

now. However, the road goes on into Vancouver, and the question of competitive rates is raised because of the water advantages possessed by Vancouver. What has Calgary contributed to that condition? On what principle should Calgary urge that we at Vancouver should be deprived of a natural advantage? If this principle were carried to its logical conclusion, the only result would be to prohibit water competition.

I shall not use the precise figures quoted by my honourable friend, because they are rather too complicated for my method of calculation; but let us assume that a certain commodity is shipped to Calgary on a rate of \$2, and that that is the rate which would be fixed if the road had never gone further. Then the road goes on to Vancouver; and the rate there would be, let us say, two and a half dollars. But by marine transportation the same commodity could be hauled to Vancouver for 60 cents. Under those conditions no business could be done by the railroads unless, to meet competition, their charge was reduced. The rate need not be brought down to 60 cents, because the time element would take care of part of the difference, but probably it would not be competitive at more than a dollar.

Hon. Mr. Haig: If I may interrupt the honourable senator, the actual rate to Vancouver by water is one dollar, and by railroad, \$1.33.

Hon. Mr. Farris: Yes, but for the benefit of my simple brain I am taking even figures, because the accuracy of the figures is not essential so long as the accuracy of the illustration is established.

Let us face this situation. The Canadian Pacific Railway, we will say, has set its rate at \$1 to get that extra business. Thereby it can make a little profit and confer some benefit on Vancouver. What harm would that do to Calgary? Wherein would the making of that rate be unfair to Calgary? I say, honourable senators, that on that basis and principle Calgary is not entitled to take any action which would raise the competitive rate into Vancouver. I have no objection to Calgary pressing all it can to get the lowest possible rates, but not on a formula which is bound to result in destroying the natural water advantage that New Westminster, Vancouver, Prince Rupert and other coast points enjoy.

I have the Turgeon Commission report before me. I am sorry that my honourable friend from Waterloo (Hon. Mr. Euler) is not here at the moment because I expected to convert him before I got through. The Turgeon Commission considered this question and said that it would fix the rate at one and one-third. My honourable colleague from Waterloo asks on what basis was that done. Well, I have not heard a single member of this house ever state on what basis that was done, except the honourable gentleman from Waterloo when he said it was on an arbitrary basis. I was not a member of the Senate committee dealing with this problem, but I was allowed to ask questions in committee. I asked Mr. Knowles on what basis this was done, and he said it was done on the basis of compromise. That is the answer he gave me.

Now let us see what the commission says about it. I shall read from the report at page 100:

The influence of any transcontinental rate from the East to the British Columbia Coast should be carried back in the rates to the intermediate provinces (including points in British Columbia east of the coast) on a basis not more than one-third greater than the transcontinental rate on the sea coast.

Why should this be so? I have not the least objection in the world to the board or to parliament imposing rates on the C.P.R. in favour of Calgary; but do you not see what that means to Vancouver?

Then the report goes on:

This is a logical and simple solution to the matter, one that is readily calculated and applied; it recognizes the influence on Alberta of intercoastal competition, but at the same time does not lead to the extreme conclusion that Alberta should have sea coast rates.

That is the answer to the honourable gentleman who asked why they do not adopt the American system.

Listen to this, honourable senators:

It should also have a restraining influence on the railways in lowering rates to meet sea coast competition, because they will know that they can only obtain rates at intermediate points not more than one-third above the rate to the sea coast.

What does that mean? In the first place, who ever heard of anything being needed to restrain a railroad from making lower rates? That is a new one, that a parliamentary provision is needed to restrain the C.P.R. from making rates too low. What is the alternative to that? The very principle enunciated in that statement is that the