

Branch Railway Lines

in Canada are far older than the federal structure itself.

The very fact that when we built this House of Commons the largest single room in it was the railway committee room is an indication that the men who sat in their places here before us spent the greater part of their time dealing with railway problems. Now we have an introductory statement by the minister which indicates that the railways, which were once the chosen instrument of government to achieve national development, are now going to be asked to go into the position of being just another transportation company with an equal chance to grab their share of the transportation market, and with an equal chance of removing the load of carrying national responsibility which this parliament of Canada placed upon the railways.

My remarks today on the resolution stage will deal with the principle of the resolution, namely should this parliament consider first reading of a bill to expend the moneys indicated in the words of the ministers, to make this adjustment of a railways system by taking it out of the role of being the chosen instrument of the national government back into the field of free enterprise? The grants which the minister talked about are, in effect, adjustment grants to help the adjustment become a little smoother than it would be if we simply arbitrarily cut off all help.

I should like at this time, Mr. Chairman, to highlight, if I may use that word, the real significance of this legislation as indicated to us by the minister. To see this highlight one has only to go to areas of Canada where competition did not bring down freight rates. Those areas are the prairies, the maritimes and certain northern areas of all our provinces where there is no other reasonable type of competition. As a result, as costs of railway management rose, freight rate increases were applied across the board. But because freight rates in areas where there was competition—namely, in the central provinces—could not be raised, the increase was loaded on to the prairies, the maritimes and the northern railway sections.

This is not a new problem, Mr. Chairman. Using round figures, and taking a date shortly after the war, these increases in freight rates, applicable only to certain areas of our country and to certain classifications of goods carried by the railways in those areas, rose approximately 150 per cent. If in this period of a little over a decade there was a 150 per cent increase in the cost of moving goods

into a particular area and the cost of moving much of the goods out of that area, it would be a high cost factor loaded on to the production end. In no place in Canada was this more severe than in the maritimes and in the prairies. All of the goods imported from central Canada were at high cost. This cost was accelerated at a rate which no other goods had to meet. So the railways situation, or the problem, as it is called, has always been of prime interest to the people on the prairies. The same type of argument would apply to the maritimes, and spokesmen for that area will no doubt remind us of it. Also a forgotten group were those in the areas in the northern parts of Quebec and Ontario, who had the same freight rate increases applied to them but apparently over the years of our history had no spokesmen in this house to speak for them.

One of the greatest of the spokesmen for the areas which were being discriminated against was M. A. MacPherson, senior. He became one of the members of the royal commission on transportation in 1959, and eventually its chairman. I do not think I am wrong in saying that any province in western Canada, whether it was governed by a Social Credit government, a C.C.F. government, a Liberal government or a Conservative government, had any doubt that M. A. MacPherson was looked upon as the man who, probably better than anyone, expressed the viewpoint of western Canada on these discriminatory rates.

I mention this highlight to you, Mr. Chairman, because the significance of this royal commission report with which we are now dealing is that for the first time we see some answer to the continually spiralling cost of freight rates. As I understand that the recommendations, according to the words of the minister, will be included in the legislation at long last, those of us in the areas of Canada which have been discriminated against know that, under the radical system of freight rate adjustments, if the increases apply at any place they apply all across Canada. They are based on certain formulas.

I said earlier that this was not a new matter. In 1951 the government set up a railways royal commission, if I remember correctly, which reported a year or so later. This royal commission grappled with these problems and the suggestion it came up with, which was accepted by the government of that day, was the bridge subsidy, whereby the federal taxpayers paid approximately \$7 million a year to the two railways to bridge