

Mr. Cassidy: It was the Conservative Party that was in power. Was it the Liberals or the Conservatives, I cannot remember which, that were in power when the Canadian National Railways was created? The Government in power, or its predecessors, was responsible for many of the Crown corporations. It was responsible for the Canadian Pacific and for Air Canada, so it has agreed in the past that public participation makes an awful lot of sense if we are going to have a country at all. Now the Government is turning its back on it.

What will occur? The first thing is that safety is very much at risk with the kind of deregulation which is talked about by the Government. If we deregulate entirely and have no effective means of oversight, then experience shows again and again that we put people's lives at risk, employees' lives at risk and, if Hon. Members opposite want to quarrel with that, I suggest they tell me how it was that the Arrow Airlines crash occurred in Gander, which resulted in the death of 200 or more American forces personnel returning to the United States?

● (1550)

There are great risks with respect to jobs. Hon. Members should know that tens of thousands of jobs in the transportation industry are at risk. They should know as well that the benefits in terms of possible improvements, efficiencies or lower costs will not necessarily flow from that. What may happen is that we may lose jobs. Wages may be crushed downward. We may wind up with a system which is less safe and no more efficient than the one we have right now.

We have been told that we will have cheaper fares and better services. The fact is that that statement is generally applied to one specific sector, that being the air transportation sector. What has happened is that in anticipation of Bill C-18 the airline industry in Canada has been in a wave of reorganization which parallels what has occurred in the United States. In the U.S. the budget airlines such as People Express brought down air fares on a certain number of routes over a certain period of time. Those airlines are now being absorbed, taken over or forced into bankruptcy. They could not survive. As anyone who has travelled recently in the United States knows, air travel in that country is now tougher, it takes longer, the equipment is not as good and the fares are high.

I have in front of me a study which was prepared a year or two ago by the ENO Foundation, a business research group in the United States. It looked at air fares in the United States after deregulation. The fact is that in the spring of 1984, after deregulation, the fare per mile varied widely. It ranged from 13 cents a mile for a New York to Norfolk fare, to 53 cents a mile for a St. Louis to Cincinnati fare, even though these two markets are virtually the same distance apart. The escalation in fares has been extraordinarily different. To return to the two examples I just cited, the fare from New York to Norfolk fell by 19 per cent before 1978, while the fare from St. Louis to Cincinnati rose by 231 per cent. The increase in fares

between different city pairs in the United States averaged 50 per cent between 1978—before deregulation—and 1984, but it rose in one-third of the cases by more than 120 per cent in six years, an average fare escalation of over 20 per cent per year.

What has happened in Canada? Essentially, we now have two airline groups. We have the Air Canada group and the Pacific Western group, which is made up essentially of CP Air and Nordair. In other words, an oligopoly exists. An oligopoly means two or three competitors—no more. Under those situations competition is not achieved, competition which would result in prices being driven down to the lowest or marginally lowest cost of providing services. In such a situation the two participants shy away from cutting fares too low. Wardair might be able to force fares down occasionally in certain markets. But, essentially, the situation we have now is that the Canadian Transport Commission does not ensure that there is a reasonable set of air fares in place. It does not allow a certain amount of competition in terms of special deals. Nor does it ensure that the regular fares bear some relation to distance travelled. For example, if one travels 200 miles in British Columbia, the fare should be more or less similar for the same distance travelled in Ontario, Quebec and the Maritimes. Instead of that being the case, we now have a situation in which all types of disparities can exist, on the one hand. On the other hand, the situation is that the airlines will conduct their regulation on an internal basis. For what purpose? Mainly for the profit—to maximize their revenues.

The Government has also indicated that it intends, or is very seriously considering, the privatization of Air Canada. This means that Air Canada's commitment, and I think it has maintained it, to be an instrument of public policy will disappear, or virtually disappear. Thus we have two private sector entities dividing the market between them. Frankly, I fear that what we will see in Canada is similar to what has occurred in the United States. There, the initial benefits, if there were any, were very quickly followed by disbenefits, in effect to a situation in which there were no longer any benefits at all.

I see that you are indicating that my time is almost up, Mr. Speaker. I want to say that Bill C-18 will not bring about the type of benefits which government Members have mentioned. It will bring us real costs in terms of lowered safety standards, in terms of lost jobs and in terms of less potential for holding the country together. In accompaniment with free trade it will bring about the danger of further Americanization of our country. I do not want to be nasty to the Americans. I just want to say that we as Canadians have run our country differently. We have values which are different. We want to maintain strength in our regions. We will not be able to do that with free trade, nor with the type of transportation deregulation that is being advocated by the Government in Bill C-18.