whether competition is effective in reducing rail rates or whether the competition is of a shallow type which has been able to make only minor reductions in the existing maximum rates.

15. The submission of the Maritimes Transportation Commission is that while the development of competition since 1949 has produced some minor rate reductions for Atlantic provinces' traffic—and to that extent may have overcome this relativity disadvantage of which I have spoken—it has been far less effective in reducing maritime rates than rates in other parts of Canada, particularly Ontario and Quebec. It is not possible to show in detail the depth to which competition has been able to reduce rates in the several regions of Canada. It is submitted, however, that appendices 2-7 to the main submission of the Maritimes Transportation Commission, particularly appendix 5, illustrate that competition for maritime traffic has not been as effective in reducing rail rates as in Ontario and Quebec. All of which, Madam Chairman, is respectfully submitted by the Maritimes Transportation Commission.

At this point may I ask Mr. Dickson to deal with the appendices to the submission as it is necessary to understand the material for an appreciation not only of the main submission but also of the supplementary submission.

The ACTING CHAIRMAN: Mr. Dickson.

Mr. CRAIG S. DICKSON (*Executive Manager, Maritimes Transportation Commission*): Thank you, Madam Chairman, and members of the committee.

I will deal first with appendix No. 1. Appendix No. 1 is a reproduction of a number of charts which appeared in a study entitled "Railway Freight Rates in Canada". This study was prepared by R. A. C. Henry & Associates, consultants, for the royal commission on dominion provincial relations in 1939. These charts show the relationship of class rates as between the several regions of Canada for several classes of traffic and for several representative distances. The Ontario-Quebec class rate scales are the base represented by the line at zero. It will be observed that the maritime line—the line represented by the Maritime class rate scales—was lower than the Ontario-Quebec line until about 1923. After the passage of the Maritime Freight Rates Act in 1927 it became lower by virtue of national policy expressed by the national freight rates act. These charts show that historically except for the 1923-27 period the maritime class rate scales have been lower mile for mile than rates in other parts of Canada as a result of government policy.

Perhaps, in order to better understand what these rate scales mean in practice, we might look at a comparison of a specific rate for the purpose of illustration.

Prior to 1912, when the first indication of increases in the maritime rate scales came along, the fifth class rate, which might be considered as an average carload rate for many manufactured products, from Halifax to Montreal was 25 cents per 100 pounds. The fifth class rate at that time from Toronto to Montreal was 22 cents per 100 pounds. So this favourable rate structure on the Intercolonial at that time provided very small differentials, to the disadvantage of the maritime shipper in relation to his competitor located in central Canada.

Now, Madam Chairman, may I turn to appendices 2 to 7 and add a word to explain what these charts are attempting to show.

Appendix 2 shows that for the movement of canned meat products, Summerside, Prince Edward Island had an advantage over its competitor at Port Dover, Ontario, in the Montreal, Quebec market of 5 cents per 100 pounds in 1930. With the development of competition from Port Dover over the years, and more particularly since 1953, coupled with the post war rate increases, this rate advantage of 5 cents per 100 pounds has become a disadvantage of