

*National Air Policy*

they have proved and established themselves and do not need that kind of federal help any more.

● (1552)

This kind of industry in the private sector would once again give full value to the Canadian people for what they have financed and developed. As a result of these enterprises and our various programs of government purchases and, indeed, as a result of insisting with regard to Air Canada that there be Canadian content and offset in Canadian purchases which are made, we have developed a much stronger and healthier industry in the whole area of aviation than ever existed before, at least for many years. Back in the days when the right hon. member for Prince Albert (Mr. Diefenbaker) was Prime Minister, a strong industry existed until he dealt it a near death blow at that time. It has now at last begun to recover.

The Leader of the Opposition spoke about the role of Air Canada and Canadian Pacific in this country. There is existing the oft-stated policy in relation to them as the mainline carriers in the country. These are statements which have stood the test of time and do not have to be modified and changed from day to day.

Air Canada has gradually had removed from it the special privileges and position in which it found itself under the original policy through which it came into being. It was the policy of this government which removed the monopoly position of Air Canada in relation to post office carriage. It removed the position of Air Canada before the Canadian Transport Commission and, through legislation adopted last year, made it an airline like other airlines in terms of most of these rules. Indeed, it was this government which saw the sense of gradually allowing Canadian Pacific more freedom and room to compete. Accordingly, last year the government gave CP the opportunity for taking a larger share of the growing market. It has for several years been considering the question of the new arrangement and the removal of restrictions, perhaps altogether or in a different way.

I have to say to the hon. member that in thinking that a completely competitive airline industry would be possible, that he would somehow benefit from having everything wide open, he is making a fundamental mistake about the nature of the problems which face the provision of regularly scheduled service efficiently, safely and at as reasonable a rate as possible. He simply fails to see the dangers that throwing the situation wide open would create. He looks south and says it is possible there. The Carter government is looking in this direction more and more. I advise the hon. member to wait and see what that experience may bring.

While we are affected by, and in some cases have to alter our own policies to reflect or react to, some of the policies adopted in the United States because of the continental nature of some of the markets, we have grave concern about what it may mean to the real provision of good, efficient and safe service in this country and cannot pretend that unregulated competition is possible.

[Mr. Lang.]

The Leader of the Opposition asks us to move in that direction with regard to air policy. In the area of trucking it is easier to move because of the greater volume of traffic involved. The Carter administration has moved in that regime as well. The responsibility in Canada is that of the provinces. Do we find the Conservative governments with whom he likes to try to have an affinity moving to deregulate? He does not see that in Ontario. He does not see it except in one specific place in this country where it existed before that Conservative government came into power, and that is in Alberta.

In the case of air policy, it is necessary to combine competition and a significant degree of co-operation. The hon. member referred to the statements in 1966 of Mr. Pickersgill. In his statement setting out the basic role and place of the regional airlines, Mr. Pickersgill said there would not ordinarily be expected to be competition between the regionals and the mainline carriers, because indeed there would be serious problems with the regionals in trying to stand up to straight and direct competition.

What is needed, and what we have provided, is some assurance of co-operation as well as certain limited forms of competition where it is possible for both carriers to serve the same route. Even there we must remember the concern and warning of Mr. Pickersgill, that the Canadian Transport Commission must see to it that competition between the regionals and the mainline carriers is fair and reasonable in cases where they are on the same routes, because of the different position they are in.

We have therefore progressively moved to remove the advantages of Air Canada, to remove the restrictions from Canadian Pacific and to enlarge the scope of regional carriers. We helped quite directly in ensuring discussions last year between Air Canada and Eastern Provincial Airways, allowing for the exchange of certain routes between them as the policy of 1966 had intended. That was to the benefit of both airlines.

Air Canada is now making a profit. That is something that should be welcomed on all sides. Indeed, as long as Air Canada is competing in any way with airlines in the private sector, it is important that it be asked to achieve the same kind of profit level, which would be required in the private sector in terms of providing cash flow and return on investment so as to allow for the acquiring of new equipment and the ongoing operations of an airline.

I say to the Leader of the Opposition that it may be well if he restrained some of his colleagues at a particular point in time when they ask that we oppose a certain rate increase which Air Canada may be putting in place. Then they will be citing profits as a reason for not going ahead with that increase. I ask him to commit himself to the principle that until the profits arrive at a level that is adequate, so that if it were a private carrier it could attract further investment in order to re-equip and expand, he not support that kind of request from his colleagues. If he does that, we will arrive at a very important place indeed.

With relation to freeing restrictions on Canadian Pacific with regard to cross-country traffic, I have had one serious