

Transportation

down, was going to raise its rates as of January 2 by 10 to 15 per cent and that the railways, particularly the C.P.R., would follow suit. I have a few more remarks to make but perhaps the minister would let me know whether raising rates without reference to any commission is in line with his idea of competition as we remove the present government regulations.

I conclude with a statement that has been made by others in regard to what the minister said was one of the main purposes of the bill, namely, to remove the necessity for the government paying a subsidy to the railways out of the federal treasury, which now amounts to around \$110 million. The railways were questioned about this and I think they indicated they would have to make up the subsidy somehow. If they could not get more business they would have to increase rates to make up the \$110 million, which to me is certainly an indication that there will be further increases in rates.

I should like the minister to answer these three points. The first concerns the provision of passenger service and whether the railways need authority to raise fares. I have also been given what I consider official notice that the truckers will be raising their rates by 10 to 15 per cent on January 2, so how will the railways meet this? Third, how does the minister think the railways will make up for the removal of the subsidy of \$110 million?

Mr. Pickersgill: If the committee will permit me to give very brief answers to the three points made by the hon. member for Moose Jaw-Lake Centre I will be glad to do so but I do not want to restrict the opportunity of anybody else to speak. I am in the hands of the committee.

Mr. Pascoe: I should like to hear the answers if possible.

Mr. Pickersgill: After the hon. gentleman asked his question the other day I made inquiries and was told that the C.P.R.'s rates, even their holiday rates, are lower than the rates that have been prescribed by the Board of Transport Commissioners. I gather one can look at it two ways. Either their rates are lower when there is little traffic in order to attract more traffic—and, of course, as the hon. member knows, the air lines do the same thing—or their rates are slightly higher when more traffic is involved. However, I am told that both ways the rates are well below the ceiling and therefore are not under the control

[Mr. Pascoe.]

of the Board of Transport Commissioners. I am told that the same thing was done last year as well as in other years. I am just telling the hon. member what I was told. I do not know of my own knowledge.

As to the second point about whether or not the truckers are going to raise their rates, I do not know if they are. They are not under the control at the present time of any agency of the government of Canada. If they want to raise their rates and think they can get enough traffic and can increase their profits, I suppose there is nothing to stop them. As we all know, their costs have certainly gone up because there have been very substantial increases in labour costs. Under the law as it stands the railways can raise their competitive rates whenever they feel inclined to do so as long as the usual notice is given to the board. So really that has nothing to do with this bill.

As for the much bigger question, which was also put by the hon. member for Acadia, about whether or not railway rates will go up, I think the passage of this bill will make very little difference. The freeze is a voluntary freeze. If the bill is not passed within a reasonable time, under the existing law the railways can apply for a horizontal increase.

Mr. Pascoe: But they must apply for the increase?

Mr. Pickersgill: Yes. As everybody knows, all they need do is to show that their costs have gone up fantastically since they had their last increase in 1958. So the idea that the passage of this bill will make it easier to increase rates is quite wrong.

Unless parliament is willing to freeze the rates indefinitely and to pay for that freeze, there are going to be changes in the rates whether or not this bill passes. It is important that we get this through our heads. As hon. members know, the great objection to the present system is that the horizontal increases apply almost entirely to the non-competitive rates. It is our hope that when this bill passes and there is greater freedom on the part of the railways they will be able to operate faster with competitive rates, get a bigger share of the traffic, and therefore will not have to put up their non-competitive rates as much to recover their costs.

That is my great defence of this bill, Mr. Chairman. I agree that in the really monopolistic areas we must give protection to the shippers, but in the competitive areas I think we must let the railways have a chance to