

negotiations with the United States government. Here, matters have for some time been at a standstill. Fuller development of transborder services between Canada and the United States will not be possible until agreement with Washington can be reached. Earlier attempts to persuade United States aviation authorities to re-open discussions on a basis designed to provide more transborder services for both United States and Canadian carriers have met with little success but new discussions have now been arranged to take place during the coming weeks.

"As for domestic aviation, I have proceeded on the assumption that competition is a valuable stimulus to more efficient operation and to the provision of better service to the public.

"However, if business available is not sufficient or barely sufficient to provide an airline operator with a chance of operating on a self-sustaining basis, there is no point in attempting to create competition which can only result in either deterioration of services or an increase in rates due to lack of enough business to cover costs. While competition is desirable, it must be regulated, and should be introduced only where economic conditions indicate that more than one operator can carry on successfully without government subsidy.

"The rapid growth of aviation in Canada has led to a multiplication of traffic several times over. A few years ago one transcontinental flight a day with twelve passengers was considered a bold venture; now we accept as normal eight daily transcontinental flights with aircraft carrying forty or more passengers. Yet Canada has a relatively small population compared with that of the United States, and my review has revealed that even in the United States, competition is far less widespread than is popularly believed.

"I have also studied the position of T.C.A. I am satisfied that it is providing good service for the public. Comments about mistakes in baggage handling and errors in its passenger reservations system have been examined. I have found that there has been great improvement recently, and that by statistical check, the T.C.A. record is as good, and indeed better, than figures for United States airlines. Any reservations system which has to handle hundreds of thousands of passengers in the course of a year, and where bookings are made, cancelled and changed by the passenger with scant regard for the difficulties caused for the airline, can never be completely foolproof. However, the T.C.A. percentage of error is very low. I feel that at least some of the criticism would not have arisen if the passengers involved had had some experience with other airlines.

"On the other hand, some of the difficulties in the past have arisen from the fact that T.C.A. acquisition of aircraft did not keep

abreast of the growth in passenger traffic, and T.C.A. had too few aircraft for the passengers travelling. This type of situation inevitably led to some booking errors, as well as complaints from people unable to reserve seats.

"This situation has been corrected by an extensive and farsighted programme on the part of T.C.A. for the acquisition of new equipment. T.C.A. was the first airline to introduce turbine-powered aircraft in North America and has a pattern of equipment orders outstanding which will in the next four years give it a fleet composed entirely of pure jet and turbine-propeller aircraft, with the older piston types available for sale or for reserve work. T.C.A. then will have six to eight D.C.-8 pure jet aircraft, twenty to twenty-four Vanguards, and over fifty Viscounts, with a total carrying ability far in excess of what it possesses today, in addition to the present piston-engine types which it may retain for reserve purposes.

"T.C.A. also has a good record in the matter of keeping costs, and therefore rates, down, and has indeed made decreases in numerous cases during a period when the general cost structure of the economy has been increasing rapidly including its recent announcement of further reductions in domestic tourist fares. If this record is to be maintained, T.C.A. must have adequate opportunities for further growth.

"Nevertheless, I am satisfied that the gradual introduction of some measure of competition in our domestic scheduled services should not be denied. With the present volume of flying and the rate of aviation growth in Canada, it may be introduced gradually without major detrimental effects to existing operations, and as it comes into effect, it should bring benefits for both the public and the airlines, providing the changes are made with caution and on a gradual basis.

"The primary responsibility for development of this policy of gradual introduction of competition will rest with the Air Transport Board.

"There is one other point that I wish to mention. I have already indicated my belief that the gradual introduction of competition will be a good thing for the Canadian public and for Canadian aviation as a whole, including T.C.A. T.C.A. will continue to play a very important role in domestic aviation. If T.C.A. is to be faced by some competition, it will not be fair to place burdens upon T.C.A. which are not borne by the private airlines.

"There may be an understandable tendency for private airlines seeking competitive routes to take the best of the traffic by serving only the points of heaviest traffic volume. T.C.A. has constructed a national network which services most important Canadian points, including a number where the traffic volume is very light. These represent an