carriage of goods by air. We saw the references they made to what had taken place in other countries. There was put before us the report of the proceedings before the civil aeronautics board of the United States which had four years ago licensed four, I think, large carriers to engage in the carriage of goods. One of them was American Air Lines, another was Slick Air Lines, another Tiger Air Lines, and there was another of lesser importance than those three. Those were the three that had carried the greatest tonnage, and this was a report of the proceedings on an application by the Slick and Tiger companies, which were all-cargo carriers in services that were provided only for the carriage of goods. The application was originally opposed by American Air Lines, who said: We can carry goods with our passenger service at lower rates than the all-cargo carriers because most of our overhead charges are absorbed in the business of carrying passengers.

We heard Trans-Canada Air Lines officials tell us what had been their plans. They have been delayed about six months in the implementing of their plans through delays in delivery of new passenger craft that are on order. They have on order eight Constellations to be placed in passenger service principally; and that would, I think, release fifteen North Stars, some of which would be converted to bus passenger service and others into all-cargo carriers. The advantage they would have over the user of new aircraft is that these North Stars are completely depreciated and could be converted into all-cargo carriers—as they have already converted some borrowed from the air force—at a cost of about $175,000 each. So the capital investment in these North Stars converted into all-cargo carriers would have only been $175,000 or thereabouts for each unit. That would have allowed them to set lower rates than they could by the use of new all-cargo carriers. There was some dispute as to whether that figure was exact or not, and there was considerable dispute about the present potential of goods for the establishment of an all-cargo service.

Well, we did not feel that it would be wise at this time to create in the air services the kind of situation that developed in the competitive railway services established in the early part of the century. We felt that it had not as yet been demonstrated that from this major change in government policy concerning the transcontinental air services in Canada real benefits would result for the Canadian public.

Now, that is a decision made on the facts as they appear to us to be at this time, and the only opinion we expressed was the opinion that at this time it would not be in the public interest to grant the licence that had been applied for. The situation may change, and it may be that when these Constellations are delivered and put into service the growth of passenger transportation will be such that more than are now planned for will be used for bus passenger service between the Atlantic and the Pacific.

There is no doubt that there are greater earnings possible from the use of aircraft in the carriage of passengers and mail than from the carriage of goods. Should that develop it may be that there will be room for new all-cargo aircraft carriers, but at the present time there did not appear to us to be the kind of traffic available, or in sight, that would make it probable that competition would bring about better conditions than exist at the present time, or more reasonable rates than are now available.

Here, in accord with its plan, T.C.A. told us they had recommended and obtained a reduction of freight rates in 1952 and, in order to attract additional traffic, they had submitted to the air transport board some little time after the application of C.P.A. went in a proposal for further lowering the rates by from 30 to 35 per cent. That application has not been considered by the air transport board, but no doubt it will be considered immediately. They felt that the best way to stimulate the offering of traffic for carriage by air was to reduce the rates.

Had there been any suggestion that there was traffic to go by air for which equipment was not provided by T.C.A. the decision of the government or the opinion expressed by the government under the statute might very well have been different. We do believe in competition when competition is apt to provide what it normally does provide, the right kind of stimulation and better service; but we did not believe that under existing conditions that would have been apt to happen in the operation of this as a public utility service.

We were impressed by the evidence that had been submitted before the air transport board. There had been heard before that board Professor William John Waines, dean of arts and science of the University of Manitoba. He referred to and cited from statements made in this house by the Minister of Trade and Commerce (Mr. Howe) when he was the minister responsible to parliament for the operation of the trans-Canada services. This