

(b) *Freight Rates:*

The standard Canadian classification and tariffs would likely become applicable, and if the benefits of the Maritime Freight Rates Act were to be extended to Newfoundland, these two in combination would define maximum rates. The resulting rate structure would be modified by water competitive conditions and by special commodity rates in accordance with standard Canadian tariff practices.

Substantial reductions from the existing freight charges on goods moving to or from Newfoundland from or to points in Canada and the United States would probably result. A special feature to be considered would be whether a special charge would be made for the boat movement from Port-aux-Basques to North Sydney or whether the movement would be treated as so much railway mileage.

According to that our rates are higher than theirs and presumably would have to be reduced. I would not set myself up to throw any doubts on the assumptions of the Canadian National Railway experts....

Mr. Northcott You do not know what the difference is?

Mr. Smallwood No, I do not. Ours would be brought down to be the same as Canadian rates.

Mr. Hickman At the present time there is a move to increase freight rates 30% in Canada; and where, now, the Maritimes have been subsidised for their freight rates, that is also going to be under discussion. I do not know if it will be done.

Mr. Chairman Presumably the elimination of subsidy must increase rates in Canada.

Mr. Smallwood I am familiar with the first point. I attended meetings of the Board of Transport Commissioners. Some friends of yours, Mr. Chairman, were participating as counsel for the various provinces they represented. One morning Mr. Higgins, Mr. Bradley and myself went up and attended the hearings of the railways who are applying to have their freight rates increased. They are applying to the Board for 30% increase 'across the board' as they call it. I attended day after day. It was never done. I am not saying it could not be done. All over North America the railways are trying to get the freight

rates up. They are all claiming they are losing money. On the other point, there is not a suggestion, not a hint of the abolition of the Maritime Freight Rates Act. There has been 20% reduction on freight rates in the Maritime region, which is east of Lévis; but there has never been the slightest hint or suggestion of the abolition of the Maritime Freight Rates Act. Mr. Hickman is right, they have been trying to get an increase in freight rates. But the Maritime Freight Rates Act is there; it is a statutory act.

Mr. Hickman It has been on the carpet for some time and I note from the papers that the question is up again of a 30% increase, and it specifically mentioned also the cancellation of the subsidy to the Maritimes. I do not know if that means the cancellation of the Maritime Freight Rates Act. This came up for decision since Mr. Smallwood was in Ottawa.

Mr. Smallwood Now I know what he is referring to. The Maritime Freight Rates Act is one thing; that is statutory. What Mr. Hickman is referring to is the subsidy paid on grains. There are two subsidies. All feeds, all animal and poultry feed grains from the Prairie provinces going into the Pacific coast and Atlantic coast are hauled freight-free.... I do not want to anticipate it; but when it comes, that is to be applied to Newfoundland as well. In addition to that, there has been something else. During the war the government has paid the Prairie grain growers a subsidy of so much a bushel and the subsidy was to encourage them to grow the things that the government wanted to be grown during the war. They have now taken that off. But as to the hauling of it down through the Maritimes, it is hauled freight-free. Mr. Hickman is referring to the taking off of the subsidy given the Prairie provinces.

Mr. Hickman I was referring to the subsidy on freight to the Maritimes on grains and other items you mentioned.

Mr. Fogwill On page 69¹ — I am not sure there is an error; but it says "It is noted that the staff of the railway at the present time numbers 2,990 and of the steamers 761, a total of 3,751". I would refer you to....

*[It was pointed out by Mr. Smallwood that the figures had been supplied by the Railway.]*²

Continuing the debate on clause 5 of the

¹In the Black Books.

²The following summary is based on newspaper reports.