

*Oral Questions*

**Hon. Roméo LeBlanc (Minister of Public Works):** Madam Speaker, obviously I am not in favour of being unfair to anyone. However, I have to be cautious, because the last time the Hon. Member and his former Leader raised this issue, both of them were misinformed and I had to provide both of them with a legal opinion. I would like to check the facts before I try to answer the Hon. Member's allegations.

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● (1125)

**AIR TRANSPORT****AIR CANADA SEAT SALE—ROLE OF CONTINENTAL AIRLINES OF UNITED STATES**

**Mr. Mark Rose (Mission-Port Moody):** Madam Speaker, I think the Minister of Transport is well aware that the United States is holding thousands of Canadian tourists hostage in order to bail out Continental Airlines of the United States. Is the Minister also aware of the possible links this airline has with the CIA, the White House, and the U.S. Civil Aeronautics Board which cancelled Air Canada's discount seat fares and, if so, what is the Canadian Government going to do about it?

**Hon. Jean-Luc Pepin (Minister of Transport):** Madam Speaker, obviously I cannot interfere in American policies. I am aware of the power of Continental Airlines, and I am aware of the power of the American Government. But I am a realist, so we have been discussing this for a number of days. At eleven o'clock it was go; it 11:10 it was touch. We are working on it now. I am very attentive to the western interest and to CP Air's interest in that, and my western caucus is following me very closely.

**Mr. Baker (Nepean-Carleton):** You have nothing to lose, so you are gambling everything.

**Mr. Pepin:** I am very cautious, particularly about the route that exists between Canada and Australia in the Pacific. That route has been developing for 20-odd years and we are not about to give it away. We are having discussions now and we hope that they will work.

**U.S. POSITION ON CANADA'S AIR AGREEMENTS WITH OTHER NATIONS**

**Mr. Mark Rose (Mission-Port Moody):** Madam Speaker, as everyone knows, Continental Airlines wants to cut Canadian traffic to the Orient because it has lost business since the end of the Vietnam War.

I know that negotiations are extremely sensitive at the moment, but I should like to know in greater detail what action the Canadian Government proposes to take to prevent United States authorities from interfering in Canadian airline policy and our foreign relations and treaties, and transport relations with Australia?

**Hon. Jean-Luc Pepin (Minister of Transport):** Madam Speaker, "interfering" is not really the right word. There is a border between Canada and the United States. It is undefended. We have to negotiate with the United States in order to ensure that trans-border routes are established between the two countries, and in order to maximize communications between the people of our two countries. This is terribly difficult because of the geography and the numbers involved. The population of the United States is ten times that of Canada; consequently, to the United States, Canadian points are but an extension of their hub and spoke system. To us, each of these routes is single; it has to be developed, it has to be fed, and it has to be viable.

Some Americans do not understand that too well, and I do not blame them. It is the right of a big power not to understand the rights of smaller powers. That is why, for a number of years now, we have been discussing this. We are now into the seventh round of discussions on air relationships with the Americans. We have failed, up to now. We feel that they do not understand our case, and they feel that we are dragging our feet.

This is a symbol of what can happen. In their instance they have tied a decision on Air Canada and American Airlines' special fares to a resolution of the question of Continental. We are being careful because, in the resolution of the Continental question, they might establish beach-heads or points of principle with which we do not want to live. That is why the negotiation is quite complicated. It is very difficult, but we hope that good sense will prevail and that people will be able to travel.

**Mr. Rose:** Madam Speaker, the Minister is too diplomatic to mention the fact that deep philosophical differences are involved as well. There is a difference between the regulation and protection of our airlines and the deregulation policy of the United States which has left many American airlines flat broke and in hock to the bank. I am not interested in saving Continental Airlines in order to save the Rockefellers, and neither are other Canadians.

**DANGER PRESENTED BY U.S. POSITION**

**Mr. Mark Rose (Mission-Port Moody):** Madam Speaker, I should like to ask the Minister to reassure the House that no beachheads will be established on the Canada-Australia line. If we allow U.S. airlines to siphon off Canadian traffic to Australia, how soon will United States authorities be up here trying to siphon off Canadian traffic to Europe?

**Hon. Jean-Luc Pepin (Minister of Transport):** Madam Speaker, I thank the Hon. Member for his advice. I had thought of a number of these things, if not all of them, before. The difficulty now is that we are trying to take three major points into account. First of all, there are the 100,000 people who had made plans to go to the United States to see Aunt Annie and Uncle Charles, and so on. We are mindful of that, and we are mindful of the route that I indicated, the Pacific