

Mr. BROWNE (*Vancouver-Kingsway*): I should like to have Mr. Gordon clarify what he said in regard to restrictions on rate making. What does he feel are onerous restrictions?

The CHAIRMAN: I suggest that comes under another heading.

Mr. FISHER: In the light of the high charges?

Mr. GORDON: Of course I recognize the board of transport has an over-riding jurisdiction in respect to any freight rates.

Mr. BROWNE (*Vancouver-Kingsway*): There is no restriction on the railroad to reduce rates?

Mr. GORDON: "There are no restrictions on the railways to reduce rates"? Let me examine that. I think there are. As I remember the act it says that rates must not be discriminatory and must be just and reasonable. At any moment we have to be in a position to defend our judgment that a rate is just and reasonable.

Mr. BROWNE (*Vancouver-Kingsway*): In other words, you are not in any way hampered so far as your competition is concerned?

Mr. GORDON: Vis-a-vis the C.N.R. and C.P.R. I would agree.

Mr. BROWNE (*Vancouver-Kingsway*): Or any other form of competition, for that matter? You can set a competitive rate to meet competition from any form of carrier?

Mr. GORDON: I am talking now only of railway competition. In regard to the competition which exists between ourselves and the C.P.R., we are on an even-Stephen basis. We are not, however, on an even-Stephen basis at the moment with regard to other forms of competition.

Mr. BROWNE (*Vancouver-Kingsway*): I understand the railways could set a competitive rate to meet other forms of transportation. If there is competition from trucks I understand the railway sets a rate known as a competitive rate or incentive rate.

Mr. GORDON: It all depends on what you define to be a restriction. I am perfectly well aware that if I have to set a rate to compete with a trucking rate, I have no means at all of finding out about the trucks. There is no authority to control truck rates, but there is authority regarding the control of railway rates.

Mr. BROWNE (*Vancouver-Kingsway*): All I am getting at is that you are in a position to meet this competition. All I am trying to define is whether you are in a position to be able to meet this competition or whether you are hampered in doing that by restrictions on rate making. Are you in a position to set whatever rates you like to meet that competition?

Mr. GORDON: No, I would not agree because we are always under the challenge as to whether or not a competitive rate is compensatory.

Mr. BROWNE (*Vancouver-Kingsway*): How many times has the railroad been challenged?

Mr. GORDON: I cannot say that, but it is always under the challenge.

Mr. BROWNE (*Vancouver-Kingsway*): As I recall the evidence given before the royal commission on transportation, it had not happened a dozen times in over 10,000 rates.

Mr. GORDON: But that does not give the solution. The power of challenge is there. The railways have to consider if the rates they are making can withstand a challenge if it is brought before the board of transport.

Mr. BROWNE (*Vancouver-Kingsway*): I think this is a very important point, and I want to be absolutely clear whether the railway can set a rate that is competitive with the trucking industry. If the railways are not in that