

I would ask that the members of the committee be good enough to make a correction on chart 1. The source of information on chart one should be the same as the sources of information in table 1, which comes immediately before it; and that is the picture of railway horizontal rate increases in Canada authorized by the board of transport commissioners, and what actually happened.

See Appendix B.

The simple fact is that we have had a total railway rate increase in Canada 1947-1957, of 58.3 per cent.

It is clear that the effective, as opposed to theoretical, increases in the railway rates do not bear out the theory that the burden of railway rates has become unbearable. Because of the existence of highway competition, and because of federal government action, notably the immensely complicated task of equalizing railway freight rates, the actual increase in railway rates is not out of line with other price increases in our economy—all freight rate emotion and propaganda to the contrary.

On the other hand, actual increases in railway rates are the result of the upward movement of prices and costs in our economy. These results could not be prevented by any means other than a complete and artificial isolation of the railway industry from inflation, which affects all industries.

On page 12 where we deal with railway competitive rates and agreed charges we quote from the Turgeon Royal Commission a statement in its report of February, 1951 in which they point out that:

Truck competition did not become noticeable in Canada until less than 25 years ago. In the chapter of this report dealing with Crowsnest pass rates, it is pointed out that in the course of the great parliamentary debate on freight rates, which took place in 1925, nothing at all was said about the truck. Water transportation alone was discussed as a factor holding down railway rates in central Canada, to the advantage of shippers in that region. From then on the situation has been changing very rapidly, to the extent that today water competition is seldom mentioned; truck competition has overshadowed it almost completely. The years since the end of the war have seen this traffic increase more rapidly than ever with the improvement in motor vehicles and the extension of hard-surfaced highways which have taken place. The trucks generally provide favourable rates and a convenient service.

Then the commission goes on in that report of 1951 to present its assessment of where the impact of railway freight increases was falling at that time, and it says:

Conditions seem to indicate that these losses to the railways by reason of truck traffic can be expected to increase as time goes on.

The effect of these losses in railway revenue is to throw a heavier rate burden upon the traffic which is non-competitive, that is long-haul and low-valued traffic. This burden is borne especially by those sections of the country, such as the prairie provinces, where truck competition is very much weaker than in central Canada.

3. Railway Competitive Rates and Agreed Charges

The railway freight rate increases applied in Canada after World War II were much more moderate than the increases actually authorized. The reason: truck and water competition. Of the two forms of competition, trucking was by far the most important. The location of available waterways rendered trucking the sole competitive force which had complete national, regional and local effect.