

*Equalization of Freight Rates*

this time that in some instances over the past few years we have received the benefit of some rate adjustments, but in almost all these cases you will find that reductions have coincided with the construction and completion of new highways. Unfortunately, however, the greater proportion of our present rail lines have no competition from these new highways.

Excessive freight rates are one of our main concerns and will continue to be so until some new form of equalization is brought about. The previous government, I am pleased to say, recognized this fact. The present Leader of the Opposition (Mr. Diefenbaker), our former prime minister, repeatedly voiced his keen interest in an equalization of freight rates in Canada. This was one of the reasons for his action in setting up the royal commission on transportation. I believe I am quite justified at this time in saying that it is now an obligation of the present government to carefully scrutinize the findings of this commission in relation to freight rates in Canada and take the necessary action to bring about an equalization of these rates. This, I suggest, is going to be no easy task, but I believe it is essential if we are at all interested in providing equal opportunities for all Canadians.

Mr. Speaker, I am not qualified myself to say just how difficult it may be to bring about such a measure, but the authority I quote when I say it will be a big job is the commission itself, when they mention in their report that the task of appraising the inequities in the freight rate structure and such changes as will alleviate them was one of the most complex that faced them. In presenting an historical analysis of rate making and its evolution from a situation of near monopoly to the present stage of mixed competition, the commission had this to say:

In the earliest days of the railways, freight rates were not based on well defined principles. Individual rates were sometimes put into effect on an experimental basis and at times special agreements were worked out between carriers and shippers. The innovation of rail transport in Canada was so superior to any existing medium of transportation that little or no complaint was raised for the first 25 years of railway operations. Since neither the shippers nor the government felt inclined to question the rate structure the railways were under no compulsion to provide a theoretical justification for the structure of rates in force.

With the publication of the first classification of commodities in 1874 by the Grand Trunk Railway, a somewhat more rational approach emerged to supplement the test of experience in railway pricing. In this first classification, commodities were grouped in four classes, with the fourth class serving as a basis for the determination of prices in other classes. Special ratings for agricultural commodities and lumber were attached to the classification.

The main principle which seemed to be behind the grouping of the commodities in the initial freight rates classification was "charging what the traffic will bear".

Mr. Speaker, many of my constituents firmly believe that this latter statement is still the yardstick used in arriving at many of our freight rates in northern Manitoba. Freight rates are one of our greatest concerns in western Canada, and I am sure that other hon. members will have something to say in this regard. Before mentioning some examples of why I feel that we in northern Manitoba suffer from unjust freight rates I would like to mention that certain questions always arise when a westerner makes any appeal for equalization of rates. The first question which usually arises is: do you believe that you are the only people in Canada who suffer from abnormally high rates? I hasten to say that we realize full well that comparative situations obtain in many parts of the maritime provinces and other parts of Canada, and that these also should be straightened out. The second question which usually arises is: if you believe in an equalization of freight rates, do you feel that the Crowsnest pass rates should be readjusted? In this regard, Mr. Speaker, I wish to place on the record my thoughts concerning the Crowsnest pass rates.

This agreement was entered into 1897 and was adjusted, I believe, in 1925. However, at the time the rates were determined the Canadian Pacific Railway were granted approximately a quarter of a million acres of land, a monopoly that extended into southern Alberta and the Kootenays, and they were also subsidized to quite an extent. I therefore do not feel that there is any justification now in considering any further erosion in the Crowsnest pass rates. We in northern Manitoba are not asking for any special consideration on freight rates; we are only asking that the distorted share which we are now, in many cases, paying be discontinued and that some realistic rates be arrived at.

Over the years, delegations representing various parts of western Canada have given evidence before the standing committee on railways, canals and telegraph lines and have presented some clear and concise examples of the glaring inequalities in the freight rate structure. On other occasions I have brought some of our own problems in northern Manitoba to the attention of this house. In 1959, I gave some examples of the serious situation we face in relation to the need of bringing new industry to our province. I mentioned the fact that the government of Manitoba is extremely interested in encouraging the development of new industry as quickly as possible.