

high time that they at least stick to the facts. The amendment does not say "primarily", although I noticed that they almost uniformly used that type of wording to denote what they were trying to achieve.

Mr. Knowles (Winnipeg North Centre): The word is "particularly".

Mr. Stevens: I thank the hon. member for retracting that.

Mr. Knowles (Winnipeg North Centre): It is the same thing.

Mr. Stevens: Now the hon. member is saying that it is the same thing. If he reads the dictionary, he will find that it is very much different.

Mr. Orlikow: What dictionary?

Mr. Stevens: The Oxford Dictionary. I think it is important to separate these two things. Surely there should be no serious suggestion that the Board of Directors of Air Canada should not follow sound business principles. Also it should be accepted that, in doing that, the evidence of their following sound business principles is the profit which they make. Their efficiency is simply registered or gauged by profit.

There has been a very serious misunderstanding of this legislation. I understand how the hon. members who did not attend this committee can make such a mistake. They are confusing the operation of Air Canada with service. The reason I feel a clear distinction is necessary is that clauses 8 and 9 of the bill, in my opinion, deal with service in the sense of service where Air Canada is being expected to run an airline into an area which is not viable. In that case the act contemplates the minister may, in effect, order Air Canada into that area, and it will be compensated out of the public treasury for whatever loss is incurred.

● (2227)

We are not saying that if there are areas in Canada that should have air service and it is not viable or profitable to put an air service there, we should abandon them. What we are saying is, let us get it out into the open, let us see what is the subsidy which the government will be called upon to pay, and clauses 8 and 9 contemplate that. They say very clearly that if the minister feels there is a need for a service and he asks the air line to go in, subsequently a calculation will be made of the cost and loss, and the loss will be repaid to Air Canada. So I say that basically the main thrust of the socialists' arguments tonight is really off the point. If essentially they want Air Canada to provide a service into areas that otherwise would not be profitable, they can get that simply by stressing that the Minister should implement clauses 8 or 9 in whatever areas they feel it is desirable to do so.

Air Canada

That is the service side. What we believe is a necessary ingredient in the bill is the provision which the hon. member for Winnipeg North Centre wants to delete, namely, that when you give an airline such as Air Canada \$370 million of capital, surely the least we can expect from them is that they will use that capital in a business-like way and make a profit. In short, if they put out \$370 million at 10 per cent interest, they can make \$37 million before they do anything. What we hope to instill in Air Canada, and certainly in their directors, is a sense that they are given in trust \$370 million of public money, and that we hope that in running the airlines they will do so in accordance with sound business principles and will run up a profit, which, I think, is not too difficult.

If we look at the record, I think we have cause to ask that this airline be run at a profit, because for the last three years they have consistently lost huge amounts of public money.

Mr. Symes: Due to over-competition.

Mr. Stevens: Does the socialist from Sault Ste. Marie realize that Air Canada has 50 per cent of the total air travel in Canada at present? If he read the *Globe and Mail* this morning he would have seen that the total revenue in 1976 of all airlines in Canada was \$2.57 billion. If he picked up the annual report of Air Canada he would find that their revenue was \$1.125 billion.

An hon. Member: We want the load factor.

Mr. Stevens: If he wants the load factor, it is over 70 per cent. What the socialists love to do is to get big pots of money—\$370 million would be lovely. They love to load on to that pot of money as many civil servants as they can hang on to it, and then when they come up with a loss their excuse always is that after all they provided a service. We have to start calling things the way they are. The entire approach of these socialists is a sham and a fraud on the Canadian public.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): You want to continue with the tariffs, the grants, and the subsidies.

Mr. Stevens: In 1974 Air Canada had 50 per cent of the revenue of all airlines in this country. In 1974 they lost \$18.7 million; in 1975, \$24.9 million; in 1976, \$22.2 million, for a total of almost \$66 million. Is it wrong for members of the House to say simply that if they wish to be recapitalized they should at least make a profit in future? May I call it 10.30 p.m. Mr. Speaker?

Mr. Deputy Speaker: Order, please. It being 10.30 p.m. this House stands adjourned until tomorrow at 2 p.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Special Order.