

*Trans-Canada Air Lines*

recognized for some considerable time. As a means of relieving unemployment the construction of airports was commenced from coast to coast.

Mr. BENNETT: Those were the camps.

Mr. HOWE: The work on the airports has been continued since the camps were closed. It is expected that the airports from Winnipeg westward will be entirely completed by July 1 next, and the other fields by the end of the present year. The time has now come to undertake the flying of this route, and the government has been faced with the question how it can best be done. Numerous applications have been received from companies willing and anxious to perform this service. Pressure has been brought to bear on the government on behalf of several of these companies, and also on behalf of companies which are performing similar services in the United States. We had several examples to guide us. We had the example of Britain and its development of air services through Imperial Airways.

Mr. BENNETT: How much of Imperial Airways does the British government own?

Mr. HOWE: Twenty-five per cent of the capital stock; in addition, all the operations undertaken by direction of the British government are subsidized by the government. The method is to estimate in advance the deficit for the year and the money to cover the estimated deficit is paid over in advance to the company.

The United States have developed air services along different lines. There it has been a matter of competition, extending over some ten years. In the early days mail subsidies were granted which would now be considered very large indeed; they amounted to about four times the present mail subsidies. Companies were authorized to fly certain services and the lines were built up in that way, the only form of subsidy being the contracts awarded for the carriage of the mail. This led to a somewhat chaotic experience. Companies have been formed, and have disappeared or been merged with other companies. Three or four years ago there was a general writing-down of mail contracts; they were suspended for a time, and the United States government undertook to perform the service with its own planes, because the contract arrangement was not considered satisfactory. Subsequently new contracts were made with private firms, and to-day, I think, the United States is operating on a very efficient basis—as efficient perhaps

[Mr. Howe.]

as any country in the world. But it seems to me that this mode of arriving at the end desired could be bettered by a country like Canada, able to profit by the experience of others.

The company contemplated by this bill is to be organized as a private corporation. It is not the intention of the government to own directly any stock in the company. The agency for organizing the company is to be the government's existing agency for the conduct of transportation business, namely, the Canadian National Railways. The Canadian National Railways will underwrite, in the first instance, the stock of this company and distribute it among firms at present engaged in aviation in Canada which wish to participate.

It might be argued that the government should do this direct, but I think everyone here will appreciate the impossibility of working out a plan involving a great number of competitors when the government itself does not and cannot know the plan until it has been approved by parliament. The government has therefore decided that the proper course is to determine the form that the company shall take, place the underwriting in the hands of the National railways, ask those who desire to participate to signify the degree to which they are interested after the terms of the arrangement are known, and to state what they can contribute towards the enterprise in the way of experienced personnel and possibly equipment, and then allow the personnel problem of the company to be worked out after the bill has been passed.

This company will fly only the main artery of traffic across the country, and such other arteries of traffic as are designated by the government as being of national importance. It is not the intention to interfere with any existing operations. The company will not undertake other than interurban services. It will be given an exclusive contract to carry mails, passengers and express over the specified routes. In the initial stages of the company, in addition to its having an air mail contract at a rate competitive with similar services on this continent, its deficits will be paid by the government for two years, during which period we anticipate the personnel will be perfected, and at the end of that time it can reasonably be expected that an efficient service will be in operation. Subsequently the company will receive an air mail contract the basis of which will be determined by the operations of the previous year. The set-up is such that the company will be protected against loss, but its profits will be very strictly limited. In other words, it is organized to