

There is absolutely no doubt in anyone's mind that it will collapse unless the two airlines change their predatory pricing policy. Does the Government of Canada not take any further interest in it?

Senator Murray: Honourable senators, there are some constraints on what the Government of Canada can do with regard to telling companies in the private sector what to do with regard to their pricing and scheduling practices. There is a competition law in this country that we must respect, and no minister of the Crown can involve himself or herself in a way that contravenes that law. Further to that, while my friend has not quite had the gall to say so explicitly —

• (0930)

Senator Frith: That is one thing this government is an expert on: gall.

Senator Murray: — Senator Olson is longing for the good old days of a regulatory regime under the heavy hand of the federal government, in which it was cheaper to buy a ticket from Toronto to Switzerland than it was to buy a ticket from Toronto to Calgary. He longs for the good old days.

Senator Molgat: It is cheaper now; substantially cheaper.

Senator Olson: Honourable senators, I do not think the Leader of the Government has any right to impute motives to me.

Senator Lynch-Staunton: What gall!

Senator Olson: That is not what I am longing for.

Senator Murray: What are you longing for?

Senator Olson: The Leader of the Government says that there are limitations to the government's authority. There was a satisfactory regime in place when it was necessary to make application to an air transport authority for routes. At that time there was not the overcapacity that is killing both airlines now. The Leader of the Government knows that; I know that. The government knows it can make rules respecting which routes scheduled airlines fly.

Honourable senators, my question is this: Will the government stand idly by and watch the Canadian airline industry collapse?

Senator Murray: Honourable senators, there is overcapacity. As a matter of fact, we estimate that there may be 15 to 20 per cent overcapacity in the industry in Canada today. There is also competition in the industry today.

Senator Olson: There is predatory pricing.

Senator Murray: The honourable senator talks about predatory pricing, but he wants a regime in which the government will dictate to the airlines what routes they are to

[Senator Olson]

follow. We do not think that is in the interests of consumers who are looking for travel at economical prices.

As a former free enterpriser, the honourable senator will recall —

Senator Olson: Not former..

Senator Murray: — that there is a difference between competition and the effects of overcapacity.

Senator Olson: I have a final supplementary.

The Honourable Minister knows as well as I do that sooner or later the government will get involved in this matter unless management changes its views dramatically.

By the way, the government is a major shareholder in one of the airlines. Will the government simply stand back and let it collapse?

Senator Murray: Let what collapse?

Senator Olson: The airline industry. The two major airlines in Canada lost over \$500 million each last year on top of the losses of the year before. In fact, they have lost money every year since deregulation.

Hon. Philippe Deane Gigantès: Honourable senators, I also have a supplementary.

Is there a school of thought that it is best that we lose our airline industry, that it be bought up by the Americans piece by piece, that we no longer have a Canadian airline industry, but that we have American carriers servicing Canada as they see fit on the hub and spoke principle?

Senator Murray: The last time I looked, honourable senators, Canadian airlines were buying American airlines; not the reverse.

Senator Gigantès: Canadian airlines were buying American airlines? Surely you mean Air Canada is buying Continental.

Senator Murray: Yes, a Canadian airline, Air Canada.

Senator Gigantès: Incidentally, I just bought a return ticket to London for \$490. I cannot get to Calgary and return for that amount.

Senator Di Nino: I thought it was one way!

Senator Gigantès: You would like that, wouldn't you.

Senator Lynch-Staunton: Can I drive you to the airport?

Senator Gigantès: The Tories in Britain would not like me, either.

Senator Lynch-Staunton: Don't send a postcard.