

Supply

The fact of the matter is that farmers were told during the course of the debate that they would get more if they paid more. We now see a dramatic reduction in the railway investment plans of 25 per cent. If that is fair, then it should be fair that the freight rate increases of farmers should be reduced proportionately. I think that is a very clear and simple answer.

Farmers in western Canada are not price setters; they are price takers. Any increase in input costs, whether it be gasoline, diesel fuel, fertilizer, chemicals or freight rates, will undermine their ability to compete in the international marketplace. Increased freight rates will further impair their ability to compete in the international marketplace and have a realistic return.

What is really happening here is that increased freight rates will have a very major effect upon the competitive ability of producers of western Canada. It comes at a time when other major exporting countries are increasing their support for their producers, and we in Canada are reducing our support for our grain producers.

Mr. Nowlan: Mr. Speaker, I would like to ask my colleague a question on deregulation. He started to touch upon it and his time ran out. While the philosophy and principle of deregulation is there and is invoking much interest, in the latter parts of the comments of the Hon. Member for Vegreville (Mr. Mazankowski) he talked about input costs. In terms of input costs, the taxes on gasoline, landing fees and labour costs, after all those costs the structure would really have to be assessed, reviewed and possibly reduced. If we are able to have controlled deregulation, in the experience of the Hon. Member and from the studies he has made or from the American experience, what is the situation in terms of jobs in the aircraft industry? Would those also come down?

Mr. Mazankowski: Mr. Speaker, there is a whole series of questions wrapped up in that. However, first I want to make the point that we have a very extravagant and elaborate airport system in the country which must be paid for by the travelling public, by the person who buys the ticket. As a matter of fact, our calculations show that in fuel taxes, user fees and in ticket head tax, there are something like \$450 million in direct and indirect taxes. We have many Taj Mahals, as the Minister himself alluded to, in the aborted Pickering project and the white elephant at Mirabel which is losing some \$50 million per year. These are all costs which have to be absorbed by the Canadian travelling public. We have more excessive landing fees, more excessive taxes and user fees in Canada than there are in the United States. When the Minister considers his whole approach to deregulation, we implore him not simply to load the whole mess on to the backs of the air carriers. He should look at his own shop. He has to do some cost reduction and reducing of bureaucracy and control within his own shop. There is certainly a lot of red tape and many bureaucratic nightmares going on in terms of making a decision. Those are very important points.

The other matter is the role of Air Canada in this whole exercise. That is what is so different about the structure in

Canada *vis-à-vis* the structure in the United States. Air Canada controls 60 per cent of the market. It is a Crown corporation. The Minister has a two-pronged duty. He is custodian for the shareholders in terms of Air Canada, so he has to represent their best interests, but he also has to represent the best interests of the travelling public. How will he square that issue? These are the complex issues.

The other matter is that when the Minister goes around comparing lower air fares in the United States, he is really talking about the lower air fares of the new entrants whose labour component is 50 per cent of that of the established carriers and whose equipment component also is roughly 50 per cent of that of the established carriers because they bought planes on the used market at a time of recession. Their unit costs are much, much cheaper. When the Minister talks about People's Express and the new entrants in the system, he certainly should not suggest to Canadian travellers that they will have the same advantages as they have down there. Then we have the population and the hub and spoke system which works so effectively there. It will only work on a limited course here.

Mr. McDermid: Mr. Speaker, I have a comment and a question. Mirabel is costing us almost \$50 million a year. I noticed a week ago that it probably had the biggest crowd since the Liberals threw the opening cocktail party of that white elephant when a rock star by the name of Boy George arrived. Maybe the Minister—

The Acting Speaker (Mr. Herbert): Order, please. In the questions and comments period, Members are allowed to put questions or to make comments upon the speech that has been made. I cannot find the relevance at the moment to the remarks of the Hon. Member. He should direct his remarks, either comments or question, to the speech of the Hon. Member for Vegreville (Mr. Mazankowski).

Mr. McDermid: I was talking about Mirabel Airport which he mentioned in his speech. It was a comment on that and it is going to be a question on that as well, if I may finish my train of thought. I suggest to the Minister that he might throw the odd rock concert out there and maybe the airport will start paying for itself.

The Minister has made the statement that deregulation would improve the deficit position at Mirabel Airport. He has not explained how that would happen. I cannot imagine how deregulation would improve Mirabel Airport, because nobody wants to fly in there. Could the Hon. Member shed any light on that statement?

Mr. Mazankowski: I cannot imagine how that could happen either. Perhaps the Hon. Member might more properly address that question to the Minister. If it were a totally free and unregulated market, all air carriers would refuse to go there and the airport would have to be closed down.

Mr. McDermid: Exactly.