

Supply—Transport

Somehow or other the rumour started last April and May that the North Star planes were unsafe, and there was a very marked drop in traffic during the months of May and June, arising out of that rumour, which I think we now know was wholly unfounded. That is a broad sweeping outline of the reasons why we had a bad statement last year. This year we predict an operating result which will show a substantial profit for the domestic lines, and a substantial loss for the overseas lines. I am happy to say that in the two months to date a very substantial improvement has been made on the operating results that were predicted by the management at the turn of the year.

Mr. Green: Can the minister give us those figures?

Mr. Howe: I have not got them now. They will be available to the railway committee of which I believe my hon. friend is a member. The beauty of the committee is that the management is there with every possible figure that anyone may require. As I say, this annual report just reached me today. I have not the figures available to go into any extensive analysis.

Mr. Drew: Did I understand the minister to say that this committee will be sitting this week?

Mr. Howe: We hope so, yes.

Mr. Drew: If that is so, it may of course be possible to deal that much more quickly with these items.

I want to refer to one statement that the minister has made. There were no rumours last year about the North Star. There were statements that were related to instructions that were given by the officials of the Trans-Canada Air Lines, which referred to the difficulty that they were having in regard to the engines in those planes. If there was any public impression related to those statements it was a public impression that was related to instructions that were given primarily by Mr. Slemon, who was directing flying operations of the Trans-Canada Air Lines. However, that can be dealt with in the committee, and will be dealt with then.

At the moment I was referring particularly to the break-down of these losses, because it would help hon. members to have some understanding of where these various increased deficits have arisen. If the statement is to be available to us on Friday, and this can be considered in the committee next week, I do agree that this subject could very well be discussed at that time. Of course we are called upon to pass on an item of \$4,317,594.

[Mr. Howe.]

Mr. Howe: Unfortunately that money is spent.

Mr. Drew: I recognize the fact that the money is spent and nothing we can do will unspend it. I do agree, therefore, that it will be best to dispose of this item now, and then to go into the component features of it before the committee so that we shall have the information available to us in dealing with the estimates for next year.

Mr. Fulton: Before the item carries it should be pointed out that the remarks made by the minister this year, as to the forecasting of greatly improved conditions, particularly in the Atlantic service, bear a striking similarity to the forecast made last year, when an improvement was forecast. Despite that we are now asked to authorize the payment of a deficit of over a million dollars greater than the one before.

In this connection I would refer to the observations made by the general manager of the air lines, as reported at page 313 of the proceedings of the committee on railways and shipping for 1949. On that occasion I was asking him why the emphasis was being placed on this transatlantic service when the trend seemed to be toward deficits. The manager stated at that time, and was supported by the minister who was also before the committee, that he felt confident this position of deficits would not long continue, and that substantial improvement would be shown in the year's operations. Those are the operations for the year now reflected in this deficit of \$2,898,150.

This is what took place on that occasion, when I had said that the report showed an increasing trend toward deficits in the overseas service:

Mr. Fulton, again, as yesterday, I disagree, both as to the interpretation of the wording and what I believe to be the trend. It says, "at the present time,"—referring to the 1948 conditions, and the 1948 report,—and this certainly was the case, but I can very definitely assure you that our financial returns on our overseas operations for 1949 show improvement, and that the months that have already gone by would indicate that these estimates are very close to accurate.

That was on April 6, 1949. Three months of that year had already gone by, and the manager, supported by the minister, said that the conditions showed that there would be a further improvement for that year.

Then, earlier in the same sitting, as reported at page 275, he is reported to have said:

The trend in the Atlantic operation, as forecast for the year 1949, is also a reduced deficit.

I point out the striking similarity between what was said last year, in forecasting a