

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

Section 1.—Government Control Over Agencies of Transportation

The Federal Government's control and regulation of transportation reflects to a considerable extent conditions that date back to the period when the railways possessed a virtual monopoly of transportation within the country. Although federal regulation was a direct outcome of such particular matters as the prevention of unjust discrimination in rates and charges resulting from monopoly conditions in the industry and the safety of transportation facilities and operating practices, yet the railways have been so involved in the public interest that their regulation has been extended to become the most comprehensive of any industry in Canada.

In the meantime, conditions in the transportation industry have been drastically altered by the increasing competition arising from the advance of highway transportation. Unlike the competition that existed between railways in early stages of their development, to-day's competition shows little indication of starting a trend toward consolidation and a return to semi-monopolistic conditions within the industry. Since so many shippers now may provide their own transportation it is evident that a large part of the present competition between common carriers will become a permanent feature of the transportation industry.

It is not surprising that regulations, which under monopoly conditions were not onerous to the railways or were purely nominal in their effect, should be alleged to become increasingly restrictive and hampering under highly competitive conditions. Regulatory authorities are, therefore, faced with the problem of piecemeal revision of their regulations—retaining those where railway monopoly or near-monopoly conditions still make them necessary in the public interest, and relaxing those where competition can be relied on to protect the public in order to enable the railways to meet this competition more effectively. The emphasis has shifted from the regulation of monopoly to the co-ordination of several competing modes of transport.

In 1936, the Federal Department of Railways and Canals became the Department of Transport, unifying 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, although the question of the control of interprovincial highway traffic is currently awaiting the decision of the Imperial Privy Council.

Under the Transport Act, 1938, the Board of Railway Commissioners became the Board of Transport Commissioners and, in addition to its authority over railways, it was given power to regulate certain aspects of water transportation on the Great Lakes, the Mackenzie River and the Yukon River.

The Royal Commission on Transportation, in its Report to Parliament in 1951, recommended a further step in the co-ordination of transport agencies by the creating of a single Board to take over the functions now discharged by the Board of Transport Commissioners, the Air Transport Board and the Canadian Maritime Commission. No action has been taken by Parliament on this recommendation.