

February 10th, 1959.

ITEMS DISCUSSED

Paras.

1. CF-105 Arrow programme; report of Cabinet Defence Committee
5. Legislation; bill to make provisions for reductions in certain class and commodity rates on freight traf
8. Railway inquiry; terms of reference
11. Federal-provincial crop insurance
14. Chairman, Air Transport Board; Director, Northern Ontario Pipe Line Crown Corporation; appointments
15. Canadian National Railways; new freight yard in Toronto

No. 19-59

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CABINET CONCLUSIONS

A meeting of the Cabinet was held in the Privy Council Chamber on Tuesday, February 10th, 1959, at 10:30 a.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 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),
The Minister of Fisheries
(Mr. MacLean),
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 Secretary to the Cabinet
(Mr. Bryce),
The Assistant Secretaries to the Cabinet
(Mr. Fournier),
(Mr. Martin).

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CF-105 Arrow programme; report of Cabinet
Defence Committee

(Previous reference Feb. 4)

1. The Minister of National Defence reported that the Cabinet Defence Committee had considered the recommendations he had made to the Cabinet that further development of the CF-105 be now discontinued and that the Chiefs of Staff be asked to present soon their recommendations on what requirements, if any, there were for additional air defence missile installations in Canada, and for interceptor aircraft of the nature of the CF-105 or alternate types. During the meeting, the Chairman of the Chiefs of Staff Committee reported that the Chiefs of Staff had reviewed the position concerning the production of the CF-105, and were still of the opinion that the changing threat and the rapid advances in technology, particularly in the missile field, along with the diminishing requirements for manned interceptors in Canada, created grave doubts as to whether a limited number of aircraft of such extremely high cost would provide defence returns commensurate with the expenditures.

The committee concurred in the recommendations and agreed that they be submitted to the Cabinet for consideration at an early meeting.

An explanatory memorandum was circulated, (Memorandum, Secretary, Cabinet Defence Committee, Feb. 6 - Cab. Doc. 46-59).

2. Mr. Pearkes added that it was impossible to give any assurance that manned interceptors for the defence of Canada would not be bought in the United States some time in the future, if the CF-105 programme was discontinued. It was his own opinion that the threat of an attack on North America by manned bombers was rapidly diminishing. He felt that Russia would not consider launching an attack until it had a large arsenal of intercontinental ballistic missiles. Against these, manned interceptors were useless. If, however, new evidence became available that the Soviet Union was developing more modern manned bombers, then interceptors might have to be bought. The question naturally arose as to why Canada was installing Bomarc when it was effective only against manned bombers. The answer was, that some insurance premium had to be paid against the possibility of bomber attack and this premium was cheaper by far than the CF-105. The U.S. had agreed to pay \$91 million out of a total of \$110.8 million for the installation of the two Bomarc squadrons in Northern Ontario and Quebec.

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3. During the discussion the following points emerged:

(a) At the meeting of the Cabinet Defence Committee, the Chief of the Air Staff had stated that the R.C.A.F. would need 100 to 115 interceptor aircraft for several years ahead. These would have to be bought in the U.S. or, failing that, presumably U.S. squadrons would provide interceptor defence for Canada. This would be particularly awkward when, at the same time, the 1st Canadian Air Division might be in the process of having its F-86 aircraft replaced by more modern machines at a cost of about \$400 million to \$500 million. In effect, Canada would be defending Europe, and the U.S. would be defending Canada.

(b) On the other hand, the role of the Air Division was different from that of the R.C.A.F. in Canada. Furthermore, if the F-86 were not replaced, the Air Division might just as well be withdrawn from Europe, and the implications of this for the N.A.T.O. alliance were very serious indeed. The proposal now being considered was to assign the Air Division a strike-attack role and equip it with aircraft suitable for the purpose.

(c) It was not true to say that the U.S. would be defending Canada if the CF-105 were discontinued. Canada would be manning the Bomarcas, the warning lines, S.A.G.E. and other installations. The U.S. would man the aircraft which, after all, was a steadily decreasing part of the defence, as the nature of the threat changed; this would mean that the presence of U.S. servicemen would be less apparent than if they were employed in different capacities.

(d) The U.S. intended now to develop the long range F-108 interceptor, which would operate from Greenland and Alaska. It was a large aeroplane, less dependent on ground environment, and very expensive. It would be defending Canada just as squadrons of the U.S.A.F. were doing today in complementing the R.C.A.F. squadrons.

4. The Cabinet deferred decision on the recommendation of the Cabinet Defence Committee that the development of the CF-105 Arrow be discontinued.