

*National Transportation Act, 1986*

compete with us, driving our Canadian companies out of business. Some Canadian workers may obtain jobs with the new American-Canadian firms, but at what cost? Will it be at lower wages and American rules? That is not acceptable. Our sovereignty is too important to allow that to occur.

In the context of rail and road, people who live in larger centres such as Toronto, Montreal, Winnipeg, Windsor, Vancouver, and other major corridors may do okay because they are major hubs. However, what about the medium sized and very small communities in between? In terms of trucking we have a regulatory system which provides stability. It is stability under monopoly; there is no question about it. There are those people who argue "give us free enterprise, allow the market-place to work, and drag prices down". But what about Terrace Bay, Sioux Lookout, or Atikokan which only have small numbers of consumers? Once the companies have fought it out and there is a winner, we are back to a monopoly situation. However it is a monopoly with a difference; it is a monopoly with no regulations to protect consumers. There is nothing to prevent such a company from jacking up its rates to a point where a town must close.

These are not my comments. During testimony before the Standing Committee on Transport, the Ontario Trucking Association and the National Trucking Association agreed that small communities would suffer, that their service levels would decline, and that costs to consumers would increase.

We are a country of small communities spread across the land. We must recognize that whatever laws are put in place they must be in balance. We must protect the weak at the same time as we provide rules which make sense for the strong. The same applies to rail. We will find situations where rail lines increase the rates to small communities rather than the cross-subsidization which now occurs.

Let me now turn to the air industry, an interesting aspect of transportation in the context of deregulation in that we are already half way into it. Thanks to the previous administration, the air industry no longer has the same restrictions it used to have. The ease of entry and exit has been greatly increased.

● (1610)

There are now a couple of interesting situations. We have turned the clock back to the day when we began to see the need for deregulation in the air industry. At that time, there were two major airlines in Canada. What do we have today? We have two major airlines. The big ones have been gobbling up the little ones and a medium-sized one actually gobbled up a big one. Now we have the Crown corporation, Air Canada, on one end and Pacific Western and CP on the other. I give the few smaller airlines that are left a year to survive before they too are either into some kind of management deal or company-to-company arrangement, or in fact are purchased or taken over by one of the other two.

The difference now is that these takeovers will occur without the rules that have protected consumers and the rules that

required cross-subsidization. Lots of money will be made on the Golden Triangle, Toronto-Ottawa-Montreal, and perhaps even the run to Vancouver, but the profits will not be used to subsidize the runs to Thunder Bay, Sault Ste Marie, London, Halifax and any number of medium and small centres. We will be getting chaos.

Let me give the House an example of this. Last week, my office made a booking for a flight out of Thunder Bay for this morning. The person who was supposed to fly to Thunder Bay got to the airport this morning and was told that that flight does not fly any longer. When we checked, we found that that flight had never existed. I ask you, Mr. Speaker, is that increased service for the consumers of Canada? Of course it is not. It is total chaos. That chaos will continue until such time as we decide to reestablish a set of rules.

Fit, willing and able really sounds great, but what it replaces was even better. It replaces public necessity and convenience. Flights were to be necessary for the good of communities and for the good of airlines and they were also to be convenient. In this Government's blind devotion to free enterprise, it is again looking at the United States model. The Government clearly accepted the rhetoric without looking at the facts of the situation there.

During hearings on the *Freedom to Move* White Paper, we did not hear much about the American situation, primarily because the committee refused to go to the United States to learn of it firsthand. A couple of representations were made to us. One that interested me was, ironically, a presentation made in Halifax by officials from Newfoundland. I say it was ironic because they were telling me, a Member from Thunder Bay—Atikokan, that my neighbour to the South, Minnesota, had experienced a very negative reaction to deregulation in the air industry. We were told that over time, rates went up and service went down. In fact, one community went from having a jet service serving about 60 to 70 people a day to having a little putt-putt serving eight or nine passengers 10 times a day. There is no comparison whatsoever in the quality of service, comfort, noise level and ancillary facilities. Is that the kind of deregulation this Government wants? Does it want to turn a vast majority of our communities into areas served only by small commuter services? I certainly hope not.

One of the great myths of deregulation in the air industry is that there will be all these cheap seats. There were cheap seats for a while but the cheap seats were on the major runs, not the small runs. These cheap seats have gone. The industry itself dropped permanent cheap seats in favour of sporadic cheap seats. With only two competitors and markets that are becoming increasingly monopolized by one of the carriers, the cheap seats will disappear because the consumers will be captive. If they want to fly, they will have to fly with X company or Y company because only X company flies here and Y company flies there. They will spend more time going from terminal to terminal rather than being able to travel in a continuum. It is clearly a myth that there will be cheap seats.