

*Air Canada*

shareholders received no dividends, not very good free enterprise under a Conservative Government. Why does my hon. friend continue to peddle this kind of mythology that Air Canada needs this money?

**Mr. James:** Mr. Speaker, I thank my colleague opposite for his question. I know he has a great long-standing interest and involvement in the transportation industry. I know he feels very strongly philosophically about maintaining state involvement in our country.

**Mr. Benjamin:** Sound business practice.

**Mr. James:** We better get the balance sheet out. The Hon. Member mentioned that I said Air Canada needs \$350 million to \$1 billion. I quoted Dian Cohen's article, which is where that information came from. He might have been behind the curtain when I mentioned that. It seems to me that I recall that not too many months ago Air Canada's officials presented themselves at the Transport Minister's door looking for funds and, in essence, pressuring the Government for money, indicating that Air Canada was looking for money for the purchase of aircraft. It certainly does not indicate the aging of the aircraft. I have not inspected them, but certainly there is a very strong indication to the Government that Air Canada will need substantial funds.

● (1240)

I know the Hon. Member is concerned about the public. We must talk about—

**Mr. Tobin:** Question!

**Mr. James:** I am not sure what you are asking me. Are you telling me to sit down? I do not think I will.

What are we supposed to do, keep a national airline that is in competition with the other airlines that are privately owned and have to go to the well by themselves? As Hon. Members know, Air Canada does get preferential treatment when it goes on the market.

**Mr. Benjamin:** No, it doesn't, it does not.

**Mr. James:** It gets preferred rates. There is indication that it does.

**Mr. Benjamin:** It has to operate exactly the same as the privates.

**Mr. James:** Are we going to give it money? What are we going to do with the private sector people who are in the business while there is a government-owned Crown corporation? That is not very fair.

Air Canada employs thousands of employees, and the Hon. Member I am sure is very sincere about his concern for their jobs. So what are we to do, have the public sector airline in competition with two private sector airlines that are doing very well?

I agree that Air Canada is doing very well and has been profitable. In only two years in the last number of years, I don't know how many, it has lost money. Certainly it is the kind of company that will give us money back. Sorry, I have talked too long.

**Mr. Tobin:** Mr. Speaker, it is obvious when a Member has a poor case to make that he uses as much time as possible to avoid questions. The Hon. Member has said that he supports Bill C-129 because he read someone's column, but he obviously has not read Air Canada's annual reports, nor has he studied the situation with Air Canada.

We in this Party are not opposed to privatization. We do not have a philosophical objection to privatization. We do not have a belief that the Government must run each and every institution in the country, but we only support privatization when it makes sense and when it is in the interests of the taxpayers of Canada.

The Hon. Member is supporting a move to privatize Air Canada in the middle of deregulation, something that changes the ball game completely. We are hearing all kinds of horror stories from south of the border about airline companies operating in unsafe fashions, with money being diverted from maintenance and safety into profits. Deregulation has just been introduced in Canada. The experience of deregulation south of the border has been a mixed bag at the very best. Now Air Canada will be privatized, our only window left on the Canadian airline industry.

The day he announced this privatization, the Minister said that the Government of Canada will retain a majority shareholder position, 55 per cent of the shares, after the first initial privatization, and the Government will instruct the chairman of the board to vote the Government's shares with the minority shareholders. In other words, the 23 per cent or 24 per cent of the shareholders of Air Canada, private sector shareholders, will determine the fate of Air Canada because the Government will tell the person who is holding the Government's majority shares to vote with the minority.

Given that Canada is a huge nation of 25 million people only, and given that a small minority share-hold position may decide to cut routes all over the country in order to maximize profits because its bottom line is different from the public's bottom line, what will happen to Canadians who live in my riding, in places like Stephenville and Gander, people who live in northern Ontario, northern Quebec and western Canada? The service to those areas will be determined by someone who is looking at his pocketbook and at the bottom line. How would the Hon. Member explain to these people why suddenly the level of service has reverted to that of 15, 20 or 30 years ago? How does that serve the best interests of Canadians who already own Air Canada?

**Mr. Benjamin:** Why buy shares in something you already own? That's kind of dumb.