

have been doing nothing of the kind. Their long-haul traffic on which they previously enjoyed a monopoly has been subject to non-stop shrinkage—and the word “shrinkage” is used to describe the long-haul monopoly, not the long-haul traffic. The traffic is now moving by both rail and truck. In regard to the traffic which continues to move by rail on the long hauls, its immediate competitive susceptibility is apparent in the very substantial volume of revenue now derived from the competitive rates and agreed charges.

With the opening of the St. Lawrence seaway and the completion of the trans Canada highway a further increase in competition can be expected. In fact, it can be said that the movements between central and western Canada have a very high competitive potential. If the eight provincial governments do not think it is in the public interest to stifle the competition, either actual or potential, it is logical to ask why they sought a measure—rail subsidy—that could have no other effect.

As far as the movements between the maritimes and central Canada are concerned, here, potentially, is another highly competitive situation. In 1949, competitive rates and agreed charges accounted for 13.0 per cent of railway revenues generated by the movement of maritimes-central Canada traffic. By 1957, despite the maritime freight rate subsidy on westbound rail traffic (the westbound interprovincial subsidy was increased in the 1957 federal budget) maritimes-central Canada traffic moving under competitive rates and agreed charges increased to 23.8 per cent. In view of the hopeful signs of development of long-haul trucking on these routes, there are good reasons to expect that the range of competitive traffic will further increase. At the same time, as previously mentioned, the trucking industry in this region is relatively underdeveloped and struggling against natural and man-made difficulties. It is especially vulnerable to the blows of subsidized competition.

The average lengths of haul on movements between the maritimes and central Canada are under 1,000 miles and are thus normally within the radius of efficient truck operations. The average lengths of rail haul between the maritimes and central Canada are tabulated as follows: (*See Appendix B*)

We have used information available to all who wish to study the impact of freight rate increases—the waybill analyses of the board of transport commissioners—to show the committee why we believe that the case for unfair discrimination, and thus the case for rail subsidy, cannot be proved. Railway subsidies applied to a “roll-back” of average rate increases on freight moving between regions—reduction of the most substantial of the increases—will have a harmful effect on potential competition.

The object of subsidization is not to prevent past rate increase—without gigantic subsidies, the past cannot be undone—but to counteract future rate increases considered unreasonable. It is submitted that future rate increases can properly and naturally be checked by the free play of competitive forces. Blocking of the development of free competitive forces is bound in the long run to have results which are the very opposite to those for which the subsidy is devised.

Mr. Chairman, the members of the committee who have listened to me with considerable patience, will be interested to know that I am now approaching the conclusion of this lengthy submission.

## 6. Conclusion

In chapter 1 of this submission, we expressed the three convictions which underly the trucking industry's opposition to the railroad freight rate freeze and to the subsidized rate reductions which will be authorized upon passage of the legislation before the committee. If some of the hon. members of the