

When the minister spoke on Tuesday, April 13, he mentioned that counsel for British Columbia and the other provinces had plainly stated that the recent application before the board was not for the removal of the differential. That is perfectly true; but if he had read the complete statement he would have seen that counsel said what British Columbia was complaining about was the 21 per cent increase on top of the present freight rates into that province; and that is the chief ground of our complaint. Anyone who has sat in the railway committee and listened to the financial statement of the Canadian National Railways being discussed; anyone who has heard, as we were told in the house the other day, that the deficit is expected to be well over \$15,000,000, cannot help but be struck by the enormity of the problem. But except for a statement in respect to the capitalization of the C.N.R. I have not heard any member of that committee, no matter on which side of the house he sits, suggest to the railways how they can earn profits which will enable them to carry on, with the present high cost of materials and wages and the falling passenger traffic. It is a situation that has to be faced, and I am frank in saying that I for one have at present no permanent solution to offer at the moment. But I am going to offer one or two suggestions of which I trust the minister will take note.

With the surplus in the treasury we will have this year, I think the government might very well cut out the tax of 15 per cent on transportation. Perhaps that would not amount to a great deal, but I think it would mean between six and seven million dollars a year to the two railways. In my opinion there is no reason now for the transportation tax to continue to be imposed, because it was put into effect as a war measure and in my view is not required now.

In his speech the minister said there had been no appeals to the board of transport commissioners since 1927. That is perfectly true with respect to general freight rates, but there is a reason for that. British Columbia has spent huge sums of money and put forth every possible effort before the board to have the discrimination removed, all to no avail. As one who has appeared before the board of transport commissioners fighting the grain and freight rates question, I know one is immediately confronted with the statement that you are not introducing any new argument into the argument, and that therefore the judgments given in the past must stand. Realizing this, British Columbia has been slow to bring forward any further appeal to the board of

transport commissioners since 1927, not only because such an appeal entails great expense, but also because they are sure to be met with the argument, "Well, we have heard all that; the judgment has been given in 1927, and we cannot go back on it." I know that is what I was met with when I appeared before the board; that is what I was told. The board simply said, "We have heard all that evidence. Nothing new has been introduced; therefore we are standing by the judgment given in previous days."

I think it only fair to point out to hon. members that the railway into British Columbia was built at less cost than were many portions of railway in Quebec, the prairies and Ontario. It has been shown in evidence that construction costs were less, and pusher-mile expenditures are less. As a matter of fact I am told it sometimes takes three pusher engines to bring an ordinary freight into Fort William. The Canadian National can haul up to three times more, from Vancouver and New Westminster to Edmonton, than the Canadian Pacific, with the same class or type of locomotive; but while all this evidence was placed before the board—and I use the word "evidence" advisedly—it was of no avail.

I say to the minister that in view of the present situation; in view of the fact that there are areas and districts in Canada suffering an undue burden; in view of the fact also that we in British Columbia will have to pay more than people in the other provinces because our present rates are higher and the increase of 21 per cent therefore means a greater increase to us, we are asking that something be done once and for all to remove the gross injustice and the extra load we have been carrying as compared with the other provinces. I suggest to the minister that he designate at least three if not four areas in Canada, recognizing that there are long stretches with very little population where the cost to the railways must be higher because they do not pick up any freight, and that these areas be equalized so far as rates are concerned, with the country as a whole paying the difference.

After all it is a national affair, a national responsibility. As has been pointed out, we in British Columbia came into confederation with the understanding that with respect to railways and rates we would receive equal treatment with the other provinces. That has not been carried out.

Mr. MacNICOL: I may have misunderstood the hon. member, but did he say that in this equalization the railways should pay the difference? I have heard it suggested that in