

*National Transportation Act, 1986*

Congress moved, about 100 years ago, to establish the Interstate Commerce Commission to ensure that regulation would prevent that kind of cutthroat competition.

It is exactly this kind of concern about what will happen in a competitive regime that members of the Government should have. It is obvious that if controls are removed entirely and you set out to create a competitive mode, you will end up forcing competitors to purchase each other, with the end result of strikingly reducing rather than increasing the number of competitors. There were 13 railways in the United States some years ago and there are now only seven left. The situation in the airline industry has been in the news in the last months. Airline companies, particularly those which offered such great rates not long ago, are going bankrupt. Texas Air has purchased many of them and has become an enormous interest in the United States. Each year there are fewer airlines involved in the industry.

It is all too often forgotten that the endeavour to achieve and maintain a competitive realm is not advanced by allowing businessmen complete freedom to do what they want. That is where the matter of wise regulation comes in. There is an ultimate principle for businessmen that is even more important than competition. It is freedom of contract. It is the ability to buy out anyone and control as much as possible.

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It is foolish for anyone to believe that today there is real competition when there are only a handful of companies operating in an industry.

The fact is that there are even fewer companies operating in the rail and airline industries in Canada. Recent events in the Canadian airline industry, with the reduction of scheduled carriers into two groups, is a demonstration of what happens with the removal or predicted removal of regulation and the creation of a supposedly competitive environment. The freedom to buy other companies and reduce competition has left us with two interests. I suggest that the only reason we have two interests in the airline industry and railway industry is that in each case one company is publicly owned. If it were not for Air Canada and Canadian National, what guarantees would Canadians have that the entire airline industry and rail industry would not be controlled by one interest?

The Government should not only be concerned with removing regulations supposedly to advance competition and not give any criteria about how to ensure this new regime will actually maintain competition between companies. Unless it ensures that there is competition law that will provide some protection against the freedom of businessmen to buy and consolidate each other's operations for their own profitability, there will be a movement toward monopolization of the airline and rail industries, particularly if there is privatization. The result will be anything but the desired kind of competition.

There is another fundamental aspect of competition which is all too rarely appreciated. Competition seems attractive to

those who want to ship or travel. There is no doubt that shippers are attracted to the possibility of making confidential agreements with their shipping companies in order to reduce their costs and be more competitive. Similarly, seat sales and low air fares by such airlines in the United States as People Express are attractive to Canadians. It has led many to believe that deregulation would result in the same situation in Canada. However, people in the Canadian airline industry do not expect that such bargains will occur in the future since Canadians have already experienced the good bargains that are to be found in the industry. Surely that fact should encourage us to recommend that Bill C-18 be sent to the standing committee for further study.

Setting these concerns aside, what are the consequences of the Government's desired competition to those who provide the important transportation services? There is much doubt that competition will prevail, given the evidence of the consolidation of control and other factors. When there are few shippers, there is far more collusion than control because enterprises exist to make money, not provide the lowest possible cost for the movement of goods and people. The fact that a truly competitive regime could drive profits down to zero or less is of enormous concern to these companies and is exactly the motivation for trying to control a situation the Government has created by removing regulation that was based on sound policy and well established national institutions.

Therefore, let us consider the consequences of such a competitive regime. If one's primary concern is with the enterprise and its shareholders, one will soon worry about inadequate profits in order to maintain the viability of stocks. A supplier of rolling stock to railways or aircraft and various services to airlines will soon consider how to skimp on purchases and keep aircraft flying until they are unsafe. If the Canadian railways thought the old regulatory regime was bad, they will be in a dreadful state as a result of the Government's competition regime.

Companies that are driven down toward the break-even point and below will become the toughest employers the unions have ever seen. The Conservatives may not be concerned that thousands of jobs will be lost, but I would like to be present to keep them honest when they talk to their constituents who have lost their jobs with those companies.

Not only will there be unemployment, wages will be cut, working conditions will suffer and safety will ultimately be in question.

A recent inquiry indicated that the Hinton crash was related to the tiredness of the men working on the trains. Some of us may be aware of the long hours worked by people on our country's aircraft. This legislation leads to grave concerns about health and working conditions and the ultimate safety of Canadians who travel on our airlines and live close to rail lines.

Canadians want to be assured that they can travel safely on our airlines and can safely live next to the railways on which freight travels past their homes.