

the Railway Act, that the rates equalized must be under similar circumstances and conditions, the western provinces did not submit any case to the board in connection with it. They waited until they got a royal commission, which finally recommended section 336, eliminating that phrase and enabling the board to wash out all miscellaneous differences between the regions.

The first thing I did was to spend two years making a new class rate scale as the basis for equalization. That required a new freight classification, and the railways were good enough to set a team to bring the classification up to date, and they had it ready by the time I got my new scale ready.

That has gone into effect since 1955, and I am not aware of any complaints today about that scheme at all. It was subject to several public hearings.

Mr. CHEVRIER: Public hearings and orders of the board?

Mr. KNOWLES: Oh, yes. Then the next thing was, we made a list of all the articles where there was a mileage scale in the west and a mileage scale in the east on the same mileage. We found there were 17 of them. I think we have come to a conclusion on about 13; four others still have to be dealt with.

Then we tackled what we call the specific rates, the point to point rates where you do not have a mileage scale. The origin is down the side and the destination across the top. It is a point to point rate. Cement is one example, and lumber, and building materials, such as brick and stone, and things of that kind. I think 14 out of the 17 mileage scales were completed and put into effect.

It gives everybody the same rate on the same article on the same distance. We have also had hearings on 76 scales, where there was a rate in the east and none in the west; or where there was a rate in the west but none in the east. A judgment on that is being prepared now. I do not think there is a great deal to do on equalization, with the exception, perhaps, of the big items of steel, paper and pulp. We have heard the submissions on the pulpwood. Then there is domestic grain. We have also dealt with that to a very large extent. But there is still one more scale to be prescribed in connection with that.

So I think I can safely say that the work on equalization is about 75 per cent completed.

Mr. CHEVRIER: Can you say what length of time it will require to complete the job?

Mr. KNOWLES: Well, I think you will remember that it was first put in the act in 1951. A special committee was dealing with it and Mr. Argue asked me how long it would take. I said it would take five years, and he said, "Can not you do it in less time than that?" I said, "I do not think so, Mr. Argue. The class rates alone will take two years". They did take two years.

I have had to deal with eight or nine freight rate increase cases in the meantime, and it is simply impossible to work on that and on equalization at the same time.

Mr. CHEVRIER: How long did it take to equalize freight rates in the United States?

Mr. KNOWLES: They have only equalized their class rates, Mr. Chevrier, and it took them about 15 years to do that. They have not tackled their commodity rates at all. I think we are far ahead of them.

The CHAIRMAN: Gentlemen, we have just a bare quorum now and we have been sitting for two hours. Probably we should adjourn.

Mr. FISHER: Mr. Chairman, I want to ask a question on equalization. The board's ruling on December 2 said "From the foregoing excerpts it will be noted that there is considerable lack of enthusiasm, except in the province of Alberta, towards any further equalization of freight rates".