prepared in the French language so that it could be available to those of our Canadian citizens who do not understand, or easily understand, the English language.

This debate also arises from a question which I raised in 1978 and which had to do with the Crowsnest Pass rates. The answer I got at that time, December 15, 1978, was to the effect that the total subsidy on the Crowsnest Pass rates in 1977, the last year for which figures were available, was some $239 million. The same answer also stated that the 1974 subsidy in total was $141 million, illustrating that between 1974 and 1977, some three years, there had been a 70 per cent increase. The matter concerns me for two reasons, I suppose. One was the fact that this was an amount which was being paid either by the taxpayer or the consumer and which was not particularly visible. It also seemed to be an amount which was increasing very rapidly.

On September 29 of this year the Canadian Federation of Agriculture stated that the federation supported a policy that would fairly compensate the railways for the movement of grain by rail and, it added, "while retaining the statutory rate structure" which is known as the Crow benefit.

Let us look for a moment at this particular item and put on the record precisely what we are talking about. The Crow benefit comes from an act assented to on June 29, 1897. It was an act to authorize a subsidy for a railway through the Crowsnest Pass. I will quote one sentence, as follows:

—no higher rates than such reduced rates or tolls shall be charged after the dates mentioned on such merchandise from the points aforesaid.

So from 1897 until today we continue with the same rates.

Turning back to the cost to the taxpayer and the consumer for a moment, the 1977 variable costs incurred by Canadian National exceeded the revenues by $110 million, an increase of 40 per cent over the 1974 shortfall of $79 million. The 1977 variable costs incurred by CP Rail exceeded the revenues received from the users of the service by $124 million, an increase of 62 per cent over the 1974 shortfall of $76 million.

In 1977 the total revenues received by CN and CP from the statutory rates did not even cover the variable costs incurred in the maintenance of running and yard track and roadway property. This explains the railways' reluctance to expend maintenance and capital dollars on the grain dependent lines and capital dollars on the equipment required for the transportation of grain traffic. For the year 1977 to bring the railways to a state wherein the revenues received are equal to the variable costs incurred, the users of the service would have had to be charged an additional $10 per ton.

If the government were to make up the 1977 revenue shortfall experienced by the railways, a total subsidy payment of $239 million would have been required.

In addition to the branch line subsidy payments, the federal government also incurred the ownership costs associated with the 8,000 Canadian Wheat Board hopper cars in service and the ownership and maintenance costs associated with the rehabilitation of the prairie branch lines. If the government had subsidized the railways to the break-even point in 1977, the government would have picked up 70 per cent or more of the total costs incurred in the 1977 transportation of statutory grain.

I should add that this information is contained in the Snavely report dated September, 1978. The Snavely report emphatically maintained that retaining statutory rates for the movement of prairie grain by rail would not help the system become more efficient, and the federal government could become the major financial participant in the grain-handling system. The commission said the railways should be allowed to charge market rates for moving grain so that they would have the incentive to modernize the system.

Keeping statutory rates would leave the system virtually devoid of monetary incentives for efficient use of the transportation resource and, perhaps even worse, monetary penalties for inefficient uses of that resource.

Last month, September, 1980, in the last grain transportation authority commentary produced by Dr. H. M. Horner, the federal grain co-ordinator, reference is made to a variety of factors that affect Canada's efficiency in handling grain, including reduced performance due to labour unrest, lack of suitable grain, a two-week audit of a major terminal, switching difficulties, the capacity of the tracks, and unnecessary and costly interchange of cars.

● (1710)

The statutory rate issue is perhaps the most significant factor in that the pricing structure for goods and services is a major determinant of any system's operating efficiency and capital investment levels. The existence of statutory grain rates confers an apparent financial benefit on producers of export grain and contributes significantly to the lack of railway system renewal and expansion. The lack of flexible rail pricing systems does not provide incentives for more intensive or efficient use of the system.

There is a broad area of agreement that much has to be done to ensure the most efficient use of our transportation resource. It must be remembered that attempting to bridge the gap between the railway's cost and their recompense under statutory rates with federal subsidies would leave Ottawa picking up 60 per cent of the tab for the annual grain movement.

Another related matter concerns me. On May 14 of this year I received an answer to a question which informed me that the total number of cars owned by Canadian railways on April 30, 1979, was some 157,000, of which Canadian owned cars on American lines were in excess of 27,000. The Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) added that neither the government nor its agencies were taking any steps to expedite the return of Canadian rolling stock from the United States. I must admit, when we are talking of the shortage of rolling stock, that I would like a better explanation of why some 27,000 of our total numbers of 157,000 cars appeared to be permanently in the United States, not necessarily the same cars.