

*Canadian National Railways*

should be discontinued? Surely, Mr. Speaker, there are criteria, other than profitability, in developing a national transportation policy.

Consider, for example, the hundreds of millions of dollars that will have to be spent on new highways to take care of the great influx of automobile traffic that will result from the abandonment of all passenger trains, even the runs between densely populated centres. Already, the government is incurring an annual deficit of \$57 million on the operation of airports. It also spends about \$121 million a year on communications, navigation and meteorological services, much of which can be regarded as a direct subsidy to airlines. Certainly, it is fair to say that the government is already subsidizing the airlines to a greater extent than the \$70 million that it will pay to the railways in 1970. Then, too, millions of dollars will have to be spent building new airports and expanding existing ones. I need only mention the \$1 billion that will go into the new Ste. Scholastique airport, and the \$300 million to be spent on expansion of Toronto International Airport.

One has only to look at United States experience to get a disturbing picture of what can happen in Canada if the railways are allowed to continue their wholesale abandonment of passenger lines. In the United States, back in the 1920's, some 20,000 trains were busy carrying people. At the end of 1969, only 500 of these were still operating. The effect of turning all those people loose on the highways has been staggering.

• (3:30 p.m.)

Since 1956 the United States has spent \$75 billion on new highways, and it is estimated that in the next 15 years new highways will cost more than \$320 billion. It is little wonder, then that editorialists are questioning the idea that profitability be the sole criterion for determining a national transportation policy. One cannot measure the annual return on investment of the road and highway networks, still consuming billions, or the profitability of taxpayer involvement in the air transport industry. Road and air corridor congestion is getting so bad that the logic of a railway renaissance cannot much longer be avoided. It is time the government laid down priorities. If we are to subsidize the CBC to the tune of \$150 million, spend hundreds of millions of dollars on highway systems and possibly \$1 billion on one new airport, is it too much to ask that this government take a hard look at its railway policy and abandon its stated principle of profitability for one of service to the public?

Recently, in leafing through some reports and comments connected with the McPherson report, I was interested to read the comments of the Minister of Regional Economic Expansion (Mr. Marchand) who, at that time in 1961, was president of the Confederation of National Trade Unions. At that time he said that transportation policy is closely tied to economic planning and, as such, must be linked to the common good and not the profitability of private enterprise. I wonder how that hon. gentleman now feels, in his capacity as Minister of Regional Economic Expansion, when he sees his efforts

[Mr. Thomas (Moncton).]

to correct regional disparities largely negated by the policies of the government. The imposition of staggering freight rate increases, with the blessing of the Canadian Transport Commission which has adopted profitability as its sole criterion, is crippling industry. These remarks apply not only to passenger traffic but also to freight traffic.

For example Mr. Speaker, let us see what is happening in the Atlantic region. What is happening is happening with the blessing of the Canadian Transport Commission and under the provisions of the national transportation legislation which set up the commission. Before the National Transportation Act was passed, the railways had to make an application for rate increases and justify those increases before a board. Under the new regulations, it is only necessary for the railways to file notice of the increase 30 days in advance.

Tariff policies adopted at the time of confederation to promote an artificial east-west trading pattern effectively excluded the maritimes from their historic north-south trading routes. At that time it was recognized that transport would be a vital element in the ability of regional industries to compete in and obtain world markets. This fact was recognized by the Duncan commission and embodied in the Maritime Freight Rate Act, which was passed in 1927. It was also recognized that competition is the most effective method of regulating freight rates and, since effective competition did not exist in the Atlantic region, special consideration in the form of financial assistance must be given. The National Transportation Act relies largely upon the force of competition to protect shippers from discriminatory rates. Owing to the lack of competition in the Maritimes, it was understood that the provisions of the National Transportation Act would not be implemented until a new transportation policy was developed for the Atlantic region—hence the so-called freeze that was instituted on certain rates.

The Atlantic premiers' report recognized that subsidies to the carriers were not the answer to the problem, and that they should be phased out. The report emphasized what I consider to be the crux of the situation. I quote from the report:

The provinces will accept modification in the blanket subsidization of intra-regional traffic subject to the strict qualification that a federal-provincial agency be empowered to administer transportation assistance from federal funds to selected industries within the Atlantic provinces.

In other words the premiers' report recognized that subsidization was not the answer, and that assistance should be provided to new, select industries, to enable them to compete in the markets. They agreed that subsidies should be phased out, but only on the condition that any money saved on the phasing out of the subsidies would be applied in the form of special assistance to the industries. That is the situation we face today. The government has begun to phase out subsidies without giving any thought to replacing them with the type of assistance for which those premiers had asked.

Let us see, Mr. Speaker, what has happened since the freeze was lifted on September 23, 1959. On that date, two railway freight increases were announced simultane-