

trade through Canada and keep out American goods. In what I am about to say I am not approving or condemning that policy. I am merely reminding honourable senators of what Canada's national policy has been, and I desire to point out how it affects areas without water competition, particularly the prairie provinces.

At about the time of confederation, Canadian railways applied to the Canadian Government for franchises to enter the Canadian prairies through the United States. But Canadian national policy would not permit it. American railways also tried to get such franchises and were refused.

As a result of the Canadian national policy which required the railways to build east and west throughout Canada it became necessary for each of three roads in building transcontinental lines to bridge a thousand miles of waste land north of Lake Superior. Such construction and maintenance make high freight rates necessary.

Now if we wish to produce in the West, far from markets, we must expect to have to pay reasonable charges for getting our products to market. But Canada pursues a policy which requires us to pay excessive transportation charges on what we buy and sell. As these excessive charges are imposed in the interest of the national economy of the whole of Canada, they should be borne by Canada as a whole.

Railway construction costs on the prairies are low, owing to the nature of the terrain: gradients are easy, and there are few cuts and fills. There are no rock slides, there is little or no snow removal; and the life of wooden ties and structures is long, by reason of the dry climate. Yet freight rates are higher on the prairies than in Ontario and Quebec.

To illustrate: in many cases the freight for shipments of goods is lower between Toronto and Vancouver than between Toronto and Calgary, notwithstanding that goods shipped via the Canadian Pacific Railway would have to pass through Calgary and be carried 600 miles further over a mountainous road. For example, according to a newspaper dispatch, the Toronto-Vancouver rate on canned meats is less than one-half the Toronto-Calgary rate.

The cost of shipping for a greater distance should in no case be less than the cost of shipping for a shorter distance over the same route.

The Board of Transport Commissioners for Canada fixes maximum rates for the railways. The railways are free to reduce those rates to meet competition. They do reduce

them in parts of Eastern Canada, to meet competition, particularly from water. This has been the practice for some time.

In 1948 the railways were allowed to raise their rates by 21 per cent. They took full advantage of this where there is no water competition. Where there is competition they depressed their rates to meet it. As a result of the 1948 and former hoists, freight rates on the prairies were approximately 15 per cent higher than rates in Ontario and Quebec, where there is water competition. Two boosts in freight rates have recently been allowed in addition to the 21 per cent raise awarded in 1948. The rates in the prairie provinces already being higher than in Ontario and Quebec, the last horizontal raise of 16 per cent imposes a greater burden on the prairie provinces than on Ontario and Quebec. The combined boosts on the prairies amount to an increase of more than 40 per cent over wartime rates on the traffic to which they apply. As the *Ottawa Journal* pointed out in reporting the last two increases:

The railways are expected to apply the increases to the full extent of the award except on competitive rates—those that have been depressed to meet competition—on which they likely will modify any rises in accord with competitive factors.

This means that the prairies, already paying excessive rates, will have to bear the raise to the full extent. Other parts of Canada, having water competition, will not have to bear their full share of the raise, and as a result the Canadian Pacific Railway cannot get the full revenue contemplated by the raise.

What will happen? According to the press it has already happened. The CPR is applying for a still further increase of rates. If they get it, the prairie provinces will have to bear the biggest share of the added burden. And so rates continue to spiral in the prairie provinces.

In future the competition from trucks and airships is bound to be much greater than in the past. This will have the effect of diverting traffic from the railways, and will lead to demands for still higher rates. Where is this pyramiding of rates going to end?

I am sure that the people in those portions of Ontario and Quebec which benefit by water competition do not wish to be unfair to the prairies. They expect us to pay for the longer haul occasioned by reason of our being farther from markets than they are. This attitude is quite proper. But I do not think they will expect us to pay higher freight on the prairies, where the cost of railway construction is lighter than in other parts of Canada where the cost of rail construction is much heavier.