

*Canadian National Railways and Air Canada*

ways are moving money into new rolling stock to meet record traffic demands. In the past year Canadian National Railways has been buying heavily and has placed orders totalling more than \$225 million for freight cars and locomotives. CP rail says that since 1970 its orders for new rolling stock have exceeded \$215 million, with \$20 million on current order and orders for 1975 now totalling \$14.3 million, with the probability of more to come. Why is it that every year we are falling behind? When we look at these orders we find that many are not for moving the produce of industries that are falling behind, such as the grain, vegetable and fresh fruit industries. A lot of the cars to be brought into service are to replace ones that have been taken out of service because they are getting old and are no longer functional.

● (2020)

It is a fact that in Canada we have more geographic barriers than any country. Because of this, Canadian producers depend on the railway system more than any other country to meet their transportation needs. Above all else, it is the duty of the government, notwithstanding the hotels, towers and affiliated industries, to ensure that a strong, dependable and prompt transportation system is developed in Canada. The minister says he does not have the power to do this. In a recent speech, the hon. member for Peace River (Mr. Baldwin) stated:

—Jack Pickersgill . . . said the bill contained all the power and authority which the commission wanted . . .

So if the Minister of Transport, who has the authority, wanted to exercise it, he could say to the Transportation Commission: "I want you to order the railway companies to provide the cars and facilities to carry the freight and to do so diligently and carefully". Having made that order, the commission could include in the order a provision that if they do not do what is ordered a penalty will be imposed.

Although this bill has come forward in the name of the Minister of Finance, surely the Minister of Transport can say to the railways, "provide the cars, or no money for hotels".

**Mr. Cyril Symes (Sault Ste. Marie):** Mr. Speaker, I welcome the opportunity to say a few words at the report stage of Bill C-5 which deals with financing Canadian National Railways, and some of the Conservative amendments attached thereto. When we talk about a national transportation policy it is very enlightening, although not unexpected, to hear the Minister of Transport (Mr. Marchand) finally admit that the transportation system as it applies to railways in this country is in a mess. He admitted that competition is not working between the railways and the profit motive is not working because it means phasing out the uneconomical but nonetheless essential lines. It also means that grain, the staple of the western Canadian economy, is not moving. The farmers run the risk of losing half a billion dollars a year. Lumber from the interior of British Columbia is not moving out of the province due to lack of boxcars and necessary transportation facilities.

We see this transportation mess fostered by succeeding Conservative and Liberal governments. We see the Conservative amendments to reduce some of the funding to CNR; they remind me of the Conservative way of giving a patient a band aid when major surgery is needed. It is time we looked at the whole operation of CNR, a sup-

[Mr. Schellenberger.]

posedly public corporation, a supposedly nationalized corporation. It is time to really nationalize the CNR and its counterpart, the CPR. The Conservative amendments ignore the crux of the matter, that is, developing a viable transportation policy. If we are to have a transportation policy in this country which will promote regional development, equity among the regions and provide service for all Canadians, we must consider the basic way in which the system is run.

Transportation is essential and we must put service before profit. The freight rate structure, which is designed to maximize profits, has resulted not only in lack of service to very remote regions of Canada, which nonetheless need the railways, as well as poor service but it has fostered and perpetuated economic discriminations in various regions of this country. Our freight rate system perpetuates the strength of central Canada as the manufacturing concentration in Canada, to the detriment of developing secondary manufacturing in my area of the country, northern Ontario, as well as the maritimes and the west.

I do not need to go through all the examples. A few will serve to remind us of this discrimination. Because of our freight rate system, it is cheaper to ship steel from Ontario to Vancouver than from Ontario to Calgary. It is this kind of freight rate discrimination that westerners so often cite. In northern Ontario, it is cheaper to ship raw materials out of the north, thereby perpetuating the resource-oriented economy of the north and the lack of jobs compared to manufacturing. It is cheaper to ship iron ore out of the north than to ship manufactured goods. For example, it costs \$8.60 a ton to ship iron ore pellets from Copper Cliff in northern Ontario to Pittsburgh in the United States. However, to ship fertilizer from Sudbury to Toronto costs \$90.80 per ton. This is only one of many examples of the discrimination that is occurring. It costs a person in Sault Ste. Marie \$15 to buy an identical food basket for which a consumer in Toronto would pay only \$13. That is not only due to discrimination by the railways but by the trucking companies as well.

We have a so-called public corporation, Canadian National Railways, and a private corporation, Canadian Pacific Railway. Both are heavily subsidized by Canadian taxpayers and neither is fulfilling the objectives of a national transportation policy. Their service is poor and their freight rates are discriminatory. I had hoped the government and the official opposition would tackle that problem, but no: when we look at the amendments, we see it is not approached. This is fiddling with the essential problem. For example, Canadian National Railways, supposedly a publicly-owned corporation, is being run like a private corporation. The CN debt, amounting to about \$811 million, is owed to private bondholders. This debt has been outstanding since the government took over the Canadian Northern Railway, the Grand Truck railroad and other uneconomic lines and formed them into the CNR.

● (2030)

The CNR showed an operating surplus in 1972 of \$48 million. The company is able to make money but it has not declared an over-all profit since 1956. Why? Because the company pays off its private debts first. The \$1 billion debt to the government and the Canadian taxpayers is not