

summed up in parliament by the then minister of railways as follows:

Shall Canadian freight rates be increased generally for the particular purpose of enabling the Canadian National system to meet its operating expenses and fixed charges, or would it be better to go on with the present rates, giving dealers no additional excuse for increasing the cost of living, and trusting to increase in business, the economies it should be possible to effect by co-ordination, and the return of normal conditions, to gradually reduce these deficits until the day when the revenue will prove sufficient to pay for operation and, later, also to take care of fixed charges? Should this latter suggestion prevail, it would require to be thoroughly understood that the minister of railways must come down next year with a deficit, and the next year with a deficit, and so on for a few years until we shall have turned the corner. The railway companies applied to the commission for an increase in rates, and after a prolonged controversy an increase was granted, calculated to be sufficient to keep the Canadian Pacific railway at least in a healthy financial condition, with the hope that as a result the other great railway system may be benefited in a corresponding degree.

I submit that, because of the increase in the cost of living which is likely to occur on account of this substantial increase in freight rates, the government ought to meet the operating charges of the railroads out of the consolidated revenue fund without increasing the freight rates. It has been denied that this increase in freight rates will have any effect upon the volume of traffic carried by the railroads, but I think there is great danger that this will happen. There is danger that competition from the Panama canal will considerably reduce the volume of traffic and the effect of this competition will be increased by these increased freight rates. Some reference was made to competition from the Panama canal before the royal commission which investigated transportation in 1932, because of the increased rates which were granted in 1918 and 1920. Professor W. T. Jackson, professor of transportation, University of Toronto, gave evidence before the commission and said at that time:

During the period from 1923 to 1928, the grain movement from Fort William to Port Arthur increased by six per cent, while that from Vancouver to Prince Rupert increased by 47 per cent in the same period. From 1921 to 1928 the movement from the Atlantic seaboard increased by 47 per cent, while that from the Pacific increased by 995 per cent in the seven-year period.

It will be seen that this represents a considerable loss of traffic to the railroads. I do not think it is beyond the bounds of possibility that the railroads will lose traffic because of the recent increase of 21 per cent. Other things

will have to be considered. Ocean shipping is more efficient today than it was twenty years ago. Ocean-going ships are faster and it is possible for them to make trips more quickly than it was twenty years ago. In view of all this, I think the government should take into consideration the possibility of maintaining freight rates as they were. If they have to pay additional losses out of the consolidated revenue fund it will be better to do that than greatly to increase the cost of living in this country by granting this increase in freight rates.

I believe the time has come when we must admit that we have a transportation problem in Canada. If the government is to take action on it, there is no time like the present. I submit that the sooner action is taken on this problem, the sooner we shall develop a national transportation system that will work to the benefit, not only of one or two sections of the country but of the country as a whole.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, there was considerable that I intended to say on this question, but because of the lateness of the hour I shall try to finish before six o'clock. One of the outstanding features of this debate has been the way in which the leader of this group, the hon. member for Rosetown-Biggan (Mr. Coldwell), has changed in a few days from a statesman of a fairly high order to a real menace to society. When he moved the adjournment of the house on April 5 to discuss this matter of freight rates he was lauded by members on both sides of the house and, I think, by all political parties. For instance, the hon. member for New Westminster (Mr. Reid), speaking immediately after the hon. member for Rosetown-Biggan, had this to say, as reported on page 2625 of *Hansard*:

I listened with a great deal of attention to the remarks made by the hon. member for Rosetown-Biggan (Mr. Coldwell), and while I agree with everything he said, I would point out that, as a result of this decision, no province has been harder hit than British Columbia.

I have not been present during the whole of this debate, but I think British Columbia was just as hard hit on April 13 as it was on April 5, but nothing has been said by the hon. member for New Westminster. However I appreciate that a Liberal caucus was held in the meantime and rumour has it that there was some fairly pointed talk by the leader of the party. Then the senior member for Halifax