

A study that Wheatcroft referred to at a later date shows in the United States in airline competition from 1952 to 1962 that in 1952, taking an index of competition at 12, the passenger load factor was 67.1 per cent and the return on capital to the industry was 15.3 per cent. By 1962, when more airlines were encouraged to get into the market and the index of competition had risen from 12 to 38, the passenger load factor had dropped to 54.5 per cent and the return on capital was down drastically from 15 per cent to 3.6 per cent. The same thing to a lesser degree has happened here in Canada.

As Canadian Pacific began to take part of the transcontinental service, and many of the regional air carriers took the regional routes, it reduced the passenger load factor of Air Canada and indeed of CP Air to the point that the two national air lines were flying with less than full capacity.

The only way you operate on a profitable basis, about which my friends are so concerned, is to have a plane full or near full each time it takes off. When you introduce a multitude of airplanes and airline companies, because we have a limited population with limited use of the air service, these planes fly with reduced load capacity, and that means a loss. The consumer, the traveller, pays more in higher air fares, and the taxpayer pays more in terms of subsidies to the Crown corporation and indeed in indirect subsidies to the other airlines as well.

We find that by 1960 and 1961, after competition was introduced, both Canadian Pacific and Air Canada began to lose money. Suddenly the great brainstorming among the civil servants was that perhaps we should have a merger and bring things back into a monopoly position. Despite that evidence, that the more competition the greater the loss would be to the airlines, we find that the Liberal government in 1967 extended CP Air's share of the Canadian market. Orange may be beautiful, but the entire airline industry may be in the red as a result of this misguided policy of the Liberal government, supported by the Conservatives, that competition in the airline business is ipso facto a good thing.

We found that the optimum load factor of a plane is around 70 to 75 per cent of the seat capacity. In 1975, CP had a load factor of 59.3 per cent and Air Canada had a load factor of 58 per cent. You cannot operate an airline profitably with that kind of load factor.

If my friends in the Conservative party and Liberal party are as interested as they say, by the amendment they got introduced into the bill, in having profit as the central goal of a national airline system, they would merge CP and Air Canada into one national airline. As I mentioned earlier, because of their ideological straitjacket, they cannot accept that proposition. They will still go along with competition and the airlines will continue to lose money.

**Some hon. Members:** Oh, oh!

**Mr. Symes:** I see I flushed them out.

**Mr. Nystrom:** Now flush them down.

### *Air Canada*

**Mr. Symes:** The facts are there. Both airlines are losing money because of reduced load factor. That can be traced directly to increased competition with a limited passenger market in the air business.

Because of competition we are worse off. We have increased costs because of excess capacity, government subsidies and duplication of services. If we were really interested in having an efficient airline service which serves the public interest, we would have a monopoly in the national airline business. However, I am afraid my friends in the other parties will not accept that proposition arising from the circumstances I have described.

If we move toward this concept of user pay which the Minister of Transport is espousing, severing the profitable parts of Crown corporations and returning them to private industry, we have no guarantee that service will be maintained on behalf of the people of Canada. I know very well the results of the concept in my area. We have seen it happen in the form of railway transportation service.

CP rail service between Sault Ste. Marie and Sudbury was subsidized by the government. The railways wanted to get out of the passenger rail service. They put enough pressure on the government to have that service suspended. As a result, the people in the small communities between Sault Ste. Marie and Sudbury, and indeed in those communities, now find themselves with one less option in terms of transportation service. The day after the railway service was cancelled, bus fares between these centres increased.

If that is not bad enough, we now find that the national airline, Air Canada, has reduced the number of flights to Sault Ste. Marie. We predicted that would happen when, a few years ago, the Canadian Transport Commission allowed Transair, or Trashair as the locals call it, to serve Sault Ste. Marie. It increased competition with the national airline and took passenger service away from Air Canada. As a consequence, in order to reduce losses the airline cut back on one of its flights. Transair is now in a state of economic collapse and will be taken over by that great Tory airline, Canadian Western Airlines.

What we find is a move afoot by the ministers officials, as recorded in today's *Globe and Mail*, that Air Canada would be better to give up short haul low density routes and turn those routes over to private airlines. At the same time, the government would subsidize those private airlines because those routes are not as profitable as the long haul routes.

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My stand is that Air Canada should be the major servicer of Sault Ste. Marie and that the regional carriers should not move in because they have not proved to be efficient; they have not maintained the service for the people of the area, and the national airline has always proved to be highly reliable. Air Canada should be given the benefit of passenger loads as high as possible by way of exclusive rights to serve my constituency. I hope the CTC will not parcel off part of that business to a private airline as it did in the past in the case of Transair,