

For the sake of discussion let us accept the contention that 20 per cent of traffic moving at the competitive rates and agreed charges enabled central Canada in the late '40's and early '50's to shift the burden of horizontal rate increases to the other regions of Canada. The fact that these two rate categories now account for 32% of total freight revenues in the west and for 30% in the maritimes means that any further shift of the freight rate burden is impossible because of the rapid growth of competitive rates and agreed charges. It follows that the argument about the regional imbalance and distortion in the rate structure due to an unequal distribution of the competitive factors is no longer based on facts—that the facts contradict the argument.

If the existence of competitive rates provides a natural protection against undue burden upon the shipper—the undue burden which allegedly would occur if *all* the railway rates could be raised to the allowed maximum—then the competition, which is the cause of the competitive rates and agreed charges, should not be eliminated or harmed.

It is illogical for the eight provincial governments to pursue two mutually contradictory objectives: lowering the railway rates through competition, and, at the same time, weakening the competition by federal subsidization of railway rate reductions.

Then, based on the waybill studies of the board of transport commissioners we prepared an analysis of the provinces which carried the burden of horizontal freight rate increases.

4. Which Provinces Carried the Burden of Horizontal Rate Increases?

In the previous sections the following facts were established about the competitive impact on railway freight rates:

1. Actual railway rate increases have but partially reflected the permissible rate increases.
2. The difference between the actual and permissible rate increases tended to grow—the result of the growth of competitive transport industries.
3. The proportion of competitive rates and agreed charges has been increasing faster in the west and in the maritimes than in central Canada.

In this section we shall examine the contention that the western and maritime provinces have carried the main burden of unfairly discriminative rate increases. The table and chart following—chart No. 3—summarize the trends in average railway freight revenues by the main rate territories or regions. (See Appendix B)

The foregoing data refer to all carload traffic originating regionally—that is, the "maritimes" traffic refers to freight movements originating in the provinces of Nova Scotia, New Brunswick, Prince Edward Island and in the province of Quebec east of Levis. If a freight movement begins and ends in the same region, or if it begins in that region and ends in another region, our data records the freight rate experience for both types of movement under the heading of the originating region.

Table 3 shows that the average level of railway rates for traffic originating in the western and maritime provinces has been consistently below the level of rates on railway freight traffic originating in central Canada.

It may be claimed that the western and maritime provinces suffer because the rates on traffic moving into these regions from central Canada are on the average too high. In order to examine this contention we re-tabulated all of the waybill data in order to determine the average level of railway