

say that those reasons were not commercial; they were political, imperial and military, admitted to be so by the fathers of confederation, and not since that day disputed. Another reason is the water competition. There is the water competition along the coast of Maine, along the shores of the Bay of Fundy and across to the Nova Scotia coast. There is the water competition down the St. Lawrence river and along the gulf to the Straits of Northumberland. Every point touched by the Intercolonial is subject to competition from water transportation. But aside from this, there is the third reason—and perhaps one at least of the other reasons I have stated has contributed in a measure to the creation of this—low rates.

I do not know that I should at this moment speak of the reasons which have been assigned by others or go out of my way to attempt to rebut those reasons. It would be perhaps well for me at this moment not to do so. I may have an opportunity later to invite the attention of the House to the reasons which have been assigned in the newspaper press of this country and by public speakers. But for a moment let me deal with the three causes which I assign for these annual deficits. First, there is the long route. I need not dwell on that, but as incidentally arising out of that, we have a remarkable condition of things, and in order to bring it to your notice more concisely and without any unnecessary use of words, let me just say this: That in the interest of the developments of the coal mines of Nova Scotia and the steel industry in that province, extraordinary low rates on freight have been granted from Sydney and other points to Montreal. You will recognize this fact, that there is direct water communication between Sydney and Montreal for six months of the year, and you must bear in mind that the Intercolonial Railway is extended to Sydney. It is true that we could decline to take this traffic in the summer season, or rather we could decline to take it at a rate so exceptionally low; but were we to do so we would be running our cars to and from Sydney during the summer season empty, if we ran them at all. During the winter of course we would have the steel and the coal industry at our mercy as regards freight rates, but it has been deemed wise in the past—and I have not changed the system—to give them special consideration in order to have the traffic in the summer. This rate of freight is believed to be the lowest in the known world. It is 22 cents per ton mile. All railway experts will endorse my statement that there is certainly no such low rate on this continent. Then there is the other side of the account and that is with respect to east bound freight—the products of the west and of Ontario—which find a very large market down by the sea. We have to compete with water competition from Montreal during the sum-

mer. During the winter we have to compete with the American ports and the water transportation from Boston and Portland. There seems to be a very great desire on the part of the hon. members and the press and the people of all Canada that our traffic with the West Indies and Newfoundland shall be stimulated and increased, and as far as possible done through Canadian ports—that it should in no wise be allowed to be diverted to American ports. Well, in order to secure command of that traffic to Jamaica and the other West India Islands and also to Newfoundland, it has been necessary for the Intercolonial Railway to give an exceptionally low rate on flour east bound for export. That low rate is given for the purpose of retaining these markets for the Canadian producers. A very low rate of one-quarter of a cent per ton per mile is granted on carload lots, thus securing to the Ontario millers the market of the maritime provinces. Is that, Mr. Speaker, not in the interests of interprovincial trade and transportation and the building up of our Canadian seaports? That may not be business, but it appeals strongly to national sentiment. We recognize the fact that we have to wrestle with geography every time we attempt to stimulate this trade, and the Intercolonial Railway is looked upon as a government railroad and recognized as the pack horse which must bear the burden of this business.

In the past hon. members complained about deficits. These deficits have not merely occurred since the Liberals took office. True, when the Conservative government was in power, if there was anything of national importance requiring the use of railways the Intercolonial Railway was used. But was there ever any credit given for it? Never, it was charged up to operating expenses. It is included in these deficits amounting to nearly eight million dollars, which have been rolled up from year to year against the Intercolonial Railway. And the Intercolonial Railway is condemned because of that contributing cause.

Reference has been made by me already to the fact that the transportation of hay during the last year free of charge and the transportation of coal in previous years free of charge, involved a very large expense on our railroad. No doubt it did, and I am not going to argue that the Intercolonial Railway should have done this. I hold that the government of Canada should have done it, if it should have been done at all. What was the object? It was that the dairy industries and agricultural interests of eastern Canada should not be allowed to go into utter decay. Here was a whole stretch of country practically barren of every vestige of vegetation. There was no fodder in eastern Nova Scotia. There was nothing to feed the stock cattle, and the people were killing their dairy cows, killing off their stock—stock which had been accumulated by reason of