

this question in view of the fact that within the next few days these flights will start and that there is some question as to their viability at all.

● (1415)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we hope that that action will not be taken by the United States at this point. They have registered some concern, but have not taken formal action to disallow the flights. This may be part of a larger discussion between Canada and the United States about fares.

It should be known that we are in a position to allow similar or matching U.S. fares by U.S. airlines as well. Perhaps that may alleviate somewhat the concern of the United States at this point. I would, therefore, take the view that we do not expect that action to be taken by the United States, and that the fares will be allowed.

Mr. Murta: Mr. Speaker, that is somewhat cold comfort for people who are anticipating travelling in the United States. The government is still at the point of assuming that things will work out all right.

Since the government has rejected several proposals from the United States for cheaper cross-border flights, does the minister anticipate changes to the 1974 air services agreement which allows one country to block the other's cross-border fare proposals? This seems to be the crux of the present problem. The United States seems to be approaching the pending negotiations in the same way Canada did some time ago. I understand these negotiations will take place between the two countries in the first part of April. Will this particular question be discussed then, and can we hope that the question will be resolved?

Mr. Lang: Mr. Speaker, resolution of that particular issue is exactly the point of the discussions proposed for April. Following some filings by U.S. carriers, we did ask for these consultations and it took some months before we received a positive response. Discussions are now set for April and will cover specifically the issue of lower fares and how they are handled between the two countries.

Mr. Murta: Mr. Speaker, because every country needs contingency plans, can the minister indicate to the House whether there is the possibility of an agreement between the two countries allowing selected United States airline carriers to fly into Canadian cities in return for rights for Air Canada's proposed cheap fares to United States cities? In other words, are Canadian officials prepared to meet the United States halfway on their demands, in order to alleviate this situation?

Mr. Lang: Mr. Speaker, the hon. member must have missed that aspect of my very first answer. The Canadian Transport Commission, I understand, did allow some of the lower fares filed by United States carriers where they were parallel to the fares filed by Air Canada for service between Canadian points and the United States. To that extent, therefore, some accord

has been arrived at if the United States allows these Canadian fares to be upheld.

Oral Questions

CANADA-UNITED STATES CONSULTATIONS ON AIR FARES

Mr. Don Mazankowski (Vegreville): Mr. Speaker, may I put a supplementary question to the Minister of Transport? It specifically concerns the air fares which are to come into effect next Tuesday.

Under the terms of the bilateral agreement, I understand that the countries have 15 days in which to negotiate or to consult after a notice of dissatisfaction has been filed. Can the minister indicate whether that initiative has been taken by Canada? Will consultations take place relative to these particular air fares so that the matter may be resolved before next Tuesday?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am not sure at this moment whether there will be discussions in advance of the April discussions on the main issue.

Mr. Mazankowski: A further supplementary question, Mr. Speaker. What assurances can the minister give the House that this matter of the notice of dissatisfaction will not, in effect, turn into a notice of suspension so far as United States authorities are concerned?

Mr. Lang: Mr. Speaker, obviously, only the United States government could give a clear indication at this time of whether they intend to take that action. The best I can do is indicate that I do not expect that action; but it is very definitely in their hands, under the bilateral arrangements between us.

Mr. Mazankowski: A final supplementary question, Mr. Speaker. Can the minister tell the House why Canada is not exercising its right, under the bilaterals, to initiate consultation and negotiations with the United States to resolve this matter, rather than just sitting around playing tweedle-dee-dum and tweedle-dee-dee.

Mr. Lang: Mr. Speaker, I think the hon. member is being rather silly in his approach. Discussions are coming up on this whole question very soon.

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THE CANADIAN ECONOMY

INCREASE IN CORPORATE PROFITS—MEASURES TO ROLL BACK

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Finance. In the House yesterday, the minister expressed concern that some profit-making might have taken place on the devaluation of the Canadian dollar. In this morning's papers, figures were released showing that corporate profits were up 46 per cent in the last quarter of 1978. This is the highest since 1974, and a large part of that profiteering took place as a result of foreign exchange gains.