

offsetting the low statutory freight rates on grain. In his report Mr. Justice Hall suggested that the government should offer some type of assistance to these industries. There is much in the report which should be implemented.

I could say a great deal as far as government policies are concerned. Rather than attempt to carry on with the report of Mr. Justice Hall, I will turn the floor over to the hon. member for Dauphin in order to conclude consideration of this legislation.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise with considerable interest to speak on this bill. It is supposed to put the CNR into a profitable position. It is really only a matter of juggling figures. The government is wiping out \$808 million in debt, so that the company will not have to pay the \$65 million in interest charges that it is now paying. In any case the government will have to find \$65 million somewhere else. Also it is indicated that the CNR will be rid of passenger service in 1980, which will provide them with another windfall of \$50 million. VIA Rail is only another arm of the government. Surely the net effect remains the same. It merely aids in comparing the CNR with some other company. In Canada there is only one other comparable company, which is the CPR. Furthermore, all modes of transportation are so closely regulated by government decree that, whether managed by the government or managed by a large corporation, they are not all that different.

Dr. Bandeen, the president of the CNR, voiced the opinion that the revamping of CN will bring about a boost in the morale of its employees by removing the chronic negative image of being a loser. He suggested that the right to retain 80 per cent of the earnings will help reduce the amount of future borrowings. The remaining 20 per cent of the earnings will be earmarked as dividends for the government, which is the only shareholder in the corporation.

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The CN president has suggested that a major obstacle facing CN has been a high ratio of debt, about 60 per cent to equity, which has been developing over some years. In effect, the CN is not retiring its debt, as would a private company, by selling off some of its assets but is merely asking the government to assume the debt so that the books of the CN show better balance. No doubt in the future there will be further recapitalization as CN management struggles to deal with its capital structure.

Dr. Bandeen has suggested that morale in the CN is low because of its image of a chronic loser, but in my community where there are many CN employees the morale is low because of the rapid shifting and changing policies of the company which have left the employees bewildered, down-hearted and in despair. Major changes occur from month to month and from year to year, from centralization to decentralization. Indeed, most employees express the view that the CN is actively trying to get out of railroading, and the aim of the employees, or many of them, is to stay only as long as

necessary to procure their pensions and to get out as soon as they can.

The so-called boost for morale may be good for the Montreal office but it is disastrous on the prairies. I have had occasion to realize that CN employees have advised clients that we would be much better served if we shipped things by other methods. The influence of railroading in western Canada is great because the western division has over half the car loadings in this country. The railways have taken to cancelling out of less than car load lots and they turn the business over to the trucking industry. In any case railways are now shipping only a few commodities and at times are not anxious to ship even those.

In the magazine the *Manitoba Highway News* of last month, the chief of the Manitoba Transport Board, Mr. Al Mackling, had something interesting to say. He said:

For a long time there was no question about transportation—rails were supreme.

Now, as shocking as it sounds, rails are playing a secondary role to truck transportation in total dollar value of goods being moved . . .

Through rail abandonment the railways are giving up a segment of the transportation industry which they dominated, almost monopolized, for decades.

Meanwhile, trucking is moving in, picking up in the grain industry where rails claim it is no longer viable to operate and moving the goods economically and efficiently.

The article goes on to read:

Mr. Mackling said that with the policy of rail abandonment in western Canada, he can see no other alternative to long distance grain hauling than by highway.

'Already we've seen some long distance experimentation of bulk grain hauling,' he said, 'and that trend will continue'.

In the United States grain hauling of up to 1,000 miles by truck is quite common. The article continues:

Just recently, for example, there have been a number of applications dealing with specialty grains and grain by-products—the meals produced from the crushing of particular oilseeds: rape, mustard, sunflower and soyabeans . . .

A big reason for this is trucking's adaptation to 'time sensitive' situations.

'There's more and more reliance on trucking because of the time factor,' explained Mr. Mackling, 'that is, instead of a shipper having to have a fairly large warehouse, heavily stocked with inventory at either end of his transportation movement, he's now cutting back on inventory and relying on the ready access of trucking to satisfy his customers quickly.'

I think that this is a significant event in the delivery of grain to country elevator points and will make considerable changes in western Canada which I do not think the railways will appreciate. They will find they have lost out in the game of transportation. For instance, I was told of a town in my riding, where I was yesterday, where there was a line-up of trucks carrying grain all the way from 20 miles to 60 miles, and in one case 175 miles, so that grain was brought to a central point, by-passing many elevators and moving the grain into a consolidated position. This is the consolidation of grain handling system in western Canada, and if it continues, what will happen is that the railways will find that their services are no longer needed to as great an extent as they have in the past.

One of the things that the Hall commission was to do was to prepare a blueprint for the railway system in the west but until now it has not done very much except to close down rail lines, which the commission had suggested should be abandoned. It