

1908 by Grandfather Roblin. I really wonder about the mentality of people who use their perverted backgrounds and their frustrated hopes as a reason for their position with regard to something as important to the people of Canada as Air Canada.

It is true that Air Canada will not be used by everyone. It is true, as the minister just said, that it is going to be subsidized for those who need the service and use it. It may be that the minister is not part of the jet set. Perhaps he does not want to be, or perhaps the jet set does not want him; but there is a certain class of people which travels by air, and these people are subsidized all over the world. Mr. Speaker, I know you are a world traveller. How many countries have you travelled to where you have seen aeroplanes with the names of the countries on them, and known full well that they were leased or that the money to buy them was a gift?

This is true all around the world because there is a certain pride attached to air travel, and most countries want to have good airlines. Despite what the government has done to our airline, we have a good airline. What has the government done to it? It has allowed regional carriers to drain off much of the lucrative business in weekend travel to many countries. You can go to airports all across Europe, in the Caribbean or in Mexico and find Wardair, Quebecair, CP Air, Western Pacific or any of the five regional carriers sitting at those airports in conjunction with Air Canada.

It is interesting to note that even in Great Britain the tourist operation has been combined with the major carrier. The reason was prestige, and it was also economic to do so. Yet we ask a national airline to carry passengers into areas in which it is difficult to provide service. We ask the national airline to provide this service because it is the right of the Canadian public to travel on its national airline. We ask the national airline to go to areas where it is not feasible or profitable to operate, yet we tell the board of directors that it should use good business practices.

I have had the opportunity to be on the committee studying the estimates of the Department of Transport over a number of years. I have seen the machinations which have taken place in obtaining financing for Air Canada. I have seen the difficulties it has had because it has been a stepchild of the government. It has been relegated to the foster home of Canadian National. I am aware of the great difficulties, and I congratulate the government for making this change and for putting the airline into the position where it can borrow on its own and establish sound business practices. But we say it has to make a profit.

We say that the board "shall have due regard to sound business principles". Everybody agrees with that. If it went on to say, "in particular the national interest", that it would provide additional air service, we would understand that. Maybe it should be thinking of going into some of the other branches of air service. When we say that the board of directors in particular must give consideration to making a profit, let us not kid ourselves: we are doing exactly what the Minister of Finance (Mr. Chrétien) says we are trying to do—

Air Canada

we will split it up into profitable and non-profitable areas. The profitable areas will sell, and the unprofitable areas will operate.

● (1622)

In the past even Conservative governments which contemplated establishing Crown corporations always had as the principle reason that they were the most economic way of providing maximum service. This was done with hydro by a Conservative government in Ontario, and with a telephone system by a Conservative government in Manitoba 70 years ago. It has been done in every province where they have contemplated providing necessary services to the greatest number of people at the lowest possible cost. They do this knowing full well that the operation has to be subsidized if they are to provide any kind of equality in areas disadvantaged by distance from resources, or in any other way.

I am quite surprised at the number of Conservatives who are violently opposed to any kind of government-run operation. It is true the Liberal party does it badly, but that does not mean government-run operations, under proper management, could not be well run. I think the first part of the sentence is admirable; we should employ sound business practices. You will remember the machinations of this government in order to raise finances on a number of occasions for Air Canada. It is a wonder it exists at all: it was a political practice, not a business practice.

I agree with the hon. member who said we now have good management for Air Canada in Mr. Taylor. He also said we have good management in Canadian National. I disagree with his view about Canadian National, but I agree that we have pretty good management now in Air Canada. I think the management now can run it whether it is a private company or a Crown corporation. What is important is how the government will provide the financing for the corporation—whether we lend money to it as a private company or a public company.

If I were the manager of Air Canada and I had to make a profit, it seems to me the logical way to do it would be to keep on boosting fares. But even I, who know nothing about business, know that as fares are boosted there will be fewer passengers. That happened when we raised the price of milk, and I suppose it happens with other commodities. There comes a time when the price is higher than people are willing to pay, so the competition wins the business. That is true with airlines as well. Socialists may have a solution that others do not have. We could eliminate the competition. That is what multinational corporations do.

The hon. member for Spadina (Mr. Stollery) mentioned a number of airlines in the United States. But there are fewer now than a year ago, and next year there may be fewer still. They are becoming consolidated by various means. It is probably true that even the United States will only be able to support two or three major carriers. We could do that as well by nationalizing and putting them altogether. In that way we would get all the business and then decide how to run it efficiently.