

Supply—Transport

and corrected them, the business of this house would proceed with greater dispatch, and perhaps the prosperity of Canada would be advanced.

The leader of the opposition talked about a lot of nasty things such as intolerable discrimination, confusion, inequities and the like. He said that, judging by the results, the board of transport commissioners was completely incompetent. Judging by the confusion which for many years has existed, and still prevails, among the members of the Progressive Conservative party, and judging by the results of the last general election in Canada, using the same sort of argument the leader of the opposition directed against the board this morning, one might be inclined to point to the intolerable incompetence of the leader of that party. But that is quite untrue, as we all know. If the argument is sound when applied to the board, it is equally sound when applied to the leadership of the Progressive Conservative party. In either case, it is an argument that merely carries a lot of noise, and does not stand the test of reason. One must, therefore, have confidence in the board of transport commissioners, or else get rid of the board altogether. We must have confidence in the fact that every issue receives full consideration and is determined by the board on its merits, with the assistance of the most competent staff of technicians that can be secured in Canada today.

As we all know, the greatest portion of the cost of railway operation is labour costs. In the period of 1946 to 1950, two substantial wage increases were awarded to the railway employees. The first was a ten cent per hour increase effective June 1, 1946, which added approximately \$40 million per year to the railway operating payroll. The second was a seventeen cent per hour increase, effective on March 1, 1948, which added another \$68 million to the payroll of railway employees. The two increases amounted to over \$100 million per year. These increases granted railway labour did not result in wages out of proportion to the wages being paid labour in similar occupations in other Canadian industries. We should not overlook the fact that the railways are rendering a public service. They must, therefore, have adequate capital to maintain and operate their properties, so as to be in a position to perform their functions. Any form of regulation must recognize these obligations. It is the duty of parliament, which provided for the regulation of the railways by the board of transport commissioners, to make certain that the board is not hampered, and is able to grant justifiable freight rate increases to enable the railways to furnish the low-cost transportation which is so essential to Canadian prosperity.

The users of the service must pay the cost of providing the service. Unless this basic economic fact is recognized, Mr. Chairman, two results will come about. First, private enterprise cannot be maintained in the railway industry, and all railways must sooner or later come under public administration. Second, the general body of taxpayers must bear a portion of the transportation charges. Therefore, the general taxpayers will be called upon to subsidize those citizens who use railway services. I am afraid that the result would clearly be contrary to our present way of life.

Moreover, the railways today are meeting stiff competition, particularly from motor trucks and water carriers. It has been contended that competitive rates are of great benefit to eastern Canada, where there are extensive waterways and many truck operators, and that such competitive rates are not available in western Canada. There are numerous competitive rates throughout Canada. May I remind the committee that truck competition is not limited to eastern Canada. There are many truck operators in the prairie provinces and in British Columbia as well, as we all know.

The railways are meeting truck competition in the west as well as in the east. The great lakes and St. Lawrence waterways benefit traffic moving to and from western Canada. In any event one must not let the matter of competitive rates get out of focus. Competitive freight revenue in 1949 on Canadian railways was only about 14 per cent of total freight revenue, on the average.

It is also contended today that shippers in western Canada, and in the more remote parts of our country, who are a long way from their markets, pay more freight rates than do those Canadians situated close to their markets, and that increasing freight rates by horizontal increases or, as it is sometimes known, by a straight percentage increase, puts an unfair burden on the long haul shipper.

The board of transport commissioners has considered this argument time and time again. The western provinces particularly have urged this argument before the board. The board of transport commissioners, after very careful consideration, stated that the straight percentage or horizontal increase was the only fair and equitable way to apply general increases in freight rates. If a maximum was to be applied to the amount of increase rather than applying the increase by a straight percentage, the short haul shipper would be paying an undue proportion of the increase required in the light of the service being received. For example, why should a man