

shows a fault not only in the people of Canada, but the railways, which could be referred to as a sort of tunnel vision.

One hundred years ago it was said that we must have a railway connecting this great country from coast to coast. In exchange for this railway, the government of the day said, "we will give you all kinds of goodies, including land, oil rights and timber limits." This was an enticement. I wonder how many of us have considered the change in the structure and emphasis that is now necessary after 100 years to the Railway Act and the structure of the CNR and the CPR.

• (1620)

Originally it was the intention of the government to put in a line at any cost, and at that time it was a great undertaking. But today we need to re-examine the role of the railway companies, to re-define their obligations and their privileges. Consider what happened only 50 years ago. Canada stood, then, in a very favourable position. The new, developing nations had been able to accumulate little capital. Germany, Japan, great nations now, were either in a turmoil politically or lacked the capital resources necessary to enable them to compete with us, so close to the United States with our relatively advanced techniques. Rail transportation was therefore not so important as far as we were concerned. We could set profitable rates and still enjoy a competitive edge over our rivals.

That picture has changed. Under the Marshall Plan after the world war, and on a continuing basis through international development funds since then, we, together with other countries have provided capital and techniques to less developed countries with the result that nations which are small or which enjoy a favourable geographical transportation area can outbid us and outprice us. The hon. member for Moncton (Mr. Thomas) spoke about Japan. That is, of course, a small country; a plant established anywhere in Japan might as well be on the seacoast. Hon. members all know that if we set up a plant, say, in Winnipeg it is a long and costly affair to send the goods to the coast to compete with countries which enjoy easier access to the sea—and transportation by water is still the cheapest form of transportation and will probably continue to be so for a long time.

In Germany a plant can be established 180 miles up the Rhine from Wilhelmshaven. But what happens? The barges are owned by the government, the barge masters are paid by the government and the charge levied against firms for bringing their goods down to the seacoast amounts to pfennigs, a few cents per ton. In other words, because of the geographical course of the Rhine every industry in Germany might as well be right on the seacoast. This is what is happening in the world today and we, as a member of the United Nations and as a contributor to the International Development Fund are supporting the new nations and equipping them to compete against us. However, under the GATT Agreement there is a sanctimonious idea that we dare not take any new tangent to solve our transportation difficulties and place us in at least a competitive position equal to that of other nations.

National Transportation Policy

As a result of this tunnel vision which the railways have exercised, along, to an extent, with a great number of other Canadians, there is a good deal of hesitancy about subsidization, or, more generally, about approving government interference with the conduct of the railways. All of us need to re-examine this question and ask ourselves whether the Transport Commission is fulfilling the role which Parliament assigned to it, whether the role of the commission should be re-defined, and whether the whole of the transportation Act might not be revised so as to re-define the purpose of the railways. We might ask ourselves whether automation ought not to be considered. Right now we are following a vicious circle. Despite all the yearning among hon. members opposite for a new policy on the part of the companies, the minute railway managements introduce a newer system we find the work force backing off and saying: we shall lose our jobs. So it is a vicious circle. The companies are saying: these lines ought to be abandoned, but if they are continued the government will subsidize them.

We might further ask ourselves whether there is room for the railway companies to provide transportation within metropolitan areas. If the hon. member for Moncton was correct in predicting that in a few years 94 per cent of the Canadian people will be living in the cities and that most of the goods will be produced and consumed in the cities, what will the railways do? Outside the urban areas they will have no purpose at all. So we should consider whether or not the railway companies—any overland transportation—can find a useful place within metropolitan city structures. My feeling is that following a redefinition of the whole purpose and obligation of railways and intercity, metropolitan involvement should be part of their role.

It is obvious that if the railways lose money—and they are losing money on their transportation services—they will become increasingly involved in the business of hotels, office buildings, oil wells, minerals, exploration companies and so on. But is this really fulfilling the function they were authorized to fulfil? The companies say if they are losing money on railways they have to find the money somewhere else. Unfortunately, it is not very practical to use profits earning in one direction to cover substantial losses in another. It does not make sense. This is why I say we should redefine the function which the railway companies should perform.

For example, I have no doubt that bearing in mind the subsidy we are providing to both railway companies, and the opportunity for availing ourselves of new techniques, including automation we could send every person in this country anywhere he wants to go in Canada, and ship every ounce of material or manufactured goods across this country free of charge. Taking into account the fantastic subsidies we are providing and the room which exists for the introduction of new techniques and methods, I believe we could probably, for a nominal amount, provide a free transportation system throughout Canada. It would then be possible, say, for Winnipeg, Edmonton or the northern areas of Ontario, to produce goods which could be sold competitively with goods produced in Toronto, Montreal and Vancouver. In these circumstances we might witness a reversal of the growth of the metropolitan areas to which the hon. member for Moncton