

The U.S. approach to controlled competition was in the first instance related to scheduled routes, that is, a pattern which would provide the benefits of competition while preventing the disadvantages of uneconomic or excessive competition. The Canadian approach as laid down in Government policy was based upon virtual elimination of competition in the early stages of post-war growth; a stronger company might emerge if the operator had a clear field to develop. This thinking was influenced by recollections of uneconomic cut-throat competition which almost ruined commercial aviation in Canada in the 'Thirties.

It was therefore decided to give any scheduled service in Canada absolute protection not only from other scheduled services but also from non-scheduled operators. As the industry has grown there has been a gradual moderation of this policy. A greater restriction of competition than in the United States remains but Canadian policy has been adjusted to permit the gradual emergence of some competition. Changes are likely to be gradual for Canada does not have the numerous high-density routes that exist in the United States and traffic growth in Canada has not justified rapid emergence of extensive directly competitive route operations. However, Canadian policy has moved in the direction of that followed in the United States.

International Policy

In the international field policies have been comparable. However, Canada has only two Canadian-flag carriers and they do not compete with each other in the international field, each having been given a separate area to develop. Both countries have recognized that the necessity of competing in the international field with airlines of foreign countries must of necessity limit the extent to which competition should be permitted between one's own international carriers.

International operations are hampered by narrow and chauvinistic feeling and detrimental national restrictions which do not apply, so far as I know, to any other form of transportation. We live in a world of hard bilateral bargaining and this has been particularly true in aviation. Unsuccessful attempts were made at and after the end of the War to find a multilateral solution. At that time both Canada and the United States were on the same side in seeking a multilateral approach although there were substantial differences in emphasis. The United States as a great and wealthy country was concerned with solution which would make sense for the long world-routes which a large country can afford to operate. Many small countries were more concerned with a solution which would give an excessive degree of protection to regional services and which would have hampered the international trunk-routes. Canada as a middle-sized country saw the necessity of satisfying both points of view. It is true that in the absence of a multilateral solution the United States, together with the United Kingdom, have done a very great deal to improve the principles of bilateral negotiation and the principles which they have evolved are now accepted by a great many governments, including Canada, as standards for bilateral agreements. Canadian support for a multilateral solution has not changed and I regret deeply the apathy which seems to have descended in the matter of any further attempts to achieve this. Elimination of a restrictive approach to international aviation will take a long time but this should not discourage any country from continued attempts at solution or continued support for such attempts.

Trans-Border Services

As a result of the close co-operation which has existed between Ottawa and Washington in aviation matters, we have been