

Chart No. 8 presents a graphical summary of railway rate increases—this again is using the board of transport commissioners waybill analysis—this from 1949 to 1957, not only by originating regions, but also by destinations and directions of movements.

The following general tendencies are evident upon study of chart No. 8:

1. For freight traffic moving within the rate regions, the western region had by far the lowest average rate increase—15.3 per cent vs. 43.8 per cent in the Maritimes and 44.1 per cent in central Canada.

2. The rate increase on freight moving from central Canada to the West was only 32.1 per cent whereas freight moving from the western region to central Canada took a 52.2 per cent increase. It is difficult to find a simple explanation for this differential in rate increases on westbound and eastbound traffic. Our studies indicate that the average ton-mile revenue of 2.21 cents in 1949, derived from freight moving from central Canada to the west, was already relatively high and that therefore railway management may have found it difficult to effect further increases above that level. This thesis is supported by the fact that the westbound traffic shows a very rapid growth of competitive rated and agreed charge movements.

Closer analysis, which will require more time, might reveal that the generally high central Canada to western Canada freight rates, which existed in 1949 and exist now, might be due to the predominance of manufactured goods and other high-rated commodities moving in that direction. By the same token it might be found that this traffic composition itself has changed over the last eight or nine years and that this factor is partly responsible for the more moderate rate increases on east-west traffic, as compared with west-east movements. Yet another factor is that traffic from central Canada to the west coast is subject to competition by water transport via the Panama canal and that this forced the railways to adopt competitive measures; for example, by extending agreed charges. In addition, truck competition in one or another way may also contribute to these particular rate trends.

3. The highest rate increases occurred on the movements between the Maritimes and central Canada: 67.4 per cent from central Canada to the maritimes and 55.6 per cent from the maritimes to central Canada.

Here, of course, truck competition is weakest, although the potential for development of the long-haul trucking industry is a good and a fertile field for the same interest by the maritimes transportation commission which the commission has displayed towards other aspects of the freight rate problem.

I may say that the maritime transportation commission is constantly examining these problems and they have cooperated very well with the trucking industry.

On the basis of past performance, the subsidy, upon casual examination, might appear to be more justifiable on the movements between central Canada and the maritimes and between central Canada and the west—but on the basis of future prospects, indiscriminate subsidization of these movements would produce the most harm.

If competitive rates and agreed charges indicate the existence and intensity of competition, then it is relevant to note that the revenues from these competitive rate categories increased, for movements between western and central Canada, from 12.8 per cent of the total in 1949 to 47.3 per cent in 1957 and you hear on radio and television that there is no competition on the long haul—this is a very substantial increase, sufficient to nullify any contention that the railways of this country have been exercising monopoly rate powers on long-haul traffic since World War II. On a large part of the long-haul traffic they