

Mr. FISHER: You will probably remember when yesterday the minister recognized there was a fairly direct relationship between this subsidy and railway wage boosts which went into effect last fall. You, as a group, dealing with unions, are also faced with the very same proposition. How do you propose to handle this situation, I mean the labour side of the situation.

Mr. MAGEE: That is a very important question to us because of the very fact that the trucking rate increases which followed the 17 per cent rate increase in some instances were directly related to the wage settlements which had just been concluded with the teamsters union. That happens to be our union, the teamsters union. I think that anybody who knows anything about it, knows that they are not very easy people to deal with. We think it is one of the very serious parts of the problem, that our labour force expects to continue to have increased wages and improved working conditions, and that is inevitably going to put a strain on our rate structure.

We do not deal with these unions as a nation-wide group. There is a big difference in our labour situation as compared to that of the railways. We are dealing with them as locals in various cities across Canada; and the union local leader, let us say in Vancouver or Winnipeg, does not have the slightest bit of interest in our potential problems in regard to subsidies, and our railway competitors.

Mr. FISHER: Do you feel that it is an advantage to the railways in being able to have the single bargaining unit right across the nation in so far as railway employees are concerned?

Mr. MAGEE: I was not trying to raise the point of whether it is an advantage or whether it is a disadvantage. I am not well enough informed in labour matters to make any comments about it. I just wanted you to see the difference in the position. We are not dealing with one union right across the country.

In our industry, industry-wide wage settlements are not made with one unit. We come head on against the fact that the trucking industry could not possibly make any further increase in rates because its competitors' rates were not going up.

Mr. FISHER: You have been asked to make more specific recommendations in connection with this subsidy, and for your views on it. If we recognize that the reason for this subsidy is the cause of the railway wage boost, have you any recommendations in connection with that particular problem, that is, the railway wage and the labour position in respect to any permanence of subsidies and more and more subsidies?

Mr. MAGEE: This is an interim subsidy for one year. The life of it is one year in the present legislation. But it is presumed that if the royal commission can report in time, it will have considered whether this subsidy should be continued, extended, or removed.

Mr. FISHER: We may continue to have nation-wide bargaining for a year or two, and we may continue with the railways getting these wage increases. How do you suggest this problem should be met if it is central to the situation?

Mr. MAGEE: It could be met by the railways in two ways, just the same way as we have to meet this problem. First of all, technological progress should enable the railways to reduce costs. They have made very substantial advances, as I indicated yesterday. I do not want to be patronizing to the railways, but they have spruced up their whole operation tremendously in the past five years. Competition is becoming much more severe. They have introduced cost-reducing measures. That is one way they can take up the