

Air Canada

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I welcome the opportunity to make a contribution to this debate on the reorganization of Air Canada. What the government, abetted by Conservative members in the House, is trying to propose I think is significant. I am afraid that we have another example of the user-pay philosophy of the Minister of Transport (Mr. Lang) that all modes of transportation with which the government has anything to do should be based on the principle of user-pay and profitability.

I and my colleagues have said time and time again, both in this House and elsewhere, that given the geography of Canada and its sparse population from region to region, if we were to adopt the user-pay philosophy, the philosophy which decrees that a transportation system must always aim to make a profit, then we are doing a great disservice to the people of this country, especially those who live in regions like northern Ontario, where I come from.

I say this because there are not people in sufficient numbers in these regions of Canada to use the transportation system in order always to make it profitable. If we move in the direction the Liberal government and Conservative members want us to move, then people in regions outside our urban centres will find the number of transportation options available to them reduced. For us in the New Democratic Party, the proposition that must be central to the design of any national transportation plan has to be the concept of service. Service must come before profit.

That is why we are particularly disturbed with an amendment to the Air Canada Act which is incorporated in the bill before us, one which the Conservatives tried to get passed in committee but were defeated by the Liberals, the Liberals then turning around and reintroducing it, supported by the Conservative members. I refer to clause 7(1.1), which provides:

In discharging its responsibilities under this act, the Board shall have due regard to sound business principles, and in particular the contemplation of profit.

We are not against sound business principles, but the phrase which really worries us, Mr. Speaker, is "and in particular the contemplation of profit".

The nature of the air transportation system in this country I find very interesting, from the point of view of looking at what has happened over the past few years to our national air carrier, Air Canada, and its major competitor, CP Air. I find it very interesting that during this debate those members most indicative of being in an ideological straitjacket are my hon. friends in the Conservative and Liberal parties, who are wedded to the belief that at all times competition and profit are going to mean benefits to the average user of the transportation system. I am not against competition in certain circumstances. Nor am I against the profit motive. But when it comes to a national transportation system then, as I have said earlier, we must consider the aspect of service.

I should like to relate what happened since 1937 when the predecessor of Air Canada, Trans-Canada Air Lines, was first inaugurated. The airline was inaugurated by the government as a public enterprise, since private enterprise was not willing to serve the nation by setting up a national air transportation

system. Therefore a responsible government, under the pressure of the people of Canada and the CCF, the predecessor of my party, moved to bring about a national airline with public money. TCA fulfilled a very important service.

Then when the Conservative government of the right hon. member for Prince Albert (Mr. Diefenbaker) was elected in 1957, it initiated a study of TCA and of the whole business of whether or not there should be competition in the field of air transportation in Canada. There was a great clamour from special interest groups to the effect that Air Canada should not have a monopoly. This was after Trans-Canada Air Lines was formed because other private competitors were not interested in providing the service. In 1957 and 1958 there was a great hue and cry to the effect that we must have competition in Canada in the air transport industry.

The Conservative government of the day hired a British transport expert, Mr. Wheatcroft, to do a study of the air transport situation in Canada. He concluded that TCA was as efficient a service as any in the world, even though it had no competition on the route. However, he said there was one serious deficiency in the service: a highly vocal section of the Canadian public was not satisfied with TCA's service. I should like to quote from his report to the government in 1958. He said:

There can be little doubt that a major reason for the undue degree of public criticism to which TCA has been subjected is that passengers with small grievances have magnified these into major complaints because they do not have the normal redress of taking their custom elsewhere.

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This is a fundamental problem of public relations which is faced by any concern with an exclusive franchise. There can be little doubt that, whatever the other disadvantages of introducing transcontinental competition, there would in this respect be substantial benefit for TCA. Competitive operations, in other words, might well make the public more appreciative of the service provided by TCA.

Not because TCA was inefficient, not because it was losing money, but because some people said, "we do not have the option of taking our business elsewhere," the Conservative government followed the advice of Mr. Stephen Wheatcroft and allowed for competition on our national air routes. As Herschel Hardin in his brilliant book on Canadian public economic development, "A Nation Unaware", stated:

The hardest flying that TCA ever had to do was through a thick ideological fog.

What has happened is that since the introduction of competition we have found we have had too much competition in a country like Canada for the kind of passenger service that is demanded. As a result we find what the Americans have found, that a host of airlines competing for a fixed or limited number of passengers can only mean more planes flying with reduced load capacity, half empty or worse.

As the cost of operating those planes goes up, the consumer, the traveller, has to pay by means of higher air fares. The Americans have found this. The studies are numerous to point it out. I would like to give a few statistics to illustrate my point.