

Maritime Code

development of suitable coasting trade regulations to be made under the legislation when enacted and proclaimed in force.

The minister of transport of the province of British Columbia replied as follows:

The western premiers expressed the strong view that pending legislation to change the Canada Shipping Act (which would remove the freedom to use foreign ships for inter-coastal trade) should be delayed until such time as the Hall commission has reported.

In response to the minister's saying that there has been consultation and agreement, the minister from British Columbia said this in a letter dated April 30:

It is not true. I have personally been present when four western ministers of transport told you personally that they objected to the legislation. Officials of the B.C. department of transport communications have been under instruction, since the change of Government in B.C., that the intercoastal provisions of Bill C-61 were objectionable from our point of view.

Mr. Goodale: You missed the reply to that reply.

Mr. Oberle: Why the rush? The minister said on previous occasions that he would expect that all provisions of this bill would be declared by 1980. This country has traditionally been built on those two strands of steel which tie us together from east to west. Our east to west trade is the basic foundation of confederation. Were it not for these artificial barriers, Canadians certainly would have a legitimate interest in developing a maritime industry; but we do have these artificial barriers. We do have horrendous problems with regard to freight rates, which no one ever understands. Even the people who work them out do not understand them—and we create these artificial barriers to protect the centre from the west and the east, and so on.

The reason the minister agreed that the bill should go back to committee was that cost-benefit studies have not yet been made. We have pushed for such studies. Since this bill emerged from committee in December, many of my colleagues got together with industries and individuals who would be affected by the bill and, for our own purposes, conducted such a cost-benefit study. The results should be made known, not only here but in committee. Witnesses should be called and the bill should be discussed further.

Let us consider, for instance, what this maritime code would do to the lumber industry in British Columbia. We have access to foreign bottoms on the west coast of British Columbia. Most of the trade in the lumber industry is with eastern customers in the United States and eastern Canada. That is the main reason the lumber industry on the west coast has a competitive advantage over the lumber industry in the United States. The reason for that is that Canadian railways and American railways have to compete against ocean shipping through the Panama Canal. Whenever the freight rates in our rail systems get to a point where the industry can no longer remain competitive in the eastern parts of the United States, we revert to shipping through the Panama Canal. Canadian railways have always taken that into consideration and have adjusted their rates accordingly.

It is true that all the lumber, or most of it, still goes by rail, but the industry does have the safety valve that if the policy of "user pay" should ever be implemented—and that is the new, sexy phrase which has emerged in recent times—then we have that additional option. Bill C-61

[Mr. Oberle.]

would remove this option and render the forest industry in British Columbia no longer viable because freight rates would increase by at least 30 per cent, freight rates which are already the biggest component in cost to our customers in eastern Canada and the United States.

The United States railways also attune their rates to the competition of the Canadian railways. For that reason, the forest industry—which, incidentally, has a credit balance of \$5 billion per year with regard to foreign trade—has this competitive advantage over that industry in the United States. The legislation in that country is similar to what is proposed here. When we consider the concerns of these industries, the "user pay" concept is simply not valid.

For the record, I would like to point out what has happened over the last five years whenever a shortage of ships was experienced at the west coast. Naturally, the railways have responded, when the rates on foreign ships have gone up, and have increased their rates over a five-year period by 22.2 per cent. Current rates for shipping via the Panama Canal, in Canadian vessels, are more than double the rates for foreign flag vessels. Our concern is exemplified by the fact that over the last five years lack of water competition has seen rail rates applicable to lumber and plywood to eastern Canada more than double, with particularly sharp increases in 1974, which reflect the railways' conviction that water competition for this business is not a factor.

● (1620)

Mr. Speaker, there is a shortage of foreign vessels and a shortage of business, and this has been demonstrated to me. I recall flying over the port of Vancouver last summer during the grain handlers' strike. There were many vessels lying there, charging \$10,000 or \$15,000 per day in demurrage to our wheat shippers. We have experienced a shortage of vessels on the west coast for shipping lumber products. This vacuum could be filled if we were to improve our capacity to build our own vessels which could compete against other shippers.

The hon. member for New Westminster would have us believe it is our responsibility to improve working conditions on foreign vessels, and that workmen, no matter where they perform their duties, should have equal pay and working conditions. I agree that we have a responsibility in this regard, but I doubt whether this maritime industry would create the 40,000 new jobs hinted at in the Darling report. If we were to make it our responsibility to improve the working conditions of seamen in foreign vessels, I dare say we would price ourselves out of the market and lose more than 40,000 jobs in the lumber industry alone which are connected indirectly and directly to that important sector of our economy.

There is no way that we can allow this bill to proceed in light of the working conditions that exist in our country. That is what it will boil down to. We have already priced ourselves out of the market in lumber and wood fibre products, plywood and pulp throughout the world because of some of the extravagances we have practiced in regard to wages and social conditions without paying proper attention to increasing productivity. There have not been the technological advances in the last ten years or so that we saw in the early sixties, and as a result we have priced