

*Railway Act*

bate regional inequities and the friction that contributes to the problem of national unity.

In economic and geographic terms this country does not make sense. We have tried to combine various regions of North America on an east-west axis, when all lines of geography, communication and trade run on a north-south axis. We are going against the natural trend in trying to get an entity called "Canada" together by combining east and west. It is essential, therefore, that our transportation system be strong and vital in order to preserve the fragile unity that we hold to be Canada. It is important that we have a transportation policy that does not exacerbate the division between east and west but that helps bind the country together. Where this breaks down, of course, is in the way the government has designed transportation policy. It assumes that competition is essential to an efficient transportation system and that through competition prices will be reduced and more efficiency result to the benefit of the consumer.

Another key objective of competition is to maximize profits. We run into this dilemma when we try to apply the concept of free enterprise or maximum profits to a transportation system. If that is the primary goal, and a transportation system begins to lose money on a certain section of its operations, the logic of free enterprise and the idea of user-pay demand that service on the section that is losing money be reduced or disbanded. In an ordinary business operation, the consequences of such action are usually not too severe to the consumer, as another business will take up the slack. With transportation, however, another mode of transportation is not immediately available to the area affected. If you tear up a railway line you cannot assume that an efficient highway or air service will come in to move goods and people.

The dilemma is whether you leave regions and communities isolated or with reduced transportation service in order to balance the books or make a profit. If we followed that philosophy, which I hear again and again from the Minister of Transport (Mr. Lang) in his talk about user-pay and phasing out losing parts of a transportation system, then we would contribute to national disunity. It would exacerbate the problems of people in Atlantic Canada, in northern Ontario and in parts of western Canada.

Surely we should look at our transportation system as a means of bonding the country together, as a means of removing the inequalities faced in less developed regions or regions with less natural advantages than others. I know what it is like. I come from a relatively disadvantaged region of northern Ontario where we rely on resource based industries. We have to cope with a freight rate structure that discriminates against us and prevents us from becoming independent of mining and forestry as our sources of employment and business. We cannot get secondary industry into northern Ontario, as is the case in Atlantic Canada, because freight rates discriminate against the movement of manufactured goods from secondary industry.

[Mr. Symes.]

● (1222)

Freight rates are designed to move raw materials cheaply to parts of southern Ontario or to the United States where they are manufactured and resold to us as finished goods. It is always cheaper to move that kind of bulk material in its raw or semi-processed form than it is to move manufactured goods to other parts of Canada. That, of course, means that so long as we have those discriminatory freight rates we will not solve the perennial problem of boom-bust economy or high unemployment in these regions of Canada which cannot attract secondary manufacturing industries.

That is a long-term problem which has never been solved by the government. It could be solved if this bill went further than it did. The bill should look at the totality of railway transportation and financing and bring about a rationalization of the system. If the bill brought about an amalgamation of the CNR and CPR into one publicly owned and directed Crown corporation so that we could end these persistent anomalies, the problems of freight rate discrimination which continue to give advantage to certain parts of the country and disadvantage to other parts could be solved.

The community of Sault Ste. Marie has the Algoma Steel Corporation. Steel is manufactured goods, and one would assume we could move it to any part of Canada and be able to compete in the market. However, we found that freight rates work in a reverse sense, even on some of our manufactured goods. Most recently we found that it is cheaper for the steel fabricators of British Columbia to use steel produced in Japan, transported across the Pacific Ocean and landed in British Columbia. That steel is moved more cheaply than by moving steel from Algoma along the railway system to British Columbia.

Indeed, Algoma Steel has experimented with putting the steel on ships moving it through the St. Lawrence seaway, via the Atlantic Ocean, the Panama canal, the Pacific Ocean and along the coast of British Columbia. This was an attempt to discover if this method is a less costly way of moving steel to the west coast than by putting in on flatcars and transporting it by rail. What a ridiculous situation, Mr. Speaker, that we are forced into that kind of long sea route in order to land goods on the west coast of Canada so as to compete with foreign steel. It points out the problem of rail transportation in this country.

We have heard from western members in this House of Commons as to how they can never get manufactured goods out to their part of the country cheaply, or indeed set up factories in the west and move goods to the east. That is certainly a problem that the refinancing of the CNR is not going to solve. I fault the government for not bringing in a more comprehensive transportation policy in this sense.

We have to look not only at freight and the movement of it but at the movement of people by a passenger service. Those of us who live in sparsely populated parts of Canada are worried about the changes that are being made by the government in rail transportation. We know the new transportation system called VIA Rail will soon be in effect. That has meant