

Mr. DRYSDALE: You had better give notice now then.

Mr. HORNER (*Acadia*): Mr. Chairman, I would like to ask either the minister or Mr. Knowles just how great a difficulty it would be to graduate the percentage increases so that the largest percentage went to the movement of over 500 miles.

Mr. HEES: We examined that possibility when we were considering this measure. We considered it very seriously during a number of meetings. Mr. Knowles can explain briefly why we found what we did.

Mr. HORNER (*Acadia*): It seems to me it would bring the greatest amount of benefit to the consumers who have to pay for the long haul.

Mr. HEES: That is what we thought too. Mr. Knowles can explain the difficulties of working out such a condition.

Mr. KNOWLES: I will give you an illustration: take a box of groceries from Montreal to Toronto. The rate went up 38 cents per 100 pounds. That will be reduced by 15 cents. The same box of groceries going to Vancouver went up \$1.92 per 100 pounds, not 38 cents. It went up nearly five times as much, and it will come down five times as much by a 79-cent reduction. There is the effect of the rolling back on the long run versus the short haul, and I do not see what British Columbia wants more than that.

Mr. HORNER (*Acadia*): Does that satisfy Mr. Guest?

Mr. GUEST: That is the whole point the Turgeon commission made. The cost of these groceries went up 38 cents between Montreal and Toronto; with the reduction they will go up 23 cents. When you increase rates by percentage, you increase the value. The competitive position of a commodity becomes much more unfavourable when a percentage increase is placed on a rate. Now a percentage decrease, of course, brings the rate down to the same extent the percentage increase raises it up. But the inequity is still in the rate as a result of a series of percentage increases. It is the dollar and cents disparity created by the long haul, which costs a lot and the short haul, which costs a small amount. It is true there is a service involved and you have to provide more work long distance haul than a short distance haul. But with hauls like we have in Canada, this has serious consequences to shippers with a market 1,000 or 1,500 miles away.

Mr. HEES: Mr. Guest, you have been saying that everyone in British Columbia is being discriminated against because everything they buy comes from the east and they have to pay a long haul. What about Ontario consumers who buy British Columbia apples, British Columbia salmon and British Columbia plywood or lumber? If you live in Vancouver you pay practically no freight at all, but if you live in Toronto you pay a great deal of freight. So this becomes a really involved argument. I suppose if you get into the philosophy of the thing perhaps you might say the "privileged" people in British Columbia pay that extra premium for the privilege of living in what they consider to be the finest province in Canada. That about sums it up.

Mr. DRYSDALE: Hear, hear. The only point, Mr. Chairman—

The CHAIRMAN: I am sorry. We have lost a quorum.

Mr. DRYSDALE: Let us get going anyway. I do not think you have to have a continuing quorum under the rules of the committee.

The CHAIRMAN: Yes, we do. Tomorrow morning, gentlemen, at 9.30 in this room, and again tomorrow afternoon at 3.30.

Mr. HEES: Could I say, Mr. Chairman, that I am very sorry, but I am afraid I cannot be here tomorrow. I rather expected that the committee would