

Committee on Railways and Shipping

course that when they speak of providing competitive services for T.C.A. they are not thinking only of the routes which at present are being flown by Trans-Canada Air Lines, but are thinking also of competition in what is generally described as the field of regional operations.

In other words, it was not their contention that competition would be provided only in the field in which Trans-Canada Air Lines operate but also in the other fields in which other operators are actually flying routes at the present time.

I have not been a member of this house long enough to have participated in the discussions which took place, I think in 1953, concerning the application by Canadian Pacific Air Lines for permission to operate a transcontinental freight service and consequently I have not firsthand knowledge of the considerations which went into the decision reached at that time. I have tried to approach the subject of competition on as objective a basis as I could to see whether there was some foundation for the suggestion by the hon. member for Broadview (Mr. Hees) that so long as you had competition you would solve all problems, that in effect it would bring cheaper prices and a better service.

I have been thinking about this carefully for quite a long time and I do not think that that would be the result of establishing competition in the fields in which Trans-Canada Air Lines operate. If one takes the trouble to look at the financial results of Trans-Canada Air Lines operations for the last two years of 1953 and 1954 he will find that in 1953, after making provision for income tax amounting to some \$300,000, there was a net income of \$256,230. In the following year 1954 the net income was \$496,146.

As those figures more or less follow the pattern of earlier financial statements, I think it may truthfully be said that the T.C.A. is providing service to the Canadian people pretty much at cost. I think if one were to look at the total revenues, which were \$62 million odd in 1953 and \$68 million in 1954, one would realize that the net income figures which I have just given indicate that there was very little profit on the total operations. I am inclined to think that what was said on the subject of competition by Professor Wagner of the University of Manitoba has been quoted before, but I think it bears repetition. He said:

Competition is only useful for what it achieves. If it achieves greater efficiency, lower costs and changes and better service, it is an admirable principle to insist upon. But if it achieves over-expansion of expensive facilities with division of the market amongst competing carriers, it will lead to heavy burdens on carriers, shippers, and taxpayers alike.

[Mr. Marler.]

I am convinced personally that the development of competition on a broad national scale could lead only to one or other of two possible results: either we would be operating Trans-Canada Air Lines at a loss or we would have to increase the cost of air transportation.

Mr. Hamilton (York West): Would the minister tell us if that is the same professor who appeared on behalf of Trans-Canada Air Lines at the air freight hearing?

Mr. Marler: I cannot give my hon. friend an answer to that question because I do not know Professor Wagner. I do not know whether he appeared before the committee. I merely thought that he had expressed an idea rather succinctly and I did not think it was necessary to investigate his background to find out whether the words made sense or not.

As I was about to say, it seems to me that the moment we envisage competition on a broad national scale it will follow that either the T.C.A. is going to lose money, which means that its operations will in fact be subsidized out of the public purse, or if it is to remain in a position of earning a small profit it will have to receive a subsidy, or in the alternative to raise its fares.

I know that a lot of people believe that there is some magic about competition and there is a tendency to look abroad and point to what is happening in Europe. I think the hon. member for Prince Albert (Mr. Diefenbaker) when speaking in the debate on the address pointed to what was going on in Europe as an example of the benefits that flow from competition. But when one casts one's eye around the field of civilian aviation, both in Europe and on this side of the water, one will find that competition is working successfully only where there are fields of large volume, where there are great numbers of people to transport.

I do not want to burden the house with a lot of statistics but I should like to give a few to illustrate the point I have to make. First of all, as regards the situation in Europe, we all know that the countries are relatively small and for the most part they have their own national air lines just as we have in Canada. When we look at the important services in Europe, we find that they are for the most part flown by two carriers. For example, take the service between London and Paris. There is an English carrier, British European Airways, and a French carrier, Air France, but there are no others. According to information given to me, these two services in 1954 carried 415,000