

*Supply—Transport*

those who, in one way or another, would destroy it from within. Having said this, I shall endeavour to answer the question of how the common good of our nation can best be served in the solution of the problem confronting us at the present time.

Before 1903 there was no regulatory tribunal controlling freight rates in Canada. In that year the board of railway commissioners was established, and in 1938 its name was changed to the board of transport commissioners. Today that board has very wide powers in the regulation of railways which come within the jurisdiction of the Canadian parliament. It might be added that Canada has always had a railway problem. Whatever may be said of the railway problems of the past, however, it is certain that the problem today is how the people of Canada can be given adequate and modern transportation service at the lowest possible cost to the nation, and without unnecessary or uneconomic consumption of labour and materials.

No transportation service can be said to be adequate unless it is so arranged and its rate structure so framed that the traffic of the country moves freely and the agricultural and industrial development is maintained and encouraged. The problem definitely is not which part of the country should obtain special treatment in comparison with another part, nor is it the extent to which artificial or uneconomic development of certain parts of Canada may be achieved at the expense of other parts. The problem further involves the need of ensuring that the railways in Canada be made and be maintained financially sound in order to be able to provide adequate and modern service. Railways must be in a financial position which will enable them to keep pace with the need for expansion and modernization of their services.

As far as freight rates are concerned, the railways themselves have an interest at least equal to that of the shipping public in maintaining rates at the lowest possible level. It is not desirable, however, that the railways should provide uneconomical transportation service merely to create artificial growth in areas where the geographical disadvantages are such as to prohibit the economic development of certain industries.

As we all know, in recent years Canada has experienced two major inflationary cycles, which were the aftermath of world wars I and II. Following world war I, from 1917 to 1927, there were a number of freight rate increases, decreases and inquiries. From 1927 to 1946 there were no general rate increases, decreases or investigations by the board of transport commissioners. Canadian railways, unfortunately, are not immune to increased

costs any more than private concerns or citizens in Canada. As a service industry the railways must receive sufficient returns to enable them to meet the costs of providing the service. Canadian railways felt the full impact of the increasing material and labour costs, which were evident in the latter part of world war II, and which have continued up to date.

When one listens to the many criticisms of increased freight rates, it would appear that this elementary fact has been overlooked. As the Minister of Transport has said the railways have made two applications for rate increases. The first application was for a 30 per cent increase, and that was made on October 8, 1946. Final determination of this application was not made until March 30, 1948, two years later, when the board granted a 21 per cent increase. The second application for a 20 per cent increase was made on July 27, 1948. This was not decided until May 25, 1950, when the board awarded the full 20 per cent. What caused the delay of approximately two years in determining each of those applications for increased rates? It was caused by the board itself, by the governor in council and the Supreme Court of Canada, at various times considering each and every issue that has been brought up in the house today, as well as many others.

Irrespective of what has been said today in this house, I contend that the board of transport commissioners is a group of men trained in railway matters, and assisted by a reliable, competent and experienced technical staff. The board has a freight traffic staff presided over by Mr. Kirk, who has been in freight traffic work all his life, and who has been with the board for more than twenty years. His ability has been recognized by practically every province and every railway in this country; his experience and that of the members of his staff have never been challenged, except in this house. When the leader of the opposition was speaking against the board this morning, I thought I should remind him that he was still studying law at Osgoode Hall when Mr. Kirk was learning freight rate matters. If I am not mistaken, at that time the leader of the C.C.F. party was teaching English. The head of the board's statistical branch, Mr. Scott, received his training in the province from which the member for Rosetown-Biggarr comes. Whoever made the error referred to by the leader of the C.C.F. party this morning, at least the board corrected it and candidly admitted they had made an error. If both the leader of the official opposition and the leader of the C.C.F. party were willing to acknowledge perhaps the many errors that they have made in the past,

[Mr. Arsenault.]