

November 27th, 1958.

ITEMS DISCUSSED

Paras.

1. Capital case; Robert Carroll
4. Bank of Canada; appointments
5. National Film Board film "Blue Vanguard"
8. Bond issue and budget prospects
12. Telephone rate increase; decision on petition
14. Freight assistance on western feed grain
18. Western grain producers acreage payment regulations; proposed amendments
20. Statements of Air Marshal Slemon at NORAD headquarters
25. Economic Outlook Report, 1959
28. Legislation; National Defence Act amendments
30. Legislation; amendments to the Defence Services Pension Act
32. Legislation; Public Lands Grants Act amendment
34. Legislation; Government Property Traffic Act amendments
36. Legislation; amendment to the Crown Liability Act
39. Legislation; Canadian National Railways Financing and Guarantee Act; Fisheries Improvement Loans Act amendmen

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CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber on Thursday, November 27th, 1958, at 10:30 a.m. and 2:30 p.m.

Present:

The Minister of Public Works  
and Acting Prime Minister  
(Mr. Green) in the Chair,  
The Minister of Finance  
(Mr. Fleming),  
The Minister of Transport  
(Mr. Hees),  
The Solicitor General  
(Mr. Balcer),  
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),  
The Minister of Agriculture  
(Mr. Harkness),  
The Minister of Citizenship and Immigration  
(Mrs. Fairclough) (for morning meeting only),  
The Minister of Fisheries  
(Mr. MacLean),  
The Minister of Labour  
(Mr. Starr),  
The Minister without Portfolio  
(Mr. Macdonnell),  
The Minister of National Health and Welfare  
(Mr. Monteith),  
The Minister of Northern Affairs  
and National Resources  
(Mr. Alvin Hamilton),  
The Minister of Defence Production  
(Mr. O'Hurley).

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The Secretary to the Cabinet  
(Mr. Bryce),  
The Assistant Secretaries to the Cabinet  
(Mr. Fournier),  
(Mr. Martin).

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Western grain producers acreage payment  
regulations; proposed amendments  
(Previous reference Oct. 16)

18. The Minister of Agriculture explained that the western grain producers acreage regulations provided that payments were to be made to the party shown as the permit holder in Canadian Wheat Board Delivery Permits and that the amount of the payment was not to exceed \$200 in respect of the cultivated acreage shown in each permit book. Of the 226,000 delivery permits issued by the board, some 3,700 were unit permits, including in one book acreages farmed by more than one actual producer. The individual producers were identified or referred to in the permit as joint permit holders. The regulations failed to recognize the situation where, for example, two brothers might each cultivate half a section of land and own between them machinery, etc., to reduce capital costs. They should each be entitled to receive a separate payment of \$200. There were also 20 co-operative farms which were also regarded as joint permit holders. The proposed amendments to the regulations would cover them. There were a few instances of delivery permits being held by parties resident outside Canada. The proposed amendments to the regulations would provide that payments were to be made only to parties resident in Canada. The Minister said that the average cost would be approximately \$176 per permit.

19. The Cabinet approved the amendments proposed by the Minister of Agriculture to the western grain producers acreage payment regulations.

(An order in council was passed accordingly;  
P.C. 1958-1629, Nov. 27).

Statements of Air Marshal Slemon at NORAD Headquarters

20. The Acting Prime Minister said that some ministers had expressed concern about reports in the press concerning statements alleged to have been made by Air Marshal Slemon at a press conference at NORAD Headquarters the previous week.

21. The Minister of National Defence referred to the practice in NORAD of receiving groups of visitors, and to the regular form of briefing given about continental air defence. During the previous week, Canadian and U.S. newsmen had been invited to NORAD Headquarters. At this time Air Marshal Slemon had spoken to the group and had been questioned by them. Statements appearing in the Canadian press had implied that Slemon had placed the government in a difficult position and had discussed matters of government policy which normally are outside the province of senior military officers.

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The Minister said that Air Marshal Slemon had been informed of the reaction of the press in Canada although he had not as yet received the relevant press clippings. He read a report which he had received that day from the Air Marshal. This indicated that an attempt had been made by some newsmen to distort what had actually been said. Slemon had only stated facts. He had said, among other things, that there was still a threat from manned bombers and that manned interceptors would still be required for a number of years to come. He had also said that the need for ground-to-air missiles would assume an increasing share in defence. This, in fact, corresponded to what the Prime Minister had said in his statement of September 23rd, on the revision of the Canadian air defence programme. The Minister did not think that Slemon could have said that the CF-105 would not be the best aircraft even when compared to the American 106.

In his report Air Marshal Slemon stated that, after the press statement, a newspaperman had intimated that there was a risk that his head might fall in the gutter as a result of his statements during the press conference. At the dinner which followed, Slemon referred to the interpretation of his words and pointed out that the responsibilities of NORAD did not extend to recommending weapons, etc., to the U.S. or Canadian governments. He had not referred to what policy the government should adopt.

22. Mr. Pearkes did not feel that Slemon had placed the government in an embarrassing position. He would be willing, if necessary, to make a statement denying the distorted reports which had appeared in some sections of the Canadian press.

23. During the discussion the following points were raised:

(a) There was no doubt that the government's decision on the CF-105 would be discussed in the House of Commons and some felt that Slemon's statements might, by implication, leave the impression in the country that the advice received from the Chiefs of Staff had been rejected by the Cabinet. His statement might be looked upon as undermining the basis of the Cabinet's decision. It looked as though a senior officer, who should have known that the matter was a political issue, was putting the government in an unfortunate position. It appeared from the press reports that Slemon had been misguided and had made a mistake. The question was whether a military officer had acted in a manner to challenge the civil control of policy.

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(b) A denial, if made, would have to be made before the House met. It might be preferable to wait until Slemon had an opportunity to review the statements which had appeared in the Canadian press and had made a further report to the Minister of National Defence. The denial statement should, of course, be made by the Minister of National Defence and not by a service officer.

(c) In referring to the need for interceptors, Slemon had said that they would be required by NORAD. Throughout his report he had made it clear that during the press conference he had referred only to NORAD and nowhere to the R.C.A.F. as such.

(d) The Canadian Press story reporting what departmental officials in Ottawa were alleged to have said about the Prime Minister's statement on the desirability of Colombo Plan recipient countries taking Canadian wheat, appeared to be much more serious than Air Marshal Slemon's alleged action.

24. The Cabinet agreed that further consideration of the matter be deferred until Air Marshal Slemon had had the opportunity to read and comment on the relevant clippings of the press in Canada on his statements at a NORAD press conference, and noted the assurance of the Minister of National Defence that the regulations about officers making public statements were being tightened up.