

not fail to mention those hard-working aircraft, the "Otter" and the "Beaver", which have earned a popularity far beyond our borders.

I hope that it is true to say that the Federal Government is fully conscious of the paramount necessity in this period of "cold war" to equip our air force with the best fighting aircraft that our national resources can provide. And I hope it is equally true that the Government appreciates the part commercial aviation is playing in our national development and the need for encouraging commercial aviation to continue to play that part.

Of the part played by government in the stimulation of aviation, I have already mentioned the capital assistance programme which is designed to encourage the production of military aircraft.

On the commercial side, for many years the Department of Transport has been providing such services as radio ranges, the construction and improvement of air-fields and runways, meteorological reports, the licensing of pilots and other regulatory functions. In fact, the Government has over half a billion dollars invested in facilities of this nature. In addition, it has been making grants of \$100 to flying clubs and schools for each graduate student in order to increase the number of Canadians who hold private licences.

In the belief that commercial aviation can best develop in an atmosphere of independence, the Government has avoided the use of the direct subsidy which involves a high degree of government control. Nevertheless, we have endeavoured by other fiscal means to encourage the industry. By removing for a period of years the tariff on the import of aircraft of a type and size not available in Canada, we have opened up a wide source of aircraft for commercial use. By an amendment to the Industrial Development Bank Act, operators may now obtain loans for the purchase of aircraft which it was difficult for them to obtain formerly from private sources. And regulations have been changed concerning the depreciation of aircraft whereby operators may now depreciate up to 64 per cent of the value of their aircraft in two years and 78 per cent in three years.

In the regulation of the commercial air services the Government has tried to follow the policy which would be in the best interests of the nation and of the industry. After the last war as you know, the number of commercial operators mushroomed and the Government attempted to bring about conditions where each operator would have an opportunity to get established, unhampered by chaotic conditions arising out of unregulated competition.

But I will assure you that the Government does not necessarily intend to guarantee every operator a permanent monopoly in his area. We do wish to avoid the situation which existed in our railway-building era, when companies were permitted to construct lines in a territory served by rivals when there was not even sufficient traffic to sustain one line. Perhaps the classic example of this kind of folly was the construction of three rival parallel lines between Montreal and Toronto at a time when there was sufficient business for only one.