

Mr. BELL (*Saint John-Albert*): Mr. Chairman, may I ask if there is any application in this legislation to agreed charges?

Mr. KNOWLES: No, it does not apply at all.

Mr. CHEVRIER: I was going to ask, if I might, something about horizontal increases. The judgment of 17 per cent applies uniformly and, therefore horizontally, to all class and commodity rates, with the exception of those which were mentioned by the minister in his statement. That, I presume—before I go further—includes as an exception coal and coke. That was increased by 22 cents a ton. Why is that?

Mr. KNOWLES: Well, the railways proposed that themselves, to limit the increase.

Mr. CHEVRIER: Yes, but why is the subsidy exclusive of the rate on coal and coke?

Mr. KNOWLES: As I understand it, partly it was a matter of government policy, because there are so many subventions on the freight rate for coke and coal and they did not think it was necessary to make any contribution in the way of a reduction on coke and coal.

Mr. CHEVRIER: I am not complaining about that; but may I come back now to the horizontal increases. The 17 per cent applies uniformly to all the class and commodity rates?

Mr. KNOWLES: To all normal class and commodity rates.

Mr. CHEVRIER: And the subsidy will apply equally to the same body of rates.

Mr. KNOWLES: That is right.

Mr. CHEVRIER: So that the horizontal and uniform increase, instead of being 17 per cent, will now, if this goes through, be 10 per cent?

Mr. KNOWLES: That is right.

Mr. CHEVRIER: Has the board done anything within the last few years to alleviate the impact of this horizontal and uniform rate increase?

Mr. KNOWLES: Yes. In one case we specified fixed amounts. It was one or two cents 100 pounds on some low-rate commodities, and we had no sooner done so than we had complaints about what we had done. Everybody was happy that we took these specific increases out of our order and applied the percentage increase.

Mr. CHEVRIER: So it is a pretty difficult thing to limit the application?

Mr. KNOWLES: Yes, it was an extremely difficult thing to do that. I will illustrate that by the fact that in the last freight rate increase in the United States the railways proposed increases ranging from 3 per cent, 5 per cent, 7 per cent, 10 per cent, or 2 cents 100 pounds, or 3 cents per 100 pounds, or 10 cents a ton. They are in such a mess now with discrimination that they do not know what to do about it. I would hate to see that started over here.

Mr. CHEVRIER: Mr. Knowles, can you tell the committee something about equalization and what the board has done in order to equalize rates from one end of the country to the other, and to what extent you have been successful in equalizing them?

Mr. KNOWLES: I have been in charge of that program. I recommended the equalization to the Turgeon commission and they adopted it, and I have been trying to put it into effect. That is what the government engaged me for, as advisor to the board to get that started; and later they appointed me a commissioner, very largely for the purpose of following that through.

I would say the work is about 75 per cent done. It has been an extremely difficult job and it has been delayed, first of all, because after you passed P.C. 1487 requiring such an investigation, but with the limitation on it, under