

prevailing in 1899 and rates on many other kinds of freight traffic cannot be raised without driving more and more business to trucks. Alternatively, higher rates have a tendency to encourage local production, thus eliminating the need to move goods by rail or even by truck or water from distant sources of supply. Then, too, the Atlantic and Western Provinces allege that competition from trucks and inland steamships is so much greater in southern Ontario and Quebec than elsewhere in Canada that the burden of higher railway tolls is unfairly thrust upon other regions and certain kinds of traffic. Hence, the governments of all the provinces except Ontario and Quebec have vigorously opposed all post-war applications made by the railways to the Board of Transport Commissioners for increases in the general level of tolls. This has meant that tolls could not be raised until after long and expensive hearings before the Board and often before the Cabinet which is, by law, a court of appeal in such matters. Meanwhile, railways have suffered financially because of the lag between increases in wages and material prices on the one hand and freight rates on the other. In December 1958, however, an increase in tolls was permitted almost simultaneously with an increase in wage rates.

Since 1945, railways have also been going through a technological revolution, notably in the use of diesel locomotives, the construction of electronically operated freight yards, and the machine-processing of data for operational, analytical and accounting purposes. These innovations, plus the building of new lines to Chibougamau, Chisel Lake, and other new mining camps, necessitated the investment of vast sums of money. The new investments would have cut significantly the cost of moving passengers and freight and would have added to gross revenues if wage rates and material prices had remained at the level of, say, 1950. As things turned out, the savings from the technological advances were more than offset by the effects of postwar inflation and by competition. As a result, the Canadian National has been operating at a deficit and the Canadian Pacific has earned only about 3 p.c. per annum on its investment in rail property.

Broadly speaking, competitors of railways do not have to face the problem of eliminating redundant plant nor do they have any serious trouble in raising funds for modernization and extension of services. The Federal Government built the St. Lawrence Seaway and, although traffic through the Seaway has been below expectations, the benefits to inland shipping are already considerable. Pipelines for natural gas, petroleum and petroleum products were easily financed by the sale of bonds and stocks to the public. Although the Governments of Ontario and Canada lent money to the promoters of a natural gas pipeline north of Lake Superior, the loan was quickly repaid and would not have been necessary at all except that Canada wanted it to follow an all-Canadian route rather than a cheaper route through the United States.

Operators of motor transport vehicles are in an especially fortunate position. They may buy trucks, cars and buses second-hand or on the instalment plan but the really heavy capital investment in highway transport is in roads and these are provided by governments. The Federal Government has assisted the provinces in completing the Trans-Canada Highway and has built roads through the National Parks and resource development roads under the Roads-to-Resources program (see p. 784). Municipalities build local roads to give access to abutting property and provincial governments have the major responsibility for through-roads. They attempt to recover their costs from taxes on gasoline and diesel fuel as well as from the sale of licences for vehicles, drivers and chauffeurs. Through these taxes highway users pay about 50 p.c. of the cost of provincial highways in Newfoundland and Prince Edward Island, and roughly 90 p.c. in Ontario, Quebec and Saskatchewan. Many disputes have arisen over the apportionment of the total highway bill among heavy intercity trucks, local or light-weight trucks, private passenger cars, taxicabs, buses, motorcycles, and the general public. The latter gain from improved police and fire protection, better mail service, and good access to hospitals, markets and amusements at all seasons of the year. The important point, for present purposes, is that truckers have been able to enter the business cheaply. They pay for roads largely in proportion to their use of them. They are subject to provincial regulation as regards rates, admission to the industry, withdrawal