

*Supply—Transport*

the discussion this morning indicates, the confidence of a very large section of the Canadian people. But the judgment handed down, signed by the acting chairman, Mr. Wardrope, and concurred in by Mr. MacPherson, fully justifies the criticism made by the leader of the opposition that the board overlooked elementary rules of simple arithmetic.

At page 6 of the judgment handed down we find these words:

I was in error when at the end of my judgment I used the following language:

"As the majority judgment of September 20, 1949, reviewed the decision in the 21 per cent case and determined that the latter should have been 15 per cent, and also incorporated such modification in the 8 per cent interim award, it is necessary to modify the above-stated deficiency accordingly."

And he went on to say:

In effect, quite unintentionally of course, this amounted to a further application of the 8 per cent formula, thus reducing the percentage of increase required to meet the deficiency.

Little remains to be said except that I regret the error and take full responsibility for it.

Just imagine a board upon which great responsibilities were placed by this parliament, in an important judgment affecting the welfare not only of the entire population of Canada, but more particularly of certain parts of Canada, admitting in a subsequent report—and having to admit it—that an error, the extent of which the leader of the opposition referred to a few moments ago, was made quite unintentionally!

I wonder why such an unintentional error was made. The hon. member for Victoria-Carleton, on Tuesday, March 14, 1950, asked for an order for return. If we look at that return, and look at the personnel of the board, and particularly the assistance the board has and the duties imposed upon it, we begin to understand why it is not competent to deal with these matters. The return indicates clearly why the House of Commons should do what the leader of the opposition has said we should do—demand of the government that a board, with adequate staff facilities be constituted in which the house and country can have some confidence.

I do not want to go over ground that has been traversed this morning. I do wish to emphasize that these increases in railway rates are a serious matter, not only for the producers and consumers of this country, but also for the railways themselves. I have before me an extract from evidence given by an official of the Canadian National Railways. It illustrates that these constant increases in rates will eventually make it impossible not only for the producers of Canada to ship their goods, but for the railways of Canada to compete and to earn sufficient revenue to

[Mr. Coldwell.]

enable them to carry goods at reasonable freight rates without very substantial subsidies from this parliament.

Mr. MacPherson, counsel representing the province of Saskatchewan, was examining Mr. Fairweather, who is the development officer of the Canadian National Railways. I wish to put these brief questions and answers on record, because they confirm the statement I have just made that these increases in rates are likely to price the Canadian railways out of the transportation market altogether. This is the question by Mr. MacPherson.

Q. Mr. Fairweather, in volume 65 of the evidence at page 13646 during the cross-examination of Mr. Walker—

Of the Canadian Pacific Railway:

—by Mr. Covert a question was asked and an answer given, and I want to read the question as put to Mr. Walker and Mr. Walker's answer and to ask you whether or not you agree with it. This was the question:

"Q. Now, I just wanted to ask you one question on this point. I think an article was read to you this morning by Mr. Campbell suggesting that the railways may be pricing themselves out of business in the United States. My understanding is that your view is that that is not the situation in Canada, that the railways have nowhere near reached, I think was the phrase you used—

A. That is my view, yes.

Q. —a rate level which would price the railways out of business?

A. Quite so."

Q. Do you agree with that statement of opinion by Mr. Walker?

A. No, honestly, I do not.

Q. Well, will you tell the commission why you do not agree with it, Mr. Fairweather?

A. Well, I think that the tenor of my evidence explains my doubts and my disagreement. I think when the rate adjustments presently in effect and in prospect before the board of transport commissioners, supposing they were granted in full, are applied, and having regard to this canker of highway transportation which I say is growing bigger, I have a real fear that the productive economy of our country will be disturbed and that marginal producers will no longer be in a position to see enough profit in their operations to produce, and that they could easily start a snowballing effect. I am a development officer, and as I have said, I firmly believe that our high standard of living is keyed into the incentive that is present in the producers of our basic commodities. Those basic commodities historically have always enjoyed low rates, and the prospect of increasing the rates beyond the levels that are now in contemplation is something that, as a development man, I look on with a certain degree of reservation. It is made clear in Mr. Gordon's brief that there is a fear expressed there looking to the future that the railway might price itself out of its market.

Mr. MacPherson: Thank you very much.

In spite of what the minister said about increases in rates in the United States and in Great Britain, to which I think the leader of the opposition gave an adequate reply, it must be remembered that those countries