

Trans-Canada Air Lines and Canadian Pacific Airlines are of course the two largest companies in the industry, Trans-Canada Air Lines accounting for just under 60 per cent of all domestic air revenues and Canadian Pacific Airlines about 15 per cent. This proportion, however, over the recent years has been shifting in favour of the private operators, particularly the smaller private operators whose rate of expansion has been great.

Trans-Canada Air Lines with its fine wartime record of service, was compelled to deal with difficult problems of financing, expansion, development of new routes, training, and introduction of new equipment, on a scale much greater than any other Canadian carrier. As a consequence of these growing pains it has encountered a series of deficits over the last four years. The extensive efforts which the company has been making to meet this situation are proving successful this year and unless there is some serious change for the worse, I am reasonably confident that in 1950, after a four year interval, T.C.A. will again find itself showing a profit on its domestic operations.

Canadian Pacific Airlines has an excellent post-war record of reorganization and development. Possessing in the first instance a mixed bag of air services, it has after two years of declining revenues, started to increase its income again, to a point where a deficit position in 1948 was changed to a substantial profit position on domestic operations in 1949. 1950 looks even better.

There are as well a great many other private air carriers in Canada of varying sizes. Some of the larger of these are providing regular scheduled services on a smaller scale than Trans-Canada Air Lines and Canadian Pacific Airlines, but which in their own way are just as important, if not more important, to the communities they serve. All of these, without subsidy from the government, have been able to achieve a reasonable economic position; a record which I challenge any other country of which I know to surpass. The same is true of the non-scheduled operators in Canada where the normal process of growth is eliminating the poorer and weaker, but at the same time producing a group of well-established and self-sufficient carriers, whose only weakness may be that the newness of their life has made it impossible for them to build up the capital reserves which we would like to see available for the future.

In the international field our growth has perhaps been ever more impressive than in the domestic field. At the end of the war T.C.A. was operating only one international route. To-day it operates several routes to the United States; a major trans-Atlantic service to Ireland and the United Kingdom (as a result of a bilateral agreement with France which I signed recently this is to be extended to France next year); and another major service to Bermuda, Florida and the Caribbean. Canadian Pacific Airlines also operates one trans-border route and two major international routes, one to Australasia and the other to the Orient. The former will I believe shortly add New Zealand as a point of call. The latter service since the outbreak of the Korean war has been made available by the Canadian government to the United Nations and is the first instance of a government taking over the resources of a civil air operation and making it available to the United Nations in support of U.N. forces.

I turn now to water transportation but shall deal only with Canadian ocean shipping.

It is known to all of you that at the outset of World War I we had practically no merchant marine. The end of the war saw Canada owning and operating a substantial deep-sea fleet. Having in mind the difficulties and the result of attempting to operate a