

or not that date line parallels the date of the agreement. If the sound performance of these planes was competitive on the date that the agreement was signed, I would think there would be a very real doubt as to whether the warranty would go further than that.

Mr. DREW: I am sorry, but I cannot accept your legal interpretation.

The CHAIRMAN: It is obviously a matter for legal interpretation.

Mr. FULTON: I would like to ask a couple of questions which are not terribly legal. The sub-paragraph outlined in the warranty warrants that they will have an exhaust level; and then, to come back to the first part—

The CHAIRMAN: On that question of "Well Being", their contract is planned under an agreement; and would not that comparative warranty be restricted to the date of delivery of these planes and not, let us say, to twenty years hence?

Mr. DREW: It would be meaningless if that were the case. This was the contract under which the aircraft were to be purchased.

The CHAIRMAN: That is right.

Mr. DREW: And this is the condition upon which future deliveries are to be made; and if future deliveries were made in relation to the contract which contains that warranty, then under that warranty I do not believe there is a solid doubt that could possibly exist but that they are held to that warranty.

The CHAIRMAN: What date would you suggest as a date on which the sound level was to be competitive? I suggested it would be the date of delivery of the machines?

Mr. DREW: And if on the date of the delivery of the machines it was not satisfactory, there is a continuing obligation on the part of the company to pay whatever is required to meet that situation.

Mr. FULTON: Then, coming back to the other part of the question, Mr. McGregor's contention that the application is one on the part of the air line does not, it seems to me, alter the fact that Canadair agrees under subsection 1—the vendor agrees—to do the work and provide an exhaust system which will result in a satisfactory noise level for competitive scheduled operation. It agrees to do that but the air line has to pay one-half of the cost of the necessary alterations to bring the result about. In other words, if it uses Canadair's development the air line will pay one-half of the cost but if it uses any other development it will pay the total cost. If you take the Canadair proposal you will only pay one-half of the cost?

Mr. MCGREGOR: Certainly not. How do you know what the T.C.A. cost will be. As I understand it Canadair has twice as much invested in their development as we have in ours. That is the point I am making. Whether or not we should pay half of Canadair's development cost depends upon the relationship between their development costs and ours.

Mr. FULTON: When you come back to relating that fact to their warranty, if the air line can say that Canadair could develop and should have developed a system at a cost along the lines you recommend to them they cannot charge you more than that under their warranty?

Mr. MCGREGOR: The warranty definitely says that they will do the work of developing an exhaust system but it says further that if and when they do we will pay one-half of the charges.

Mr. MUTCH: In the first place this is developing into a legal argument to discuss interpretations. Some of us on the committee are not lawyers and even the chairman has not reached the eminence of a judge. I have never found that legal advice which I got for nothing was particularly valuable, so, would it not meet the purposes of the committee if the committee instructed the president to examine into the legal implications of the contract and to determine afresh