

With, or without, the Crownsnest Pass rates included, the west has not suffered immediately from the railway freight rate increases of the past decade. For even if statutory rates were excluded the position of the west is by no means unsatisfactorily. This is illustrated by chart No. 6.

Chart No. 6 indicates that during the 1949-1957 period western Canadian rates—even excluding statutory rates—have been consistently below the rates in central Canada. True enough, in the early '50's the western rates were increasing somewhat faster than the rates in central Canada, but more recently this trend has been reversed. At the same time it must be remembered that industrialization in the West has been relatively faster than in central Canada. Therefore, the traffic composition in the west has been undergoing a more rapid change from lower to higher rated commodities. The exact determination of all the factors mentioned above is not possible without very extensive studies which we have not yet completed. The basic facts, however, are quite clear:

1. The western provinces have had a railway rate experience more favourable than the rest of the country.
2. Even without taking into account the statutory rates, the western Canadian rates are lower than those of central Canada.

The Maritimes

The study of the rate experience of the maritime provinces is of special value because the maritimes are the region in which railway freight rate subsidization has been in effect for 30 years.

Mandatory reduction of freight rates by 20 per cent for all rail shipments within maritime territory, and by 30 per cent for rail shipments moving west-bound from the maritimes to just inside the Quebec border, is financed by annual payments from the federal treasury under the Maritime Freight Rates Act of 71927. The maritime rail subsidy is paid on the railways' competitive as well as non-competitive rates. In 1957, federal payments made to the railways for this purpose totalled over \$12,500,000.

If railway subsidization was successful in achieving anything for the maritimes one would expect that the rate structure in the maritimes would be as favourable as for any other part of the country.

The facts prove this expectation wrong:

1. Railway rates increased somewhat faster in the maritimes than anywhere else—by 71 per cent in the maritimes as against 24 per cent in the west and 48 per cent in central Canada.
2. The average level of maritime railway rates is higher than the national average.

Chart No. 7—based on the board of transport commissioners waybill data illustrates these points clearly.

Then, we deal with the contention that if the railway subsidization was successful in achieving anything for the maritimes, one would expect that the rate structure in the maritimes would be as favourable there as for any other part of the country.

Mr. HES: I must apologize Mr. Magee. I have to leave for a commitment that I made about three months ago. I assure you that I have found this most interesting and I will read the rest of it tonight and will be here at nine o'clock tomorrow morning. Thank you very much indeed.

Mr. MAGEE: We show in chart No. 7 the maritime freight rate picture based on revenue per ton mile and we show the for-hire motor carrier per ton miles per head of population—those are gross ton miles that we use there. Our picture on the right-hand side in that chart, is obtained by dividing the gross miles by the dominion bureau of statistics 1957 population estimate.