

## PART I.—GOVERNMENT CONTROL OVER AGENCIES OF TRANSPORTATION AND COMMUNICATION

### Section 1.—Government Control Over Agencies of Transportation\*

Carriers by rail, road, water and air are, or should be, inter-related parts of an integral whole where each agency has its place in the efficient provision of necessary transportation. The Federal Department of Transport was organized on Nov. 2, 1936, under authority of the Statutes of 1936, c. 34, to unify in one Department the control and supervision of railways, canals, harbours, marine and shipping, civil aviation, radio and meteorology. Road and highway development is mainly under provincial or municipal control or supervision (see Part III).

The business of transportation and communications is, generally speaking, a 'natural monopoly', i.e., a type of enterprise in which service can be more efficiently and economically rendered to the public where one or a few concerns control a particular type of service throughout the country. For this reason there has been a strong tendency toward consolidation and amalgamation over the past half-century. In recent years, the outstanding example of consolidation in Canada is the concentration of control of the railways under the Canadian Pacific Railway Company and the Canadian National Railway System.

Since such control has a tendency to bring with it elements of monopoly and possible overcharge, it was deemed advisable to set up authorities to control the rates to be charged and other conditions under which services to the public are to be rendered by common carriers. This control, so far as the railways under charter or within the jurisdiction of the Federal Government are concerned, is regulated by the Board of Transport Commissioners. From time to time the regulatory authority has been extended to some degree to other utilities (see under "Air Transport Board", pp. 740-741).

Besides the Board of Transport Commissioners there exist, in several of the provinces, bodies that undertake the supervision and control of local public utilities operating under the jurisdiction of the provinces, and the regulation of their rates for service. Among these are the Ontario Department of Municipal Affairs (formerly the Railway and Municipal Board of Ontario, established in 1906), the Quebec Commission of Public Utilities established in 1909, the Nova Scotia Board of Commissioners of Public Utilities and the Public Utilities Commission of Manitoba. In the three most westerly provinces these same duties are performed by provincial Departments of Railways.

**The Board of Transport Commissioners for Canada.**—An explanation of the situation that led to the introduction in Canada of railway regulation by commission, as well as other information relating to the organization of the Board of Transport Commissioners' procedure, judgments, etc., is given in the 1940 Year Book, pp. 633-635.

The powers of the Board with regard to transport by rail cover matters relating to the location, construction and operation of railways, the most important having to do with rate regulation. Passenger tariffs are divided into standard tariffs and

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