

the Deputy Prime Minister today that while he sees some hopeful signs, he is not able to give the Canadian people any assurance, is it not fair to assume that we have to expect, under this government, the continuation of a rate of inflation around 8.5, 9, 10 or 11 per cent?

● (1140)

Can the Deputy Prime Minister give us any reason to believe that with the policies of this government, or the policies he has described this morning, we can look forward to the return of a sensible degree of stability?

**Mr. MacEachen:** Mr. Speaker, may I add to the very positive signs I mentioned to the hon. member the fact that the government did, through a ways and means motion tabled by the Minister of Finance, affect the prices of a wide range of imported fruits and vegetables. That will have some effect.

I believe the hon. member is more pessimistic than I would be when he talks about a range of inflation for 1979 of 9, 10, 11 and 12 per cent. That is much too pessimistic in my view. I think our performance will be better than that, because it is better now than the United States. The hon. member will be pleased to note that the year to year, 12-month performance of Canada with respect to the United States is somewhat better, and the performance of the Canadian index is considerably better than the United States in the non-food component. However, we are faced with strong pressures on the food component of the cost of living index for reasons which I have described, which in my view will be moderate for reasons I have also described.

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#### EXTERNAL AFFAIRS

##### SUGGESTED MOVE OF AIR CANADA FROM HEATHROW TO GATWICK AIRPORT—GOVERNMENT POSITION

**Mr. Ross Milne (Peel-Dufferin-Simcoe):** Mr. Speaker, I am sure many honourable members and many other Canadians are very concerned about the negative impact that the proposed move of Air Canada from Heathrow to Gatwick, in London, will have.

I would ask the Secretary of State for External Affairs: in addition to the strong and welcome statement made recently by Mr. Martin, the Canadian High Commissioner, will the government back Air Canada and its president, Mr. Taylor, should they decide to deny tendering privileges to United Kingdom suppliers of their intended purchases and any other actions they might be able to take to resolve this issue in favour of Air Canada retaining landing rights at Heathrow?

**Hon. Donald C. Jamieson (Secretary of State for External Affairs):** Mr. Speaker, I have said on previous occasions in the House and I have conveyed to the British authorities our wish to keep the issue of Heathrow versus Gatwick separate from any negotiations that might be going on or any other relationship we might have in air matters.

#### Oral Questions

However, I am quite prepared to agree with the conclusions drawn, I gather, by Mr. Taylor and by others who have spoken on this matter, including some members opposite, that if we find there is no willingness on the part of the British government to renegotiate this matter, then obviously it is going to have an effect on the over-all relationship in air matters between ourselves and the United Kingdom.

I want to make it perfectly clear that we are not at this moment threatening one against the other. In other words, what Mr. Taylor was saying in his speech—and I have no ground for argument with what he said—was that there is a wide range of alternatives open to the government and to Air Canada in the event the British government refuses to co-operate. However, he did not link the two. Consequently, I do not propose to do so formally at this point. I think it is perfectly clear that if there is a failure on the part of the British government to accommodate Canadian interests in this matter, obviously it will have a spillover effect on other matters involving both countries.

**Mr. Don Mazankowski (Vegreville):** Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs. The president of Air Canada said that the main leverage the Canadian government has in the Gatwick airport dispute lies in the right of British Airways to operate in Canada. Is this a matter presently under active consideration by the federal government of Canada? Are any contingency plans being considered by the Ministry of Transport in relation to this matter?

**Mr. Jamieson:** Mr. Speaker, I am sure the honourable member will appreciate, because he has been very co-operative on this issue, that I have chosen my words this morning quite carefully. We are not formally negotiating and saying that either we stay in Heathrow or such and such a thing will happen. I am most anxious, in the interests of good relations between Canada and the United Kingdom, to deal with the Heathrow issue on its own merits. Consequently, we have not in a sense imposed any threats or any hints of sanctions of that nature in a formal way.

I reiterate the point that if there is no response to this quite reasonable and, I think, fair representation made by our High Commissioner and now by the president of Air Canada, clearly we will have to look at alternatives. That should make it clear to the hon. member that an examination has been made of what are those alternatives. He can be assured that Canadian interests in this matter are being very, very carefully looked at.

I emphasize once again that I still have confidence the British government will recognize that Air Canada was one of the first airlines to use Heathrow, that there is a strong, centuries-long relationship between us and that consequently, as a senior member of the Commonwealth, we deserve better treatment than to be tossed out of Heathrow.

**Some hon. Members:** Hear, hear!