

Equalization of Freight Rates

the need for greater flexibility and adjustment in freight rates, although I do not see how any measure of equalization is really relevant unless you want to look outside your own country. At Steep Rock mines they are producing iron ore which is shipped out of the Canadian lakehead mostly into the American market. Steep Rock mines are operating relatively at a considerable slump, and the main reason is because they have been unable to compete either with the higher grade taconite shipments from both the Mesabi and Marquette ranges down into the American market and also with some of the Labrador ores. Just last year, after much negotiation, the mines at Steep Rock finally obtained a charge from the Canadian National Railways, which is the sole shipper to the lakehead, which set a price for the ore provided they shipped so much, and then the thing would move in escalation depending on how much or how little they shipped.

Not long after this agreement was signed the closest competitors of the Steep Rock iron mines, the Mesabi range producers in the United States and the Marquette range, arranged for substantial cuts with their railways in the United States, and as a consequence the United States railways set-up in this whole iron ore picture tends to have a much greater flexibility on rates than we have in Canada. I am concerned, as I know are the hon. members for Kenora-Rainy River (Mr. Benidickson) and Fort William (Mr. Badanai), over the fact that the Steep Rock iron range is not producing nearly to its capacity. One of the real factors in this low production is the level of the freight rates. I would argue, Mr. Speaker, that it is much more important for us to develop some kind of flexibility which will lead to a continuing adjustment of that freight rate so that mining regions can compete, than to have any over-all process of equalization that may be in the hon. member's mind so far as this motion is concerned.

I should also like to make the point, Mr. Speaker, that until we wipe out the bridge subsidy—and it has not been wiped out yet—until we wipe out the Crowsnest pass rates, the Maritime Freight Rates Act and the federal grain assistance act, which are instrumental in moving a lot of particular kinds of commodities to various parts of the country, it will be impossible to envisage any fair kind of equalization process that will really work effectively to help regions such as the hon. member represents.

I would like to suggest that one of the responsibilities of these regional development councils that are going to be set up under the new department of industry should be to examine the regional problems in terms of transportation, and see if we cannot get some

[Mr. Fisher.]

kind of help in that way, considering the various modes of transportation available, rather than through any general over-all equalization policy.

In conclusion, I would like to say to the hon. member that we do not feel it is enough to say you are against sin and for motherhood, and making this analogous to the problem it is not enough to say that you are for equalization of freight rates. The responsibility resting on each one of us concerned with this problem is to spell out how we would like to see it tackled in so far as our own regions are concerned.

In northwestern Ontario we have been concerned and worried about this problem for a long time and we feel it should be studied by our regional economic council, which we hope would have both federal and provincial affiliations, so that out of that will come the kind of recommendations that will be listened to by the board of transport commissioners and the general economic advisory council that is recommended by the royal commission on transportation, which I hope the government will proceed with.

I have one last word with regard to freight rates, Mr. Speaker. It was my impression, following the hearings of the royal commission on transportation, that the reluctant party in the whole business of moving away from the old kind of structure was the C.P.R. It seemed to me that Mr. Ian Sinclair, vice president of the C.P.R. and their chief lawyer at the hearings, was set in his position that he was not going to allow the kind of freedom in transportation competition that seemed to be developing in the commissioners' minds as the hearings went along.

I look upon the recommendation of the royal commission on transportation as a victory over the C.P.R. conception with regard to the freight rate structure, and to its role in transportation, and I hope that this victory, which has not yet been crystallized in terms of either agency or policy with regard to freight rates, will be pushed to its conclusion by the government. If the referral of this motion of the hon. member to the standing committee on railways and canals would help in any way, we in this party would be glad to support that, if it is at all possible. If it is not, I would on the other hand hate to see this motion accepted by the house without some kind of amendment, because as it stands it is not sufficient.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, the subject of freight rates is not a new one. It has been of vital concern to the far west and far eastern parts of our country for many years. Down through the