMPLEMENTATION OF  
THE DECISIONS IN REGARD TO AIR DEFENCE  
TAKEN BY CABINET ON 21 SEPTEMBER, 1958

1. Action to implement Decision (a) of the Cabinet, for the installation of two BOMARC bases in Northern Ontario and Quebec, the installation of two additional heavy radars in Northern Ontario and Quebec, and the associated gap filler radars, has already been taken, and cost-sharing arrangements have been negotiated with the United States. Now that cost-sharing arrangements have been completed, it will be possible to make the necessary arrangements for construction and acquisition of this equipment.
2. With regard to Recommendations (b), (c) and (d) referring to the development programme of the Arrow aircraft and the Iroquois engine, which required a careful and comprehensive review of requirements for the Arrow aircraft to be made before 31 March. This matter is still under study by the Chiefs of Staff. However the Chiefs of Staff wish to report that there are no new military factors, either in regard to the manned bomber threat or new developments to meet this threat, which the Chiefs of Staff consider would have any bearing on this matter. The RCAF and the Department of Defence Production, however, are studying a proposal of the A. V. Roe Company for a fixed price contract for the production of the Arrow aircraft and the Iroquois engine and Fire Control System.
3. Avro proposal has not yet been finally submitted, but as we understand it, it will be as follows:

The "smoking gun": In paragraph 4, Foulkes clearly states that he is awaiting direction from the Commander-in-Chief of NORAD, before finalizing recommendations concerning the need for aircraft like the Arrow. (DIRECTORATE OF HISTORY, DEPARTMENT OF NATIONAL DEFENCE)

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- (a) A fixed amount to complete the development, plus a 5% fee. The approximate amount being discussed is \$28,000,000. If Avro better this amount of money in development they will collect their whole fee; if they exceed the amount their fee will remain the same;
- (b) a fixed amount of \$7,000,000 to complete the tooling;
- (c) a fixed amount yet undetermined for tool maintenance, and once this amount is established Avro will have to get along with that or pay money out of their own resources for the maintenance of tooling;
- (d) to complete the remainder of the first 20 aeroplanes on a cost plus fee basis, it is estimated that these aircraft will average about \$5,000,000 per copy;
- (e) a fixed price for all aircraft after the twentieth aircraft at a fly-away cost of \$3.75 million; i.e., approximately \$5,000,000 for each aircraft plus one year's spares and support.

4. With regard to the Cabinet Decision (e), that the Chiefs of Staff should investigate and report on requirements, if any, for additional air defence missile installations in Canada and for an interceptor aircraft of the nature of the CF105 or alternative types; the Chiefs of Staff have this matter under active study but wish to defer making any recommendations until they have had an opportunity to study the plans of the Commander-in-Chief, North American Air Defence Command. It is expected that the Commander-in-Chief,

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North American Air Defence Command, will be presenting his revised plans to the Canadian Chiefs of Staff in January. After the Chiefs of Staff have an opportunity of carefully studying these plans, they will be prepared to make recommendations for any additional air defence missile installations or for interceptor aircraft of the nature of the CF105 or alternative types.

5. With regard to Recommendation (f) regarding the termination of the Astra fire control equipment and the Sparrow missile, the RCAF after investigating the alternative fire control systems and weapons available in the United States, have recommended the Hughes Aircraft Company fire control system and Falcon and Genie missiles. They report as follows:

( Preliminary arrangements have been made with USAF, Hughes Aircraft Company and Avro for the prototype installation of MA-1 integrated fire control system and Falcon MB-1 missiles. ?? confusion here Engineering evaluation has clearly indicated that the fitting of this system into the CF105 is feasible. Progress to date indicates that there will be no difficulties in adapting this fire control system and weapon to a new aircraft. Indications are that the new fire control system, weapons and aircraft are compatible and will produce a satisfactory all-weather interceptor. )

6. An extract of Cabinet Decisions of 21 September, 1958 is shown in Appendix "A" attached.

Chairman, Chiefs of Staff  
24 December, 1958.

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APPENDIX "A"

Cabinet Decisions - Air Defence Requirements

At its meeting on 21 September 1958 the Cabinet:

- a) approved in principle the installation of two BOMARC bases in northern Ontario and Quebec and the installation of two additional heavy radars in northern Ontario and Quebec and associated gap-filler radars in the Pinetree system;
- b) decided that the development programme for the ARROW aircraft and the Iroquois engine should be continued until March 31st, 1959, within the scope made possible by the amounts available for it in the estimates for the current fiscal year;
- c) decided that production of the ARROW aircraft and Iroquois engine should not be ordered at the present time;
- d) agreed that a careful and comprehensive review of the requirements for the ARROW aircraft and Iroquois engine should be made before March 31st, 1959, in order to reach a decision before that date as to whether development should be continued or production ordered;
- e) agreed that the Chiefs of Staff should investigate and report upon the requirements, if any, for additional air defence missile installations in Canada and for interceptor aircraft of the nature of the CF-105 or alternative types;
- f) agreed that further consideration should be given to the possibility of continuing the development of the Astra fire control equipment and the Sparrow missile in Canada only; and
- g) agreed that no statement of these decisions should be made until the following day or the next succeeding day pending further consideration of the Astra and Sparrow programme.

Subsequently, the Cabinet agreed that the programme for the development of the Astra fire control equipment and the Sparrow II missile should be terminated forthwith and that this decision should be announced the following day, along with those decisions on the air defence programme taken the preceding day. "

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5. Ibid.
6. J. C. Floyd  
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