

*Orion Cancellation*

apparently was faced by the Canadian banks was that they would be subordinated to the position of the American banks. This, among other factors, was a reason for their not wanting to proceed with the interim financing.

**Mr. Bawden:** Mr. Speaker, my question is for the Minister of National Defence. In view of the fact that Lockheed indeed was in political and financial difficulty, and that indeed any fool could see from its financial statement that it was virtually bankrupt and likely unable to provide the funds to complete this program and service these aircraft over a period of many years with spares, I should like to ask the minister how he could say in the House today that he was not looking at alternatives in recent months. The fact is that there was absolutely no second line of defence. I ask the minister how he could have risked the reputation of our government, the entire LRPA program, the reputation of Canada in NATO and in Europe, and the morale of our armed forces on a shaky company like Lockheed, with absolutely no back-up plans.

**Mr. Richardson:** Mr. Speaker, we did of course have extensive studies as I indicated in response to earlier questions with regard to other alternatives. The best answer appeared to be the Lockheed aircraft. It was the most cost effective of the alternatives we studied. It is also true that it is the only effective long-range patrol aircraft that is made in this part of the world. The others we were considering were converted passenger aircraft, and smaller aircraft that did not have the range, so I really think we were doing the right thing to try to proceed with Lockheed. But I agree with the hon. member that when it became apparent that we would have to finance the company, and that the banks would not do so, we took the only course which I presume from his statement is the course with which the hon. member agrees. We have ended the contract.

**Mr. Stewart (Marquette):** Mr. Speaker, my question is very brief. Because of the minister's mismanagement of this whole affair has the Prime Minister asked for his resignation or, because his cabinet colleagues have deserted him, has he offered his resignation?

**Mr. Richardson:** Mr. Speaker, I have not tendered my resignation. My resignation has not been asked for. My colleagues have not deserted me.

**Mr. Baker (Grenville-Carleton):** Where are they?

**Mr. Paproski:** Just look behind you, Jim. You are all alone.

**Mr. Richardson:** Mr. Speaker, I am referring to the decisions that we have made. In that my colleagues are in full support. Mr. Speaker, I should like to say that there is only one clear reason we could not proceed with the purchase of the Lockheed long-range patrol aircraft. That reason is that the Lockheed Company is unable to provide the bridge financing. I have a number of responsibilities. I know what they are. But I am not responsible for Lockheed's inability to provide this financing.

**Mr. McKenzie:** Mr. Speaker, last fall in late November in the House, and during the committee meetings on December 1 the minister stated emphatically that work would

[Mr. Richardson.]

start immediately on these aircraft and that Standard Aero in Winnipeg and Bristol Aerospace of Winnipeg would get to work immediately to start manufacturing parts for these Orion airplanes. Could the minister tell us if these two firms in Winnipeg have made any preliminary preparations or have spent any of their own money in preparation for these contracts?

I should also like to ask the minister whether, with regard to any alternate purchases such as from Boeing, the Canadian government will have to put up the money for the financing of a Boeing plane or will arrangements have to be made through Canadian banks, or just how will the financing be arranged if it is decided to purchase the Boeing or any other aircraft that have been looked at.

**Mr. Richardson:** Mr. Speaker, to answer the last question first, clearly if we were dealing with the Boeing Company I think that company, with its great financial strength, probably would find it easier to provide the bridge financing than would some other companies. However, I cannot say until we get down to negotiations exactly what the financing arrangements would be. But clearly it would be easier, I think, financially for this company than it would be for one which has had some financial difficulties.

In answer to what was really the first question, I think the hon. member was not in the House when I pointed out a moment ago that something more than \$80 million worth of industrial benefits had come to Canada already, directly credited to the long-range patrol program. This involved some \$48 million worth from the Lockheed Company and some \$35 million from the Boeing Company. Clearly with the contract not proceeding all the very substantial industrial benefits such as those mentioned by the hon. member will not be going forward, but in the other arrangements that we make, whatever they may be, whether they involve refurbishing the Argus or buying from Boeing, whatever is the best approach, substantial industrial benefits will be provided. We will make certain that they will be provided. In that sense there will not be any loss to the Canadian aerospace industry.

**Mr. Speaker:** Order, please.

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**MESSAGE FROM THE SENATE**

**Mr. Speaker:** I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed the following Bills to which the concurrence of this House is desired: Bill S-34, an act to amend the Aeronautics Act; Bill S-35, an act to amend an act to repeal the Proprietary or Patent Medicine Act and to amend the Trade Marks Act.

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**BUSINESS OF THE HOUSE**

**Mr. Blais:** Mr. Speaker, there have been the usual consultations and there is agreement by all parties that a special order should issue relating to reverting to routine proceed-