

December 22nd, 1958.

ITEMS DISCUSSED

Paras.

1. Boxing Day directive
4. Royal visit
7. Civil Service medical insurance plan; government share
11. Joint Canada-United States Committee on Trade and Economic Affairs; meeting January 5th and 6th
15. Authority for increased treasury bill issues
17. Fisheries inspectors transferred from Quebec; pension credits
21. Government purchasing directive; relation to U.S. defence production negotiations
24. Air defence requirements; Arrow aircraft
27. Proposed request for withdrawal of Soviet Assistant Military Attache
30. National Library Advisory Council; appointments
31. Banff civic center; Banff National Park
34. Parole Board; appointments
36. Judicial resignation
37. Export and import area control list
40. Export control list; amendment re Lacombe swine
41. U.S.-Canada Defence Meeting; report
51. Report on North Atlantic Treaty Organization Ministerial Council meeting; Paris
58. Closing down of Canadian car plant at Port Arthur

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Air defence requirements; Arrow aircraft  
(Previous reference Dec. 2)

24. The Prime Minister said he had been shocked at the statement Air Marshal Slemon had made about the Arrow. It was not a question of whether Slemon's remarks had been misinterpreted or not but whether he should have made a statement of that kind at all. Avro had put on a tremendous publicity campaign and this played right into their hands. If the government decided to continue development it would be accused of giving in to a powerful lobby. Pressure was coming from other sources in Ontario too. Even if he thought the decision reached last September was wrong, he was determined, because of what had happened since, to adhere firmly to it. The future of the CF-105 would have to be discussed before Parliament opened.

25. The Minister of National Defence pointed out that it was still his understanding that development would be terminated by March 31st. In Paris, the U.S. Secretary of Defence had made it quite clear that the U.S. was not interested in the CF-105, even if it were equipped with the MA1 fire control system and the Falcon missile. The U.S. had now decided not to proceed with the development of any new interceptor aircraft except for the 108 which was years in the future. This was a long range aircraft of advanced design to be employed from bases in Alaska and Greenland. This U.S. decision would strengthen the government's position in deciding to abandon the CF-105.

26. The Cabinet noted the reports of the Prime Minister and the Minister of National Defence on the situation regarding the CF-105 and agreed that a decision be reached on the aircraft's future before Parliament re-opened.

Proposed request for withdrawal of Soviet Assistant  
Military Attache  
(Previous reference Dec. 16)

27. The Secretary of State for External Affairs again reviewed briefly the activities of the Assistant Military Attache of the Soviet Union. He thought the government should ask to have the man withdrawn.

28. During the discussion the arguments for and against taking action were again considered. It seemed that whatever was done would not affect the current trade negotiations, with the U.S.S.R. It might be advisable, however, to defer a decision until after Christmas.

29. The Cabinet agreed that unless new arguments were submitted by the following week against doing so, the Soviet authorities be requested to recall the Assistant Military Attache for engaging in activities not in keeping with his diplomatic status.