westbound selective subsidy of 20 per cent on selected goods which were actually manufactured inside the region as opposed to simply passing through.

In 1992 this totalled $13.7 million, $3.7 million for rail transport and $10 million for truck transportation.

In addition, there was an internal regional 10 per cent subsidy which was reduced to 9 per cent in the budget of April 1993 on a selected list of commodities. In 1992 this totalled $57.7 million, $9.5 million for rail transport, $47.5 million for truck transportation and $.7 million for marine transportation.

The combined total of all Atlantic subsidies for 1992 was $109.8 million.

In the budget of April 1993 this $109.8 million subsidy was reduced by 10 per cent. To achieve this cut the overall westbound rail shipment subsidy was cut from 30 per cent to 28.5 per cent.

Other reductions in costs were made through general administration and internal cutbacks across the board.

This year's budget calls for another 5 per cent cut in the total Atlantic shipping subsidy, which now sits between $100 million and $105 million, commencing April 1994.

Once again I find myself in a mix of support and opposition. On the one hand we have the continuing problem of the needs of government to reduce expenditures. On the other hand I find the government has once again not done its homework.

The general economy of the maritimes is fragile at best and the government while recognizing the need to reduce its spending must also be mindful of the need to examine all areas of savings before taking any arbitrary action.

The reduction of the Atlantic shipping subsidies as proposed is not unreasonable. The reality is these subsidies could probably be reduced considerably more but not without coupling these reductions with other changes.

One of these changes is the removal of interprovincial trade barriers in the region. These barriers already cost the Atlantic region more than the total value of the regional development grants. As in the case of western grain farmers, subsidy reduction would be a lot more palatable if it were coupled with reductions of other costs of doing business.

Another area that should also have been considered is the cost of keeping the port of Montreal open in the winter months. Currently icebreaking services are provided by the coast guard at no cost to the shippers or ships that the goods travel on. This creates two problems. First, this service costs the federal government about $33 million a year. To be sure some of this, about a third, is spent on flood control work. The rest amounts to yet another transportation subsidy costing the Canadian taxpayer four times the amount of saving in the Atlantic regional freight subsidy reductions proposed.

• (1610)

Second, this free service actually works against the Atlantic region by subsidizing the movement of goods through the maritimes in the winter instead of utilizing the ice free ports in Halifax and St. John's. It is well and good to have this service available for ships wishing to utilize this service, but it should be user pay. This would result in savings far in excess of the current amount targeted by the government and at the same time likely produce some economic benefit for the Atlantic ports.

To put it mildly, the St. Lawrence icebreaker issue certainly seems ironic considering the large degree of difficulty the Atlantic shipping industry is presently going through. The disorganized, self–defeating government policy in subsidy fields does not end there.

To add further fuel to the fire I must also express some sincere concerns regarding the proportion of truck subsidies received in the Atlantic region when compared with the alternate subsidies received by rail and marine transportation sectors. I am a bit perplexed as to why the government would provide such a proportionately huge subsidy for the very industry that is supposedly bringing about the untimely demise of our nation's rail system.

This is particularly true in the case of Atlantic Canada which has been suffering a great deal in recent years and has suffered deep cuts by both Canadian National Rail and Canadian Pacific Rail as a result.

Although there is certainly an argument that is to be made that Canada's railroads are not competitive enough to go head to head with trucking firms in the ongoing quest for this market share, I am not sure that I am prepared to accept this argument at full face value. The fact that major trucking companies are being so well subsidized by the government is bound to have a negative effect on our important rail system, something that will only hasten the demise of the rail lines in the Atlantic region.

Prince Edward Island and Newfoundland in particular have already felt the sting of line closures, a predicament that strikes at the very heart of interprovincial arrangements which were made with the east at the time of Confederation. This relatively heavy subsidization of truck transportation in Atlantic provinces is a double pronged blow to our nation's railroads.

The reason for this is simple. The disproportionate amount of direct subsidy money received by trucking firms amounts to a second major subsidy for this industry which already receives a major indirect subsidy in the form of government paid highway construction and repair. Whereas railway companies like CN and CP are obliged to basically pay their own way for the upkeep and maintenance of their expensive rail lines, trucking companies are under no such obligation when it comes to Canada's roads. Yes, there are fuel taxes paid by trucks that travel down