

Supply—Transport

shipping his goods five hundred miles have his rates increased by the same number of dollars and cents as would the man shipping his goods a thousand miles? That is the result of applying a maximum increase.

Railway rates should be at such a level that there is, after payment of expenses, an adequate return on the money invested in railway enterprises. Unless we are going to change our way of life, as I said a moment ago, this view must be true, whether the money invested is government money, as in the Canadian National Railways, or privately invested money, as in the Canadian Pacific Railway.

This committee knows that the Canadian National Railways has been able to pay its operating expenses but has not been able to pay its fixed charges, or provide a return on the investment in the railway property. In 1948 the Canadian Pacific Railway had a return of only 1.80 per cent on its investment in railway property; that is, the net investment after full deduction for depreciation. In 1949 the return on the net railway property investment of Canadian Pacific Railway was only 1.97 per cent. These figures can be secured from the evidence given by the Canadian Pacific Railway to the royal commission on transportation. Therefore, investors in the Canadian Pacific Railway have no guarantee that they will secure a return on their investment; but in prosperous times for the railway to be able to earn only less than 2 per cent on its net rail property investment is obviously inadequate treatment of private investors.

Certainly no one will allege that Canadian railways are not efficiently managed. And no one will deny that the employees of such railways are good citizens, striving to do a good job and to give Canada outstanding service. I need merely point to the tremendous and efficient job performed by railway employees and railway management during the last war to prove that railway employees and management are industrious, resourceful and efficient.

The efficiency of Canadian railways can still be improved by the railways securing new types of locomotives, such as diesels and other modern machines, and rearranging their plants, such as their yards, so that traffic can be handled more cheaply and more speedily. To carry out these improvements, railways require money. The only place, for example, the Canadian Pacific Railway as a private enterprise can secure that money is from private investors. For private investors to lend their money to the Canadian Pacific Railway, such investors must have a fair chance of a reasonable return on the money they lend.

[Mr. Arsenault.]

In conclusion, may I quote an excerpt from the evidence of the chairman of the Canadian Pacific Railway, Mr. George A. Walker, before the royal commission on transportation on December 12, 1949, when he stated:

It has been the consistent policy of successive governments of our country and was recently reaffirmed by the Prime Minister of Canada that "the best way to maintain a high level of employment and to ensure prosperity is to provide the widest possible scope for private enterprise." No major political party in this country has ever adopted a contrary attitude.

As the first great enterprise in Canada, one which was an essential link in confederation itself and which is still the greatest single enterprise in this country, the Canadian Pacific may justly claim the benefit and protection of such a government policy in as full measure as, but no more than, industry generally throughout Canada.

Finally I would like to say this. Surely this committee will agree that it is not equipped to deal with freight rate details. Most of us will come to the conclusion that the board of transport commissioners should be left to handle this problem on the evidence presented, and bring to bear their wide experience in arriving at a fair and just conclusion for the common good of the whole Canadian community. Unless we are prepared to leave the matter to the board of transport commissioners we must, admittedly ill equipped, deal with it ourselves. Surely no one who has given any serious thought to the question would suggest that as a solution.

Canadian railways must be allowed to live and to live dynamically. Let us support the experienced and qualified judgment of the board. Let us not hamper the railways from living by attempting to place our inexperienced judgment above that of the board of transport commissioners, to which parliament has given the task of seeing that the railways and the public are fairly and justly treated.

I sincerely hope that the house will agree that, through the board of transport commissioners, private enterprise, which is seeking no favours or special privileges but only fair and just treatment in this matter, will be fostered.

Mr. McCusker: Mr. Chairman, the question of freight rates as applied to western Canada divides itself into two distinct compartments. In one compartment are the rates set by the Crowsnest agreement, which cannot be interfered with, and in the other compartment are the rates that vary.

In today's discussion we have heard the rates for Canada generally discussed, and very little has been said about the Crowsnest pass agreement. I think perhaps it might be wise at this time to say a few words in explanation to those who do not know the