

The first and most important problem is one of costs. The railways have not been immune to higher costs of operation during the last ten years. They have had to meet the claims for higher wages and they have had to pay more money for materials used. They could not possibly avoid meeting these higher expenses, but, on the other hand, they have not been entirely free to charge more for services.

In a free competitive market, where no Government legislation exists to the contrary, the ordinary businessman charges more for his services or his product as his costs increase, but in dealing with public utilities and common carriers it is the general practice to regulate the industry.

Our Canadian railways have been under the jurisdiction of the Board of Transport Commissioners for Canada since 1904. During the war, rates and services on the railways were frozen, and when these regulations were abandoned the railways applied for an increase of 30 per cent in their freight rates. This was the first application in over 25 years for a general freight rate increase. Seven of our ten provinces objected to the request of the railways with the result that the application was nearly two years being considered by the Board. Finally, the railways were granted a 21 per cent increase effective April 8, 1948, on general commodities, excluding, however, the movement of grain in Western Canada.

Early in the summer of 1948, consequent upon an increase in rates of pay to their employees, the railways filed a second application with the Board for a general increase of 20 per cent in freight rates. In May of this year after many months of hearings, an appeal to the Supreme Court, and an appeal to the Governor-in-Council, the railways were granted a further 20 per cent increase in freight rates. The composite increase in freight rates now stands at 45 per cent. As compared to pre-war years, therefore, freight rates in Canada have been increased by 45 per cent whereas in the United States, the increase has reached 67 per cent and in the United Kingdom 81 per cent. I should add that the provinces have appealed to the Governor-in-Council on the last judgments of the Board and that the appeal is still under consideration.

All of us can see the difficulty which has been facing our rail transportation system in the last few years. It can be summarized in a nutshell by stating that the railways had to meet higher operating costs with relatively limited increase in the unit price charged for the services rendered.

Recently the railways were brought to a stop by a strike of their non-operating personnel. The machinery provided by our labour laws failed to settle the dispute. The Government appointed a mediator in the person of Dr. Mackintosh and unfortunately he was unable to bring together the parties in dispute. An effort was made by the Prime Minister to settle the differences by having the railways and the men resume their negotiations in Ottawa. All this was to no avail. The strike took place and lasted nine days, or until legislation was passed directing the railways to resume operations, and the men to go back to work.

In one sense it is unfortunate that the strike took place. I am almost tempted to say that in another sense it was perhaps a good thing that it did happen. In these trying times it brought to light the value of our parliamentary institutions. It indicated clearly to our people that these institutions really meant something. To all it showed the fundamental respect which our people have for the Parliament of Canada.