

January 13th, 1959.

ITEMS DISCUSSED

Paras.

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| 1. | Security of Cabinet discussions; disposition of conclusions and decisions |
| 4. | Dominion-Provincial Conference; letter to provinces |
| 6. | Winter works programme |
| 9. | Speech from the Throne |
| 12. | Speech from the Throne; anti-combines legislation |
| 17. | Speech from the Throne; report of Civil Service Commission |
| 20. | Speech from the Throne; Newfoundland grants-in-aid |
| 25. | Pine Point Railway |
| 28. | Report on Arrow (CF-105) aircraft programme |

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CABINET CONCLUSIONS

Meetings of the Cabinet were held in the Privy Council Chamber on Tuesday, January 13th, 1959, at 10:30 a.m. and 2:30 p.m.

Present:

The Prime Minister
(Mr. Diefenbaker) in the Chair,
The Minister of Public Works
(Mr. Green),
The Minister of Finance
(Mr. Fleming),
The Minister of Veterans Affairs
(Mr. Brooks),
The Minister of Transport
(Mr. Hees), (for morning meeting only)
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),
The Minister of Labour
(Mr. Starr),
The Postmaster General
(Mr. William Hamilton),
The Minister without Portfolio
(Mr. Macdonnell),
The Minister without Portfolio
(Mr. Browne),
The Minister of Mines and Technical Surveys
(Mr. Comtois),
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).

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

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Report on Arrow (CF-105) aircraft programme
(Previous reference Dec. 31, 1958)

28. The Prime Minister asked that the statements which had appeared in the Globe and Mail of that day on the Arrow (CF-105) programme be analysed so that he could answer them in detail.

29. The Minister of National Defence said that, as far as the Chiefs of Staff were concerned, there were, as at December 31st, 1958, no new military factors, either in regard to the manned bomber threat or new developments to meet this threat, which they considered would have any bearing on the Arrow aircraft programme. He read from a report submitted to him the day before by the Chief of the Air Staff. It indicated that the MA1/Falcon/MB1 could be worked satisfactorily into the Arrow aircraft and would provide a suitable interceptor weapon capability. There were at present five Mark I Arrow aircraft, and their handling and performance characteristics were extremely reassuring. The adoption of the Falcon and Hughes systems had given additional fuel storage space so that, in a supersonic mission, the radius of action of the aircraft had been increased from 238 to 354 nautical miles, and in a subsonic mission from 347 to 506 nautical miles. Another effect of the adoption of the U.S. fire control system and weapon to the Arrow programme was that development could be speeded up. The Avro Company had now advised that the first operational aircraft could be delivered for squadron use by September 1960 and that after January 1st, 1961, aircraft would be delivered at the rate of four per month. If 100 aircraft were required, the last aircraft could be delivered some time in 1963.

As far as the costs were concerned, the original price for 100 aircraft, as from September 1st, 1958, was \$12.86 million per aircraft. The revised figures under the new programme, as from April 1st, 1959, would be \$7.02 million per aircraft. The price had, therefore, dropped from \$12.86 million to \$7.02 million per aircraft. (This did not include cancellation charges of the Astra/Sparrow systems).

He then referred to the relative contributions of the United States and Canada towards the deterrent forces in North America. Figures from the U.S. indicated 800 supersonic interceptors in service and sufficient funds to procure another 650. The United States had recently decided to cancel the F-106C and F-106D programme and to use the funds so saved to develop the long range reconnaissance aircraft, F-108, which was not dependent on SAGE and was now on the inventory of NORAD. An additional 100 interceptors from Canada would make a small contribution. Furthermore, the CF-105 could not cover all of Canada. Its range was limited from 300 to 500 miles.

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The Minister indicated that another reason for the decrease in the company's cost figures was that it had been found that only 20 pre-production types would be required instead of 37.

In answer to questions, he said that the Bomarc was now operational and that Canada would not be faced with the need to buy U.S. interceptors. He pointed out that when there would be no further requirement for the CF-100, a much cheaper means of defence would be found in the Bomarc. Reliance could be placed on the United States to provide whatever interceptor defence was necessary.

30. During the brief discussion it was pointed out that this would not be the appropriate time to make a decision on the Arrow programme in view of the fact that the government had said that they would not make this decision until March.

31. The Cabinet noted the report of the Minister of National Defence and agreed that no decision be taken that day on the Arrow programme.

R. B. Bryce,
Secretary to the Cabinet.