

*Railways and Shipping Committee*

by means other than aircraft unless the governor in council is of opinion that it is in the public interest that such licence be issued.

My point is that under this section, while the air transport board can advise the governor in council, the air transport board does not have the right to issue the licence. That prerogative, in the case of a commercial service already operating by means other than aircraft, can only be granted by the governor in council. The minister is saying in effect in his speech that in principle the government is in favour of competition. Under the Aeronautics Act each air line must apply to the air transport board and establish public convenience and necessity as the reason for the granting of a licence. Unfortunately, however, what was overlooked entirely was the provision contained in section 15, subsection 2, that the granting of a licence in the case of an air line such as Trans-Canada Air Lines or Canadian Pacific Airlines must be done by the governor in council.

Therefore what I am saying is that both the air transport board and the minister of transport are prohibited under section 15, subsection 2, from granting a licence to an air carrier controlled by a surface carrier unless the governor in council is of the opinion that such a licence is in the public interest.

The third point I should like to make is that recently the minister tabled in the house sessional paper No. 197, from which I should like to quote. It is a report by Stephen F. Wheatcroft on air line competition in Canada. I wish to refer to this briefly, sir, because I know the position of the minister has altered considerably, first from the time he sat on this side of the house when he was in favour of all-out competition, then from the time he went up to Timmins where he said that the T.C.A. monopoly must cease; to now when he seems to be in favour of gradual competition. I should like to quote the second paragraph of his letter to Mr. Stephen F. Wheatcroft.

**Mr. Hees:** May I interject for a moment? As far as I am aware, at no time while I was at Timmins did I say that the T.C.A. monopoly must cease. That was the interpretation taken from my speech by those reporting it.

**Mr. Chevrier:** Since I was not there all I can say is that a moment ago I read accurately the report in the *Gazette* but I, of course, must accept the minister's statement. But be that as it may, the second paragraph of the letter which the minister addressed to Mr. Stephen F. Wheatcroft reads as follows. The letter is dated February 4,

1958, which is a few days before the Timmins speech, and I should like the house to pay particular attention to this paragraph:

I am of the view that the time has come for the introduction of some measure of competition on our transcontinental routes. The rapid growth in air line traffic would seem to indicate that competition can be introduced gradually, without major detrimental effects to existing operations, providing the changes are made with caution and on a gradual basis.

The minister has altered his opinion, not gradually but very radically, from the time he sat on this side to the time he wrote that letter. In the days when he sat on this side of the house he was in favour of all-out competition. The former minister of trade and commerce should cease protecting his sacred cow, he said. Today the position has altered, now that he has government responsibility.

Before I resume my seat may I just be allowed to cite one or two of the sections found in this report, which I must say is an excellent report and which vindicates the position taken by the former minister of trade and commerce with reference to T.C.A. On page 75 of the report it is said:

In the years up to 1961 there does not appear to be any possible change in the conclusion already reached about the routes of competitive traffic potential because aircraft size is likely to increase almost as rapidly as traffic growth.

Then farther down on the next page there is the following:

An examination of the possible effects of competition on T.C.A.'s financial position in the immediate future indicates that, unless it was strictly limited in extent, it would almost certainly lead the company to an over-all deficit. A competitive operation of five services daily in 1959 can be shown to be much too large a capacity increment for the transcontinental routes without causing serious financial difficulties: probably for both airlines.

Then the report goes on to say how embarrassing it may be to T.C.A. if competition were introduced at this time. So the conclusion to which I want to come with reference to the argument I am making concerning T.C.A. is this. There were three positions adopted, as I see them, by the minister. First there was the one of all-out competition when he sat on this side of the house. Next there was the one which I mentioned earlier and which he denied, namely elimination of Trans-Canada Air Lines' long-standing monopoly on domestic transcontinental routes as enunciated in Timmins. Finally there seems to be a third attitude, one of gradual competition as outlined in this report.

I think the house is entitled to know what is going to happen to this report. Is the government going to adopt the recommendations and conclusions of Mr. Wheatcroft as government policy? Is it going to instruct