

*Canadian National Railways*

off all our questions with snide answers. Last Thursday, I sought to propose a motion calling upon the Minister of Transport to appeal the most recent freight tariff increases. Unfortunately, but not unexpectedly, I was denied unanimous consent to put the motion by members on the government side. It is difficult for me to understand how Liberal members from the Atlantic provinces could take such an attitude in the light of mounting dissatisfaction expressed in leading newspapers, by the Atlantic Provinces Transportation Commission and businessmen in the region. At a time like this, could they not forget partisan politics? I might point out, however, that the Minister of Transport was not in the House on that occasion, so I cannot include him with his colleagues; I know he has the interests of the Maritimes at heart. Unfortunately, he is not in the House today, either, but possibly someone will carry this appeal to him.

**Mr. McGrath:** Why is he not here?

**Mr. Thomas (Moncton):** The minister should intercede with the railways to forgo the increase slated for March 1, as well as further increases which are rumoured, until such time as his department announces the new policy which has been promised us for some four years, now. If the railways will not heed persuasion, I ask the minister to avail himself of the right of appeal provided in section 16 of the Railway Act. This section provides that where a person has reason to believe the effect of any rate established by a carrier might prejudicially affect the public interest, such a person may apply to the commission for leave to appeal. The minister has a staff which should be well qualified to produce all the statistics and figures necessary to substantiate an appeal of this type before the board. Obviously, it is impossible for a private person to be in possession of these figures and statistics. Since the minister does have this information available, I trust he will recognize his duty to the people of the Maritimes and take the action necessary to forestall further tariff increases.

I know the reply of the railway companies will be: We cannot afford it; our deficit is \$25 million or \$29 million. But I would point out that in 1969, Canadian National had the third highest operating surplus since the war years, and that every year except three since the war, the CNR has shown an operating surplus. What distorts the picture is that most of the loss shown in the CN accounts arises from the need to pay interest on debt accumulated over the years, in fact, from the time the company began operations. Very often, members of the public are not aware of this. I am last to throw rocks at the Canadian National. I live in a Canadian National town and I realize the effort the company has made to up-grade its services, to modernize and improve the handling of freight. Indeed, the company is handling a higher volume of freight now with less equipment—though more modern equipment—than was previously the case. But despite these efforts, it cannot show a net profit when it is faced with paying \$75 million in interest charges on debt incurred many years ago. This is why we in the opposition, both in my party and in the New Democratic party, have requested that the question of the capital debt structure of the CN be referred to the standing

[Mr. Thomas (Moncton).]

committee. Perhaps in that way some sensible solution can be found, after which the railway could go ahead and operate on a current basis. I repeat this request.

I should like now to say a word about air services and Air Canada. I know this is a subject which is causing great concern to airlines all over the world. In the last year, airlines throughout the world have found that increasing expansion, decreasing revenues and decreasing passenger traffic have placed them in the position of incurring heavy losses. I shall not go into detail of the reasons for these losses. Many solutions have been proposed. Some will say: you must reduce airline fares and increase the flow of traffic. They cite the case of Icelandic Airlines which does not belong to the International Air Transport Association and which sets its own fares. This airline managed to fill every seat on its jets between New York and Nassau whereas other airlines were travelling half full. This is one solution. I am not saying it is the only one. With more people travelling and bigger loads possible, the airlines' loss can be reduced.

• (3:50 p.m.)

The point I want to make before I conclude my remarks on this bill is that there seems to be nothing but doubt and uncertainty as to the future of Air Canada. We have seen the wave of shock and indignation created two or three weeks ago when Air Canada announced the lay-off of some 415 employees. Some who had been with their employer for 25 to 30 years were given two weeks' notice. Air Canada justifies this action on the basis of the old argument of having to cut down because traffic was falling. But how far can you cut back before you start to decrease the service that you are providing, Mr. Speaker? When your service deteriorates, passenger traffic drops off still further. It looks to me very much like the CNR passenger service policy repeating itself. It is the argument that not enough people are using the service and so you reduce the service. Since the reduced service attracts fewer customers, you then say that as no one is using the service you must abandon it.

This is the sort of thing worrying people in Canada today. They fear that Air Canada is adopting the same policy the CN has employed for the last 15 to 20 years. We have questioned the government several times about announcing some air carrier policy. We have questioned the minister about what his policy is in relation to second and third line carriers. So far, to my knowledge, the only answer we have received has been that this question is under consideration. In my particular area of Moncton, which is the freight terminal for the Maritimes area, there is a good deal of concern not that services have been cut back, though of course people are worried about this, but that the airlines have created disillusionment and the morale of the people is shot. Rumours are being circulated that Air Canada is going to pull out of all unprofitable services, following much the same pattern as the CNR. Rumour has it that another airline is going to take over. This sort of uncertainty is upsetting to residents of the area, to shippers, manufacturers and so on.

Once again, I call on the Minister of Transport to let the House know what his air policy is going to be. If he