

*National Transportation Act, 1986*

[English]

"The most serious objection of all, and the one taken with the least degree of seriousness on Capitol Hill, was the issue of airline safety. It seems obvious to the technically adept members of the airline industry that price wars will lead to cost cutting, and cost cutting will lead to cut-backs in the amount of money available within any carrier to fund training programs for pilots, flight attendants, maintenance workers, operational line workers, and hundreds of others, and would lead to cut-backs in the funds available for maintenance personnel and parts.

With abject ignorance of the realities of the very delicate balance in the human systems of airline operations, the proponents of the deregulatory experiment assume without justification that safety standards will not be compromised as long as the Federal Aviation Administration maintains its surveillance of the airline industry in order to prevent a decline in standards. In addition, they reason it is not good business to denigrate safety standards and cause crashes which kill people and destroy public confidence in one's airlines. Therefore, the natural propensity of airline managers will be to maintain their safety standards regardless of cost pressures.

Based on those two incredibly naive assumptions, the Congress promised that deregulation will never be allowed to lower the level of safety then enjoyed by the people of the U.S., and the government agency charged with maintaining that promise would be the FAA".

That is exactly what the Minister is telling us. That is what the officials in the Department of Transport are telling us. Do not worry. We will continue to carry on business as usual. There will be no problem. We will not compromise safety. That is exactly what was promised to the U.S. Congress and it never materialized. That is exactly what will happen here, to the peril of the Canadian public.

● (1930)

I will cite another part of the text submitted to us by Mr. Nance. He said:

Congress never understood these basic truths:

A. The level of safety in the airline system of the U.S. in 1978 was, and historically always has been, far, far above the minimum standards mandated by the Federal Air Regulations;

B. The FAA was empowered to enforce only the Federal Air Regulations, also referred to as the "minimums" in airlines operations—the lowest level of compliance to which any carrier would be allowed to drop before the FAA would be empowered and required to step in and take action to prevent further decline.

Since it was obvious that deregulation would bring massive cost-pressure to bear on established carriers in the sure-to-result feeding frenzy of competition, and since existing carriers would have to find ways to cut their costs to match the lower costs of new entry carriers with overheads no greater than a PSA or Southwest, airline leaders were sure to notice that their level of compliance in many areas of maintenance, training, and operations was far above the minimums mandated by the FAA. Since the FAA was powerless to stop or even influence the decision of any carrier to cut its previous level of standards as long as it remained above the minimums, the FAA would thus be powerless to prevent a general decline in the standards of safety—as long as those standards did not sink below the FAR minimums.

Thus, from the very first, the promise of the Congress to absolute guarantee that there would be no cost-pressure generated decline in the levels of safety of the U.S. airline industry was inoperative and impossible to keep. Furthermore, through ignorance and refusal to do their homework, Congress virtually guaranteed that those standards would have to drop in order for the existing carriers to have a fighting chance to remain in business.

I want to point out to the Ministers and government Members that the same situation could prevail in Canada. My colleague, the Member for Westmoreland—Kent (Mr. Robichaud), says that that is exactly what will happen, and he is right. Mr. Nance was saying that Congress was naive in thinking that safety would be preserved. I submit that the Ministers and the government Members are naive to think that safety will be protected. I am afraid that there will be a repetition of the terrible American experience.

I will continue quoting Mr. Nance's remarks as follows:

But what of the natural propensity of airline managers to have and maintain the highest level of safety available? Once again ignorance plays a role in the story of the U.S.'s experience.

Incidentally, Mr. Speaker, ignorance cannot be pleaded by the Minister and the Government because they know of the American experience. It may be that the U.S. Congress could plead ignorance, but the Minister of Transport (Mr. Crosbie), who knows what happened in the U.S., does not want to look and see the danger. He continued:

Because of the entry into the business of thousands of bright and honorable business school graduates and other managers with no exposure to the nuts-and-bolts operational realities of the human system we refer to as an airline system, the incorrect idea was sure to grow rapidly that the highest level of airline safety and the FAA minimums were actually one and the same, and that as long as an airline complied faithfully with the minimum standards the public trust had been upheld. Therefore new entry carriers run by non-airline people were certain to enter the business at a lower level of safety compliance (fewer hours of training, lower maintenance stocks, lesser quality of operational experience in the people hired) than the major carriers whose routes they were determined to raid.

Since cost control would now become the arbiter of who would succeed and who would fail, arguments on the Vice Presidents of Operations or Vice Presidents of Maintenance for extra funds over and above the minimum necessary were increasingly discounted even in the established carriers, and never considered in too many new entry carriers. While there was and is no doubt that the national propensity of airline managers is to have the greatest level of safety possible—

—and I think the same is true in Canada—

—the definition of what was possible was arrived at through cost analysis and examination of the subterranean FAR minimums, and thus the overall level of safety of the system began to decline.

This is exactly what we think will happen in Canada. The new entries will try to compete and take away some of the routes of the existing companies. The danger is grave that we will have a lower level of safety in Canada.

[Translation]

In his book *Blind Trust*, Mr. Nance had this to say:

[English]

The airline business is a human business. Humans think and act subjectively, try as technology may to mold us into objective perfection, humans fail in the cockpit, on the ramp, in the executive office—and in Congress. Such failures are predictable, and if we do not build in enough of a safety buffer that is being thinned drastically and dangerously by the free-market forces of cost accountability unleashed by deregulation.