

Canadian people, because they do not contemplate a profit for the year after depreciation and interest, and when we have to pass this statement we go through our vocabulary trying to find words adequate to describe such an absurd suggestion as the one we read in the report. We dare not call it blatant nonsense because we have respect for the signature it carries, namely that of Mr. Hungerford, president of the road. At the same time it is not fair to ask for this very large sum of money, which is not in proportion to the service being given. One of the reasons for it is of course, that the planes which carry the mail also carry the passengers, and it probably takes a \$140,000 plane to carry the passengers, whereas the same amount of mail could be carried in a plane costing \$35,000 or \$40,000. That our mail is getting a de luxe ride in a \$140,000 plane is no reason for paying two or three times as high a rate. I hope the minister will take these observations into consideration and not expect us to accept a statement like this. In the early years of the establishment in Canada of this great trans-Canada air system we should not be fooled by a report that says it is earning interest and depreciation when we know the money is merely being taken out of one pocket and put into another. How much is being put into the pocket of the post office?

Mr. MULOCK: In reply to the hon. member's question as to volume, the figures on *Hansard* last year, to which he no doubt refers, were these. The week ended April 12, 1939, showed a poundage of 935 which in 1940 increased to 1,908. For the week ended April 19, 1939, the poundage was 954, and for the equivalent week this year it was 1,841. There are large increases all through. For instance, for July a year ago the total gross weight carried on all trips amounted to 49,580 pounds. This year the hon. member will be glad to know that it has increased to 78,679 pounds, and that last year the air mail postage amounted to \$2,815,018. Therefore the department is receiving an increased amount of revenue from the air mail service all the time. It is anticipated that the new extensions will provide a substantial revenue.

In regard to the rate, I am glad to know the hon. member is interested in that, because I have already brought that matter to the attention of my colleague the Minister of Transport. Present indications are that we shall be able to obtain a substantial reduction in the rate. I should not like at this time

[Mr. J. H. Harris.]

to make any statement as to the figure, but it is hoped that it will be 50 cents or less instead of the present 60 cents.

Mr. HARRIS (Danforth): The minister says that the revenue from air mail postage was \$2,815,018, but it must be remembered that a substantial part of that revenue is absorbed in gathering that mail, sorting it on land, subsequent transporting of it to the plane, then breaking it up into its different parcels at the points where it is diverted in one direction or another, further carriage of the same mail overland, and final distribution, so that the actual amount of service rendered by Trans-Canada Air Lines would not approach \$2,815,018.

Mr. HOWE: The only hon. gentleman round here who is under a misconception is, I think, the hon. member for Danforth. After listening to one of his speeches I wonder why we bring officers of Trans-Canada Air Lines from Montreal, keep them here for days and have them analyse the statements of the system, and why we bring post office officials here and have them show the position of the Post Office Department, only to hear in this committee a statement such as that made to-night, which is not in any way borne out by the facts.

Mr. HARRIS (Danforth): The minister might enlarge on it now he is speaking.

Mr. HOWE: Yes, I intend to. The facts are that we have been starting a new air service. We had no passenger business; we had no mail business; we had no express business; we had no services. We had to train pilots; we had to establish ground crews; we had to set up overhaul shops and to place the service in operation. We obtained the best information we could from people who are experts in operation of air transport, and we were advised by them that the cost of operation chargeable to the mail service, which could reasonably be expected in the first or second year of operation was 60 cents a mile. The hon. member says that the average rate in the United States is between 19 and 20 cents. I should be very much surprised if that is the case; my information is that it is about 33 cents, although I may be wrong in that, I have not seen the recent average. However, I can say that when the air services were established in the United States, the standard rate was \$2 a mile, and it was not until 1932, when the carriage of the mails was taken over by the army for a short and disastrous period, that the rate of \$2 a mile was subject to drastic revision. We did start out on