When this type of development appears in the Canadian economy, and when this type of progress and expansion has made itself felt, with all the impact of the three economic examples I have given; when other aspects of the economy have similarly progressed and expanded in the past seven years, naturally, in total and in combination they have a profound effect on the nation and on the sinews of its economy, such as the railroad companies.

The whole economic picture for the railroads in this country has changed for the better in the past seven years since the MacPherson Commission embarked on its deliberations and studies. Nobody could have envisaged seven years ago the potential profits and the potential, immeasurable financial successes available to the railroads of this country today.

Regardless of the reasons, regardless of the stimulus for the situation—call it an act of God, or what you will—resulting from our bumper wheat crops and our discoveries of potash, to take two examples, facts are facts. The whole economic picture has changed and the railways today can look forward to unprecedented business successes, and profits if you like, in the years ahead. As a consequence some of the basic concepts that went into Bill C-231 are now outdated. The thinking that spawned and generated this bill is similarly outdated; it does not apply to the economic situation in Canada today. The railroads are in an indisputably viable economic position now, and this point cannot be emphasized too strongly in our deliberations on the proposed legislation. I say it is wrong to judge the industry in the context of the economy and Canadian society existing in the years when the MacPherson Commission was first engaged on its investigations.

We are concerned in western Canada that Bill C-231 will give railroads carte blanche to charge whatever freight rates the traffic will bear. This has been an historic concern in communities of western Canada and that concern is no less important or acute in the prosperous west of today than it was in the struggling west of 40 or 50 years ago. In the standing committee on transport and communications where we were exposed to the pages of evidence to which I referred—the deliberations of that committee have been diligently attended by the minister—we have discussed this anxiety existing among western members of this house. So far, the fears of the west in this regard have not been allayed, sir.

• (4:20 p.m.)

We are particularly unhappy with the maximum rate formula prescribed by the new legislation, and with the mechanics by which it will be enforced. If I may be permitted the indulgence of referring to a communication from which I would like to quote directly, sir, I would underline the concern and the anxiety which we in the west feel on the subject of the maximum rate formula and its application.

As members of the transportation committee know, the counsel for the three prairie provinces, Alberta, Saskatchewan and Manitoba, have been attempting for more than a year to obtain, through the Department of Transport, costing data from the railways relative to the proposed maximum rate formula. But accurate costing information has not been forthcoming. Therefore, on September 14 of this year, counsel for these three provinces wrote to the deputy minister of transport as follows, regarding Bill C-231—and I may say I am going to condense the communication but shall not paraphrase it:

> As counsel for the provinces of Manitoba, Alberta and Saskatchewan, we wish to advise you of the strong views of our governments with respect to the maximum rate formula set forth in the proposed section 336 of this bill.
>
> We have participated in discussions with yourself and your officials since the early part of 1965. It became apparent at an early stage that there could be no meaningful consideration of the maximum rate formula proposed in the earlier bill C-120 unless the provinces had sufficient Canadian railway cost data to enable them to assess the practical effect of the formula.
>
> You will recall that the discussions in 1965 culminated with a conference between the premiers of the prairie provinces and the Atlantic provinces with the Prime Minister, the Minister of Transport and the associate minister of transport on July 19, 1965. At that time it was decided that the maximum rate formula would be reviewed in joint discussions between representatives of the Government of Canada and representatives of the provinces. It was understood that the discussions would be on an expert or technical level directed primarily to the practical effect of the formula on existing and prospective Canadian freight rates.
>
> Following this meeting, the prairie and Atlantic provinces retained two outstanding American authorities in this field, Professor Ernest Williams of Columbia University and Professor George Borts of Brown University. Both men have had extensive experience in Canada and participated in the presentations made to the MacPherson royal commission.
>
> The provinces were advised by their consultants that there could be no meaningful discussion of or comment upon the maximum rate formula unless certain cost data was made available to them for consideration and study.... The provinces are left in the position where they cannot prepare a meaningful presentation on the maximum rate formula for the consideration of the parliamentary