

Mr. DICKSON: I shall try to answer that, Madam Chairman. The act said that all existing rates in effect when the act was passed in 1927 were to be cancelled, and that all existing maritime rates were to be cancelled and new rates were to be filed reflecting the percentage reductions required by the act. This was said to be the new relationship. The relationship was to become this, so we would suppose that the act was to reduce the maritime freight rates by the percentage required. This was to be the new relationship between the maritime rates versus the rates outside. Maybe I am reading too much into it. But I think you cannot get much less out of the intent of the act and section 7 in particular. Section 7 was to maintain this relationship to rates either inside or outside, as they may change in the intervening years. And as we have said over and over again today, since the potato case came along we found there was a flaw in it.

Mr. HAHN: When the act establishes a differential, presumably it forces the rates down below the norm in the select area. Do the railway companies absorb the cost of that differential, or does the act provide for any assistance in that respect?

Mr. DICKSON: Oh, no, sir. The passage of the Maritime Freight Rates Act and its existence today have not had any adverse effect on the railways' revenue, because for any reduction they make in freight rates in select territory they are reimbursed by federal subsidy.

Mr. HAHN: I gather your view is that the principles of the national transportation policy as outlined in Bill No. C-120 are not necessarily the answer. What is necessary is to go back to the principles of national policy enunciated in the Maritime Freight Rates Act and to bring this legislation up to date.

Mr. DICKSON: Yes, subject to the qualification that we have some reservations concerning the national transportation policy expressed in Bill No. C-120.

Mr. HAHN: Which you have not as yet presented to us.

Mr. DICKSON: No.

Mr. REGAN: Madam Chairman, I have several questions. First of all, turning back to the question I raised with the previous witnesses who made a presentation this morning, I wonder whether either of these gentlemen would care to comment on whether or not you think there is any possibility of regional damage as a result of any railway policy—either rate making or other policy—that would arise from the lack of prohibition against discrimination in the new legislation.

Mr. COOPER: Without attempting to evade your question, I should say that is a matter which is under active consideration by the commission in co-operation with the governments of the other provinces. Any view we might express now perhaps would be unfair in view of our consultations which I have mentioned in anticipation of a presentation which will be made at a later date. It is fair to say, as Mr. Dickson just mentioned to me, that it is considered by the Maritimes Transportation Commission that there should be some provision in Bill No. C-120 to guard against unjust discrimination.

Mr. REGAN: I see. I gather, and have gathered for some time, that your case is predicated upon the lack of competition from trucks as a means of long range transportation; that is, competition with the railways in the maritime region, and the fact that such competition does exist in central Canada which has a detrimental effect on rates in the maritime region. In dealing with this question an official of the Department of Transport testified before this committee that he felt the truck competition to the railways on cargo to and from Ontario was increasing rapidly, and he felt the time was not too far off when there would be a truck competition situation between trucks and rail-