

on traffic moving between east and west. A 6 per cent increase was put on traffic moving between the east and the west but the increase for long hauls was 5 per cent. A flat increase of 25 cents a ton was put on coke and coal at that time.

Then, along came a surcharge of 4 per cent on normal rates and a 2 per cent increase on competitive rates in September of 1969. This surcharge was put on top of the total freight cost. In other words, this was not a per ton mile rate but a 4 per cent increase and a 2 per cent increase on the total charge. This was re-enacted on January 22, 1969. Then, on March 1 of 1969 there was a general freight rate increase of 8 per cent for short hauls and 4 per cent for long hauls. A charge of 6 per cent on primary commodities was imposed, in other words on commodities shipped by the ton. The total ton rate was increased by 6 per cent on March 1, 1969. Another full freight increase of 25 cents per ton was imposed.

On September 1, 1970 there was another freight rate increase of 5 per cent for short hauls and 3 per cent for long hauls. Also at that time there was a 3 per cent across the board increase on freight rates on coke and coal. I could go on and on. There were some exceptions and some unit charges of a flat 5 per cent on the total freight bill. On agreed charges, since 1967 there has been an increase of 22 per cent. I am totalling three general freight rate increases in the past three years. This gives you some idea of the freight rate increases.

Why should we be concerned about freight rate increases? Freight rate costs are directly related to the cost of commodities used in Canada. We must always bear in mind that it is the cost of producing the goods and getting them to markets which the consumer has to pay, plus the cost of marketing the goods once they arrive at their destination. Freight rates have played a very important part in the composition of our economy. The Canadian Transportation Commission has not done a very good job in accurately scrutinizing these freight rates. In the old days before the famous Bill C-237 was passed by the House, railroads had to come before the board of transport commissioners to prove they needed a freight increase. Anybody who objected to the proposed increase could appear before the transport commissioners to state their reasons, and why it would be detrimental to one or another region in Canada.

• (12:40 p.m.)

The process of securing a rate increase has become so simple that all the railroads have to do is phone the CTC and say, "We are introducing an increase on such a day on agreed charges, on general rates, or on competitive rates." If a shipper wants to object he has to be a captive shipper under the terms of section 16 of Bill C-237. There are two cases I know of presently before the CTC under clause 16, and it will take at least a year for them to be fully heard and examined. This gives some idea of the difficulty in opposing freight rate increases. Bill C-237, passed in 1967, completely removed the court in which objection could be raised against freight rate increases, so

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the shipper can no longer be heard on freight rate increases.

We were told that the whole purpose of freight rate increases was to take the CNR out of its deficit position. However, we still see it running up the same deficits year by year. Its annual deficit has now become so commonplace that it is considered a normal deficit, even though there have been a host of freight rate increases in recent years.

I now wish to deal with the passenger service offered by railroads. We are told that passenger service is costing a huge amount of money and that the railroads are making every effort to get out of passenger service. They have been discontinuing lines. But, Mr. Speaker, that is nothing new. They have been discontinuing lines for years, and lately they have stepped up this process.

Again, under the terms of Bill C-237 setting up the CTC, all that Commission has to do is hold hearings in a given area. If it is shown that the passenger service is losing money, then the government has to decide whether to subsidize the railroad for 80 per cent of its losses or whether the passenger service is no longer necessary. As I have pointed out on many occasions in this House, such a system encourages the railroads to discontinue passenger service, to deliberately downgrade that service so that passengers will not ride the trains. As a result, the railroads can present a financial story to the Canadian Transportation Commission indicating that service is running in the red and thus be subsidized for 80 per cent of the losses they say they incur. This amounts to quite a tidy sum of money.

This is a poor system because it encourages the provision of poor passenger service by the CNR and by Canadian Pacific. I believe the system must be changed. The public are finally becoming concerned about pollution caused by automobile traffic. Railways can provide good, clean, fast courteous passenger service if they wish. They could recapture some of their lost passenger traffic if they were encouraged to do so. But instead of that we have a bonus system which encourages them to downgrade passenger service. Our policy should be the direct opposite. We should have a bonus system to encourage them to upgrade passenger service with modern passenger cars.

I now wish to deal with the question of air passenger safety, but I shall not speak about the recent tragedy at Toronto. On November 13, 1969, a similar financing bill was before this House. The Air Transport Association of Canada had previously held its annual general meeting and expressed dissatisfaction with the attitude shown by the Department of Transport toward the continuous violation of safety regulations. As recorded at page 804 of *Hansard* for that date, I quoted from a report in the *Globe and Mail* on what took place at that meeting, as follows:

The membership was told at that meeting the transport committee's general orders were considered unenforceable by the Transport Commission because of a Supreme Court of Canada decision last year that ruled that the Air Transport Committee did not have the power under the Aeronautic Act to issue orders.