

*National Air Policy*

**Mr. Clark:** I would like to say a word about Air Canada in the context of the policies which this party supports with regard to the direct role of the state in the Canadian economy. There was justification, without question, for the initial creation of Air Canada, and there remains justification today especially in regard to the international air services and for maintaining a strong national flag carrier for Canada. This, however, is not a justification for stifling competition within the Canadian air industry to the serious detriment of private carriers and the people of Canada, who are the ones in the final analysis who will pay the real cost of expensive or inadequate service.

Air Canada is a mature and successful airline. It is one of Canada's major corporations with assets in excess of \$1 billion. Just recently it reported nine-month profits of some \$50 million. The company has excellent staff and high quality management, and it can stand on its own without the comfort blanket of excessive government protection. It does not need the Government of Canada to prop it up. What it does need, what regional carriers in this country need, and what third level carriers in this country need, is a government which establishes a clear and coherent policy framework in which all of the airlines of this country, all of the carriers of this country, all of the people who want to use air service in this country, can plan with some sense of clarity and certainty.

Because we respect Air Canada's ability to stand on its own feet in a competitive environment, it will be the policy of the Progressive Conservative government after the next election to expand and diversify the air services available to Canadians.

[*Translation*]

That is something truly essential and important to the whole country. For instance, Quebecers are right in complaining about the quality of air services. In the Lac-Saint-Jean area, for example, air service was not maintained on a continuing basis and schedules are no longer convenient since Air Canada cancelled its regular service two years ago now. Trois-Rivières is not being serviced by any airline company although the demand is there. If we had a well coordinated national air transport policy those centres among others would be served by third-level carriers or existing regional carriers. However, you cannot plan services for Bagotville or Trois-Rivières without considering the rest. You have to plan on the basis of national transportation systems.

● (1532)

[*English*]

The minister made the grandiose gesture last night of saying he has no objection to allowing the Canadian Transport Commission to consider extending Canadian Pacific Air routes east of Montreal. This sounds very strange coming from a minister who has delayed that very request by Canadian Pacific Air for at least two years, a minister who still refuses to face his responsibility—and it is his, not that of the Canadian Transport Commission—to lay ground rules for airline competition in this country. There are no ground rules now; there are none

that touch regional air carriers and that gives those carriers a sense of confidence in planning to serve the communities and the people they want to serve.

The House may remember that in October, 1966, the then minister of transport, the Hon. J. W. Pickersgill, outlined the role that regional airlines would be permitted to play in Canada. Regionals would provide regular service to the north as well as operate local and regional routes that would complement the main trunk carriers. That 1966 policy envisaged, where appropriate, the transfer of routes operated by the mainline companies to regional airlines.

To date, the intent of that policy has been ignored. The mainline carriers have entrenched themselves into the role of regional carriers. Air Canada has been unwilling to give up its routes in southwestern and northern Ontario, where regionals should be operating under the government's 1966 policy. Regional carriers identified a need for trans-border flights to the United States as well as charters to warm weather locales in the southern United States and the Caribbean. Both of these services allowed regionals to use their aircraft during off peak periods.

However, part of this market has been turned over to United States competition as a result of a bilateral air agreement between Canada and the United States. This was a bilateral air agreement in which any of the gains that came to Canada came to the large carriers, the mainline companies, but the regionals fared very poorly, losing their share of a lucrative market without any compensating return.

[*Translation*]

I would now like to deal with the burden imposed by the great many regulations in the air industry. The Carter government made substantial progress when it came to abolishing unnecessary regulations in the air industry in the United States. That proved beneficial to all parties involved. For the first half of this year, the number of passengers traveling on U.S. airlines increased 16 per cent and Americans who could never afford to fly can now use that means of transportation if they want to.

Contrary to what the Government of Canada has been saying, stiffer competition strengthened rather than weakened the economic position of airlines in the U.S. Finally, as a result of stronger competition, profits will reach record levels this year despite reduced fares.

Mr. Speaker, let us compare that policy to help the industry and consumers with the old outdated protectionist approach of this government. This government stifled competition at the national level and prevented regional carriers from developing both within this country and in the area of chartered flights.

In spite of the promise made in this House by the Minister of Transport five years ago, he has yet to set out a policy for third-level carriers. As in anything else, the policy of the federal government is devoid of imagination, orientation, and fails to take Canada's potential into account.