

have to say was "we have made some token investigation to produce something but we cannot produce anything, therefore the cost and the responsibility will rest on you." What were the terms of the contract in regard to the Canadair obligation to work in order to try to get something?

Mr. MCGREGOR: It was the responsibility of Canadair to do such to the exhaust of the North Star as would make the aircraft competitive. We could not say that the aircraft was not competitive because it was doing very well. Also the development efforts made by Canadair could not be described as token. They worked for well over a year on that problem and they developed a cross-over exhaust which produced a considerably quieter engine, but it did have a heating problem.

Mr. MUTCH: Perhaps they should open a plant in Winnipeg too.

Mr. FULTON: Was it your feeling, or did you take advice of counsel or from lawyers on the question of whether or not Canadair had discharged its obligation for research under the contract?

Mr. MCGREGOR: Not phrased in that way, Mr. Fulton. As a matter of fact, we and our legal people are very much en rapport with the work done by Canadair, and are satisfied that they put a very legitimate effort into the problem.

Mr. McCULLOCH: Might I ask if any efforts have been made to provide arrangements for pipe smokers?

Mr. MCGREGOR: No, Mr. McCulloch, the policy of the greatest good for the greatest number, still seems to rule out pipe smoking.

Mr. FULTON: Why are all the Constellations being placed initially in the overseas service rather than in the domestic service?

Mr. MCGREGOR: I did not hear your question, Mr. Fulton.

Mr. FULTON: Why are all the Constellations being assigned exclusively to the overseas service initially rather than being placed in the domestic service?

Mr. MCGREGOR: It is very desirable that aircraft be segregated by routes; and the foreseeable need of the total system for additional aircraft corresponds to number of aircraft needed in the Atlantic fleet. Furthermore, these aircraft are of a very long range type and will fly the Atlantic non-stop. They are therefore best suited to that service.

The CHAIRMAN: Are there any further questions on "Property and Equipment"?

Mr. MACDONNELL: Am I correct in understanding that counsel advised you that you have got no claim against Canadair?

Mr. MCGREGOR: That is correct.

Mr. MACDONNELL: Without getting you involved in the details of engine manufacture, I understand you are proceeding with a sort of combined type, and that you are not going into pure jets?

Mr. MCGREGOR: At this time, yes.

Mr. MACDONNELL: How serious to you would be the problem, supposing jets become manifestly superior to others? Would you have a great problem in changing over?

Mr. MCGREGOR: With the super Constellations, there would not be a great problem, but it would be an expensive one. Technically it would not be difficult, but it would not be economically or reasonably feasible to make the change with respect to the North Star aircraft.