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Excerpts from the minutes of the March 23, 1955 Cabinet meeting during which approval was given to proceed with the Arrow programme.<sup>18</sup>

MARCH 23 1955 CABINET MEETING

ILL. 853-1955

Royal Canadian Air Force; development of CF-105TOP SECRET

40. The Minister of Finance, referring to discussion at the meeting of March 8th, said that the Department of National Defence had now sought Treasury Board authority for the expenditure of \$40 million to proceed with the first stage in the development of the new CF-105 supersonic all-purpose fighter aircraft. This sum would cover the cost of the first eleven aircraft as well as the cost of tooling. The overall programme would involve construction of forty aircraft, and the development and procurement of engines for them, at a total expenditure of some \$260 million.

41. The Minister of National Defence pointed out that the total expenditure of \$260 million for the completed project would be spread over a six-year period. It was anticipated that the magnitude of annual expenditure would be of the order of \$15 million the first year, \$47 million the second, \$61 million the third, \$66 million the fourth, \$40 million the fifth and \$30 million the final year.

42. In the course of discussion the following points emerged:

(a) There was no doubt that, at the drafting-board stage, the CF-105 appeared to be a very useful aircraft well suited to the long distances and severe atmospheric conditions of the Canadian north, which would serve the R.C.A.F. as an effective weapon against long range supersonic bombers flying at high altitudes. This development involved the expenditure of very substantial sums of public money and constituted what some might consider expensive insurance against an emergency which might or might not occur.

(b) Good as this aircraft might turn out to be, it was unlikely that other N.A.T.O. governments would adopt it for their own use. One of the reasons for this was that the aircraft was designed to meet conditions peculiar to northern Canada and might not be entirely suitable for use in western Europe; another was that we could not expect the U.S. and U.K. to adopt a Canadian plane rather than develop one of this importance themselves.

(c) It was understood that the \$260 million project could be fitted within total defence expenditure on the present scale; it was hoped that the long-term commitments in this development would not prevent further cuts being made in the overall defence budget during the next few years, if the international situation at that time made such reductions possible.

(d) Without questioning the desirability of proceeding with the CF-105 project, it was suggested that sufficient attention was not being