

*Air Canada*

I am not really suggesting that, Mr. Speaker, because there may be merit in having small carriers. I think they should come under Air Canada, however, for such things as reservations, raising capital to buy replacements, and so on, and there should be an orderly division of what airlines are to do in specific areas. For instance, Air Canada went to Sudbury and opposed the advent of Nordair. It also opposed Bradley, which is now First Air, and they have no intention of running that line themselves. If they do run it, it will be at a time when it is going to lose money, and that is not good business practice. That is just keeping both feet in the manger while not being able to get your head in to eat the hay.

I think Air Canada should be the bright spot in advertising Canada around the world. This would cost money, of course, if we are going to use it as a flagship of the nation, then we should encourage it in sound business practices. If it makes a profit, that is good; but let us not cut services, let us not cut safety factors or the things that have made it a good airline. It seems to me we are saying that if the board of directors does not make a profit, then it ought to resign because it has not fulfilled its main requirement, the "in particular" requirement of making a profit. That is not what I think is important. Having a good airline and servicing the people is important. Whether it makes a profit is inconsequential.

If you consider the way in which we raise the necessary money, it has never made a profit. I do not think an airline in the world that is operated as the flag ship airline makes a profit. I know of 20 or 30 that are highly subsidized, to the detriment of running the country. That is true of airlines that in the past have borrowed large planes from Great Britain and have operated at great loss.

I do not think a national airline has to make a profit, Mr. Speaker; I do not think hydro has to make a profit; I do not think garbage collectors have to make a profit; nor do I think the Post Office has to make a profit. These are services that we need and depend upon. The people would scream if any of these services were removed. We have to pay for them, and they are necessary. Not too many people in this country would want us to be without an airline.

I think the Minister of Transport will find that his conservatism is too much for the swing that is taking place in the west. He will find himself out-conservatizing the Conservatives in western Canada. I do not think Canadians travelling abroad would want to think that their airline was not the flagship airline. They would not substitute that for regional carriers or, in my opinion, for anything else. Canadian Pacific Airlines travels the world, yet it does not receive the adoration which the Canadian public appears to have lavished on Air Canada over the years. Nevertheless, we expect that this measure will cost money.

● (1632)

I agree entirely with the members of the committee who studied this bill, that Air Canada should be placed on a sound business footing. Never was an organization established in such a haphazard way as Trans-Canada Air Lines, which later

[Mr. Peters.]

became Air Canada. The Minister has tried to hide behind C. D. Howe, and I am sure C. D. Howe would not talk to him if he were here today. Just the same, C. D. Howe did not use business principles; he just made it happen. One day we had an airline. It was established under Canadian National and it could not be, and probably never would have been, a viable organization, given its initial financial basis.

Over the years things really did not change much. Its debt was transferred to Canadian National rather than carrying even a book debt. All kinds of machinations took place. This was bad business practice because it allowed management to do many things it should not have been allowed to do. The accounting system was poor. In addition, the airline could not even hire an auditor until the government, through its patronage structure, chose one for them, and then it was a considerable period of time before an audited report was submitted to parliament.

No one will disagree that Air Canada should be put on sound business principles and that this change is desirable, but our objection is not that. We say, never mind the service; never mind providing reasonably priced air tickets for Canadians to travel across Canada. Indeed, we are in great trouble, Mr. Speaker, because you can travel to Europe for less than it costs to go from here to Vancouver. If you are operating a national air line for Canadians, it seems to me it should be cheaper to travel across this country than to cross the ocean.

Air Canada has an excellent reputation for service, and this must be maintained in a way other than profit being the deciding factor. Therefore, I hope we can at least agree to remove the words "in particular" from this clause which provides that the main function of the board of directors is to chase and to anticipate profit for our national airline.

**Mr. Ralph Stewart (Cochrane):** Mr. Speaker, I had the good fortune to serve on the transport committee at the time the Air Canada bill was before it, and we discussed these matters thoroughly and completely over a period of a few weeks. It is rather unfortunate that the hon. member for Winnipeg North Centre (Mr. Knowles) was not on that committee. He cannot be a member of every committee, of course, but it is unfortunate that he was not able to be with us when we discussed all these matters and the particular amendment which he has proposed. We spent considerable time on it. I think the hon. member for Vegreville (Mr. Mazankowski) is to be commended for having proposed that amendment in the committee, with which most of us concurred. He should also be commended for the remarks he made today; I think he put the whole matter into proper perspective.

We can hardly compare Air Canada, a Crown corporation, with some of the other Crown corporations, such as the hydro utilities in the various provinces which were referred to by my hon. friend for Timiskaming (Mr. Peters). In this case we are dealing with a corporation, a company, which is in competition with others. The hydro utilities are not necessarily in competition per se. The airlines are, and the competition is very stiff.