

*Western Grain Transportation Act*

The Snively report is so visibly and obviously fallacious that he even included as costs on grain the assets created by Government. The farmers gave the railways all this rolling stock, which was then depreciated and put in as a cost. That is as bad as what they have always done. For 20 years they have put in deferred maintenance costs, which they never spent, as a cost against grain. I believe the Hon. Member for Assiniboia (Mr. Gustafson) mentioned that.

I am simply pointing out to the Minister that he is suffering from the philosophy of these experts that really there is no place for the farmers in any part of Canada, and that you have to reduce their numbers just to supply the local population.

One of the Minister's predecessors, the Hon. Otto Lang, discussed this with me and decided to go along with this philosophy. He introduced four different proposals. One was called Lower Inventory For Tomorrow, LIFT. He forced the Canadian Wheat Board to ignore the law and said to the farmers: "If you do not follow this proposal to reduce production to nothing for grain, for wheat, you lose your right to sell". When the head of the Wheat Board could not accept my advice—he had no power in the Act—the Government got rid of him and put him in the Senate.

This is a sad story. Otto Lang, as able a man as ever sat in this House, paid a heavy price for going the way of the experts. I will not say anything more about that. When I look at how the railways accepted this advice and did not spend any money on maintenance, on buying new rolling stock for all the great opportunities that existed and when I look at how the grain companies held up their modernization, we were all to blame. But what is the use of going back and rehashing all of this history? We are here to decide, and only Parliament can decide, a change in the Crow rates.

The reasons this Bill is unacceptable have been stated well by the Hon. Member for Vegreville. He had 14 different reasons. Most of those reasons had a constructive tinge to them. Basically the trouble with this Gilson consensus is that the Minister is trapped into two separate problems. There is one problem he should be dealing with and that is the problem of transportation. That is difficult enough, but try to work into that consensus meeting the needs of the livestock people of Quebec and of the West and try to make them meld. There has been discrimination against livestock people. But to try and mix up the needs of additional value-added industries in western Canada is the basic reason for the failure of this consensus to work.

My suggestion, very briefly, is that we need some time in this House. You cannot handle this type of problem in three or four days of debate. There is a motion for a six months' hoist. That is hardly enough time but at least it would give time for the Government to bring in policies absolutely removed from the Minister's responsibility and provide justice to the livestock industry. We have the machinery now. With a little patience and a little work we could adapt it to give the benefit of the Crow rate, as they call it in the West, to the livestock industry without interfering with transportation whatsoever. It is there. Let us keep that problem separate because there is discrimination in fairness and equity. Let us deal with it. The same with the commodity groups. There are any number of ways to give

them roughly equitable positions in the export market for value-added industries.

The grain farmer is living in a new age today. The Hon. Member for Lambton-Middlesex (Mr. Ferguson) was correct. Twenty-five years ago the average income of a farmer in my area was \$2,000 a year. It is a lot higher today, we know that. The farmer has seen his costs rising and his income coming down and he is worried. But he is not panicking. This decision, known as the Gilson suggestion originally, then the Pepin suggestion and now the consensus, or whatever it is, has scared the living daylights out of him. Farmers think they are now fighting for survival. I would think that the way to bring back a little hope is to keep in mind some simple economics that have never been talked about too much in this debate.

The railway is still a fixed cost industry. That means the fixed costs do not change. Variables do change. Let me put it in simple terms. Supposing you get \$100 revenue for hauling a certain unit of production and your costs are, say, fifty-fifty, variable and mixed. You just break even; you do not make any profit. Supposing you double the amount of goods moving. There would be \$200 worth of revenue coming in. The fixed costs would still be \$50 on a fifty-fifty breakdown and the variables would be \$100, double. There is a profit of \$50 just by doubling the traffic.

That simple explanation is the answer to the problem of the railways, and they know it. They have seen it happen before. They tried to prove they were losing money on the Crow rate, the last time in 1962-1963, and then the Hall Commission report came down. During the period the railways were talking to Parliament the export of grain doubled, from \$300 million to \$600 million worth of wheat. The railways admitted to us they were making money on the Crow rate. Even though the figures sound small, half a cent a tonne mile, if you can make half a cent a tonne mile on a heck of a big tonnage, you are making money.

Let us apply that same principle to other products such as coal, potash, gravel and lumber. Why is lumber hauled by the Great Northern Railway to Ontario from B.C.? All of the people who live in southern Manitoba, Saskatchewan and Alberta get their lumber via the Great Northern Railway. They haul at a charge that gives them a profit, not this high rate which the railways have set in Canada.

I see that my time is coming to a close and I shall come to my conclusions very quickly. I have a list of suggestions here. The Hon. Member for Vegreville had 14; I have only seven. There is a time factor. Take the principles enunciated by the Hon. Member for Vegreville and set a statutory committee instead of an advisory committee for Parliament, with competent help so we will have an over-all viewpoint.

Second, start the CTC working on the Snively report right away. It will take the CTC about two years to figure it out, but at least we will know with what we are dealing. We will guarantee to the railways that we will pay their costs, maybe even a fraction more, if we find there is injustice to them.