

Mr. Mazankowski: I have another question with respect to the subsidization of long and short hauls. On page 13 the minister states:

In a number of other areas of the passenger system, the fare structure seems inequitable, with long-haul passengers in effect subsidizing the short-haul routes.

We have had evidence of that in Air Canada where there has been tremendous cross subsidization, the western routes subsidizing the Montreal-Ottawa-Toronto triangle. Within the framework of this policy, how will this situation be overcome; how will the cross subsidization be dealt with? Will it be in the form of a directive by the minister to the transportation companies, or will legislation be brought forth limiting the amount of cross subsidization that can take place, of short hauls by long-haul passenger routes?

Mr. Marchand (Langelier): I think this will be part of the policy and probably part of the act. I will bring in an amendment to the act to that effect. However, what I want to protect is rate grouping because some rates might be lower for a longer distance than a shorter distance, provided it is limited to a region. What we have had in mind is steel—

Mr. Mazankowski: I was dealing with passenger routes.

Mr. Marchand (Langelier): What was discovered in making our studies—before we had an impression that that was the case, but now we have the conviction—that some short-haul flights are subsidized by long hauls. We have also found some other things which I might have mentioned in the House previously and, if so, I am sorry to be repeating myself. There are certain cases where the economy class subsidizes first-class. This is the kind of thing we want to correct. I regret that the hon. member for Regina-Lake Centre is not here.

Mr. Stanfield: He only stays here when he is speaking.

Mr. Marchand (Langelier): I know he is vitally interested in this. His argumentation might be right or wrong, depending on how one interprets the first principle we have laid down, namely, that our transportation policy will become an instrument of the national policy. In the act of 1967 the main principle was economic support. I think it was clear in that act that the sooner the government could get out of the transportation field and let the CTC make the regulations, the better. That was the whole purpose of the act, and that is what we have changed. This is a fundamental change. We have indicated that our principle now is that the transportation policy will become an instrument of the national policy. That means that if we think that the rates should be changed or the situation should be changed, I will have the authority under the new act to direct the CTC to correct the situation.

Mr. Mazankowski: I have a question for clarification, Mr. Speaker. May I point out, with the greatest respect, that the minister was sidetracked to another question. Are we to assume that the CTC, as the minister sees it, would have the power to say to Air Canada, for example, which has engaged in this tremendous subsidization, that there has to be a greater equalization of freight rates or that one rate will have to be rolled back and another increased? Is

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that the kind of power that the minister envisages will be granted to him under the act?

Mr. Marchand (Langelier): I even saw the father of the 1967 act, Mr. Pickersgill, the other day to ask him whether I understood the act correctly when I interpreted it as giving CTC the authority to approve the rates established by CP, CN or Air Canada and nobody could intervene except in certain circumstances by way of an appeal. The procedure is so complicated that sometimes it is preferable not to go through the process. In the future, I want to be in the position of being able to say to the CTC that certain things will not be done that way. That does not mean I would intervene in each case that came before the CTC, but I want to be in a position to establish the policy the CTC will follow, and not the reverse.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Canadian National Railways—Suggestion company index pensions without waiting for Hall report; the hon. member for Winnipeg South Centre (Mr. McKenzie)—External Affairs—Garrison diversion—suggestion United States be asked for moratorium on project; the hon. member for Capilano (Mr. Huntington)—Penitentiaries—Alleged high rate of turnover of security staff—Request for report.

GOVERNMENT ORDERS

[English]

TRANSPORT

GOVERNMENT POLICY

The House resumed consideration of the motion of Mr. Marchand (Langelier):

That the documents entitled, "Transportation Policy—A Framework for Transport in Canada, Summary Report", "An Interim Report on Inter-city Passenger Movement in Canada", and "An Interim Report on Freight Transportation in Canada", be referred to the Standing Committee on Transport and Communications.

Mr. Saltzman: Mr. Speaker, the minister has said a number of things which I think call for a conclusion, and I wonder whether he would be prepared to state that conclusion quite clearly. It seems to me that everything he has put forward today is an admission that the National