

rates, not only by originating territories but also by destinations. The results of this further tabulation are presented in the table following and in chart No. 4. (*See Appendix B*)

Table 4 clearly indicates that, as far as the movements inside the rate regions are concerned, central Canada has the highest average level of railway rates. As far as the inter-regional movements are concerned, products of the western and maritime industries enjoy a lower level of freight rates than products of central Canadian industries. The highest average level of freight rates is borne by traffic moving from central Canada to the west. This experience has had two consequences: the "imports" of the western provinces from central Canada have to pay relatively high rates, which adversely affects the consumers in these provinces, but, on the other hand, the relatively high level of freight rates acts as an umbrella under which western Canadian plants are developing profitably, with a beneficial effect on employment in those provinces.

The definition of "western Canada" or "western region" should be noted. This region, according to the definition of the board of transport commissioners, extends from the Pacific coast to Port Arthur, Ontario. The relatively high rates between central Canada and the western region have been largely due to the comparative lack of competition from other means of transport, a fact which even the "bridge" subsidy has not fully outbalanced. This competitive situation is undergoing a radical change, however. The completion of two major projects of the past decade—the trans Canada highway and the St. Lawrence seaway—by providing new and vigorous competition with the railways, will force the railway rates downward. On the other hand, if the railway rates are subsidized, the growth of these new competitive forces will be retarded. Thus, the subsidy is likely to extend the present lack of competitive imbalance, at a time when a strong possibility of corrective competitive development exists.

The general analysis leads logically to a more specific analysis of the movement of railway rates by the main regions.

Western Canada

The changes in freight rates relating to traffic originating in the western region are presented in the table below and in chart No. 5. (*See Appendix B*)

The following facts stand out clearly:

1. Railway traffic originating in the western provinces is moving at an average rate level lower than the national average.
2. The average level of freight rates, determined by revenue per ton mile, follows the national trend, but at a slower pace. In 1949, western Canadian freight rates were approximately 20 per cent below the national average. In 1957, they were 29 per cent below the national average.

The statistical and graphic picture of the western Canadian freight rate experience of the past decade includes the statutory grain rates—the Crowsnest Pass rates. We are looking at the total freight rate experience of three regions—west, maritimes and central Canada. The statutory grain rates are a condition which western Canada enjoys; they have not been excluded from this submission.

The Crowsnest Pass rates are important but they are not sacrosanct. To exclude them as part of the freight rate picture would be illogical and would simply be an attempt to look at the whole freight rate picture with a blind pulled down over part of it. The statutory rates relate to the movement of the most important western Canadian export. There have been many eloquent descriptions of their place in the freight rate structure. No assessment of the impact of railway freight rate increases could be complete without them.