

The Address—Mr. Argue

However, while it may be a difficult problem, it is one of such importance that all possible steps should be taken toward its solution as quickly as possible.

Every section of the population wishes to have as cheap freight rates as possible, while at the same time I have no doubt the railway workers would like to have adequate wages. I believe that, because of the increased cost of living which has developed in recent months, they deserve some consideration by way of increased wages. I submit however that an increase in freight rates should not be given on the sole ground that increases in wages may take place, because that is a factor which no one can ascertain.

A continental country such as Canada certainly requires an efficient railway system. Particularly is that true in those areas of Canada which must depend almost entirely upon the railways for the transportation of raw and manufactured products into such areas. We do need an efficient service, and for that reason we would not wish to cripple the railways from a financial standpoint, and curtail their earnings to a point where efficient service could not be maintained. At the same time, however, we feel that the freight rate structure in all parts of Canada should be made equitable. That there has not been equity in the past in the freight rate structure was recognized by the cabinet in order in council P.C. 1487 of April 7, 1948. That order in council stated that a general inquiry into freight rates had not been held since 1925, and instructed the Board of Transport Commissioners for Canada to make such a general inquiry. I wish to quote a part of that order in council:

... it is therefore advisable that the Board of Transport Commissioners for Canada be directed to make a thorough investigation of the rates structure of railways and railway companies which are under the jurisdiction of parliament, with a view to the establishment of a fair and reasonable rates structure which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities so as to permit the freest possible interchange of commodities between the various provinces and territories of Canada, and the extension of Canadian trade both foreign and domestic, having due regard to the needs of agriculture and other basic industries.

Despite the Board of Transport Commissioners for Canada having been directed to set freight rates that should be, as far as possible, equitable to all parts of Canada, we find that we are now faced with an increase in the existing freight rates which are already discriminatory, as we all know, between the various sections of the nation. I think too that now is a most inopportune time for an increase in freight rates. Daily in the press we see that the prices of many articles have been increased as a result of

[Mr. Argue.]

the devaluation of the Canadian dollar. We import many commodities from the United States—coal, oil, steel and machinery of all kinds. Many of these items have been increased approximately 10 per cent. Therefore, I say, while the cost of so many important articles is increasing there should not be added to that cost an increase in freight rates. The increase in freight rates does not apply only to the freight charged on the finished article for transportation from the factory to the ultimate consumer. An increase in freight cost will increase the cost of the raw products needed by manufacturers, will increase the cost of transporting the finished products to the distribution centres, and in addition will increase the cost of transporting those products from the distribution centres to the ultimate consumers.

I think we all agree that the devaluation of the British pound creates new problems for us in holding the British market. It will be more difficult now for the British people to buy from us the same quantity of goods that they have been buying. The cost of our commodities to the consumer in Great Britain will rise. That market is important for many farm products. It is true that to some extent we have a guaranteed price for wheat, and the devaluation of the British pound may not—and I hope will not—affect our market for wheat in Great Britain for the next few years, but it certainly cannot help affecting our market for cheese, eggs, meat and other products.

When the farmers of western Canada in particular are faced with a period of great difficulty in finding adequate markets, then I say that freight rates should not be increased, thus increasing the cost to the farmers of producing these commodities, an action that cannot help lowering their standard of living. We believe that the prairies, and for that matter all of the western provinces, have paid more than their share of freight rates in the past. For every dollar that the C.P.R. and C.N.R. have earned on railway lines east of Fort William they have earned more than \$2 on railway lines west of Fort William. Therefore I contend that it is not fair or just to increase the rates in those regions where they are already too high.

As I view the freight rate situation, there is only one circumstance under which an increase in freight rates at this time might be justified: that is, if the Canadian Pacific Railway Company, which has always been considered the yardstick by which freight rates should be judged, were facing imminent financial peril. Then an increase in freight rates would be justifiable in order to main-