• (1530)

[*English*]

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, the reforms of the economic regulation of transportation which we are considering are called the Freedom to Move legislation. What does Freedom to Move mean? It means that air travellers will have a wider choice of flights at more convenient times and more competitive prices. It means that all kinds of businesses, including small family concerns, large corporations, and major resource producers in every part of Canada, will have some real alternatives to get their products to market. They will have alternative services from more innovative carriers, offering more pricing options.

What will this mean for individual Canadians? Real jobs will be created or maintained in every region of the country and every sector of the economy because better transportation service at a better, more competitive price will enable our resource producers, manufacturers and other businesses to be more competitive in markets at home and abroad.

During this debate, however, we have heard from members of the Opposition that these reforms are too much and come too fast for our transportation industries to cope. The naysayers on the other side predict devastating effects on our trucking industry. They claim that our railways will no longer be financially viable. In short, if we were to believe them, we would expect that our entire transportation system will be in chaos the day after these reforms are implemented. This will not be the case.

Let me explain why. Of course, there will be some adjustments required on the part of everyone. Neither I nor the Government has ever denied that. However, there will be no dramatic upheavals. Economic regulation has been gradually loosened, and many adjustments have already occurred.

Let us look at the air mode, for example. Regulation was brought in to encourage the establishment of a national carrier, Trans-Canada Airlines, when no private carrier could or would take the risk in the fledgling aviation market. By the end of the 1950s, the market had developed and a second airline, Canadian Pacific, was ready to begin long haul service across the country.

Through the 1960s and 1970s regulation was used to keep other airlines within defined regions of the country. After 1978, however, the market changed significantly as a result of the United States air deregulation. Canadian air travellers began asking for similar benefits, such as lower prices and greater choice of service. Many got those benefits, if they could, by crossing the border to fly on U.S. airlines.

In Canada, regulators began allowing regional carriers to extend their operations and all carriers to introduce innovative pricing practices such as seat sales and advanced booking discounts. Further relaxation of air regulation in recent years has led to new carriers entering the market regionally, such as Air Atlantic, and Wardair which has entered the business nationally. Existing carriers have been allowed to add new routes and introduce more efficient aircraft.

One might ask why we need the reforms in Bill C-18? It is because the existing law has been bent as far as it can. Our airlines can go no further in adjusting to the changing demands of the market without a change in the law. Complying with the bent-over-backward rules is still costly, cumbersome and time consuming. Tomorrow, a different interpretation of the law could send us backwards, not forward to meet new challenges and opportunities for economic growth.

The story in trucking is similar. The provincial boards which regulate extra provincial trucking have been loosening the reins for years, although in different ways and at different paces. U.S. deregulation of trucking occurred in 1980, and many Canadian truckers have since established operations in the United States. Naturally, American truckers would like similar access here.

Transborder competition has been heating up, and our truckers are more than holding their own. Our share has increased by about 10 per cent since 1980.

The new legislation for trucking which is scheduled to be implemented in 1980 according to federal-provincial agreement, contains a three-year transition period. Thus, the impact of the entry test, based on fitness only, will not occur until 1991 and beyond. Is over 10 years of adjustment for the trucking industry an abrupt change? Will it have a devastating effect? I think it will not, but one need not take my word for it.

• (1540)

The federal and provincial Ministers responsible for transportation commissioned a study of the effects of the reforms to which they have agreed and which are before the House. That study, released last November, concluded there would be no great disruption in the industry, no harmful concentration and no loss of service to small communities. It did predict keen price competition and it wisely counselled monitoring of developments, in any event.

The federal and provincial Ministers have accepted the recommendation to monitor closely developments under the new legislation and have commissioned a further study of the effects to be completed before the final phase of the reform becomes effective.

With respect to rail transportation, what we are doing is really the second stage of a process which began in the 1960s. The 1967 National Transportation Act, rate regulation, granted railways the right to set their own rates subject to the very limited rights of appeal. The Americans did not move in this area until 1980, but when they did move, they went further and allowed confidential contracts. Our present reforms are necessary to ensure that our carriers can compete on an equal basis with the American carriers. However, this will not be a sudden change. Canadian shippers have been negotiating with U.S. railways and are already accustomed to this new way of doing business. Similarly, Canadian railways,