

one-half a billion dollars.

One of Most Responsible Groups

Think of what nearly one-half a billion dollars of purchasing power, in the hands of one of the most stable, one of the most responsible groups of citizens in the country, means to our national economy. And still, this enormous railway transportation industry is today facing tremendous financial problems.

The first and most important problem is one of costs. The railways have not been immune to higher costs of operation during the last ten years. They have had to pay more money for materials used. They could not possibly avoid meeting these higher expenses, but, on the other hand, they were completely prevented from charging more for their services. In a free competitive market, where no Government legislation exists to the contrary, the ordinary businessman charges more for his services or his product, but in dealing with public utilities and common carriers it is the general practice to regulate the industry.

Our Canadian railways have been under the jurisdiction of the Board of Transport Commissioners for Canada since 1904. During the war, rates and services on the railways were frozen, and when these regulations were abandoned the railways had already applied for an increase in their freight rates. Seven of our ten provinces objected to the request of the railways with the result that the 30 per cent application was nearly two years being considered by the Board. Finally, the railways were granted a 21 per cent increase on general commodities, excluding, however, the movement of grain in Western Canada, for which statutory provisions had been enacted some twenty years previously. The findings of the Board were taken exception to by the seven provinces, and the final decision has not been rendered. In the meantime the railways are faced with an already expanded wage bill, 44 per cent higher than in 1939, and a cost of materials over 50 per cent higher than ten years ago.

The second factor which makes the plight of the railways a major problem to be faced by this country is the latest application of the railway employees of Canada, excluding the running trades, for increase in wages and change in operation conditions. As previously stated, management is faced with mounting operating costs and practically no increase in the selling price of its product. The 21 per cent increase granted by the Board of Transport may or may not be confirmed by the latest revision undertaken by them. The Provinces have objected to the rate increase in Canada and upon appeal have submitted many sound arguments, but these do not solve the problem. In the United States the railways have been faced by conditions somewhat similar to those prevalent in Canada, but the Interstate Commerce Commission has found it possible to grant increases in freight rates which to August 2 of this year amounted, percentage-wise, to 57.3 above the rates in effect in June 30, 1946. In England the railway industry has had the advantage of a cumulative 55 per cent increase in their freight rates.

Higher Operating Costs

We can all see the difficulty which has been facing our rail transportation system in the last few years. It can be summarized in a nutshell by stating that the railways had to meet higher operating costs with relatively no expansion in the unit price charged for the services rendered.

The third and last problem is, of course, the intensification of highway competition since the end of the war. This problem is not a new one and is yet to be solved. The trucking industry is today regulated in varying degrees according to the province in which the services are operated.

The Federal Government has no jurisdiction in these matters. The