

as these other ports, my hon. friends in the island would be able to receive their imports at much lower rates of freight than at present; but that is a difficulty which cannot be urged by my hon. friends as one peculiar to Prince Edward Island, because those who live in the eastern portion of Nova Scotia experience that same difficulty as do all the other points which are served from the port of Pictou. So far as I am concerned I am particularly anxious to support any proposition to obtain for the island the cheapest possible rates of freight, but they should bear in mind that in consequence of only St. John and Halifax enjoying the advantage of the export rate, we in the eastern portion of Nova Scotia are practically in the same condition as our hon. friends on the island, with this exception that they have the Straits of Northumberland to cross and the additional impost which will always result where you break bulk and have to use different methods of transportation. There is this trouble in obtaining this export rate, and that is the difficulty in adjusting rates with the Grand Trunk Railway or Canadian Pacific Railway, where either controls the export. To a very large degree the railway which produces the freight controls this matter, and I understand from the Intercolonial Railway officials that the difficulty to which I am referring is very largely due to freight which originates with either of these two companies and to the fact that they control the situation. But so far as the difference in rates is concerned, the answer which the Minister of Railways (Mr. Graham) gave the other day to a question put by my hon. friend from Queens (Mr. Martin) shows that the charges of which these gentlemen complain do not arise in many respects on account of the charges made on the Intercolonial Railway. Thus out of a freight rate of 52 cents paid from Moncton to Charlottetown, 28 cents is only paid to the Intercolonial Railway, 10 cents is paid for transportation across the straits and 14 cents to the Island Railway. So that while the Prince Edward Island Railway has the advantage of having the 14 cents earning upon these products, the party who imports has to pay that rate on account of the rule which obtains with regard to transportation everywhere namely that where you have a short haul, the short haul must pay. To say therefore that the difficulties suggested by my hon. friend and his colleague would disappear if the government were to consider the Prince Edward Island Railway and the Intercolonial Railway as one entity in the keeping of accounts and in all other respects, is to say what the facts do not bear out. To call a railway by another name or to keep the one set of books for the two railways will not do away with the necessity of making such charges as have to be made in order to meet the cost of transportation; and where you have goods placed at the point of shipment so as

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to cross the straits at the lowest possible rate, you get a condition which is the best you can hope for because you will always have to contend with the cost of transportation by steamer across the straits.

The last part of my hon. friend's resolution proposes that the ferry service should be owned and managed by the Railway Department in summer as well as in winter. This much is well known, that the company which transports freight and passengers across the straits during the summer months has been a great dividend payer and is owned and controlled entirely by men from the island. Every cent of stock in that company is owned by men on the island, and the company have been earning handsome returns—so handsome that they are rather reticent about telling us how much they do earn. They do not seem public spirited as they might be, but the fact that they have earned dividends is one which should be taken into consideration when considering the feasibility of the proposal of my hon. friend. On the other hand the cost of transportation in winter must necessarily be very great and it could hardly be expected that products can ever be transported across the straits except at a loss. At the same time I think the Railway Department should deal with the whole question, and that the management of the steamers across the straits, summer and winter, should be in the hands of that department. It would not, of course, add to the surplus of my hon. friend the Minister of Railways, and possibly our friends opposite would sometimes complain because the surplus was not as large as it might otherwise have been; yet notwithstanding that fact I think that the Intercolonial Railway or the Interprovincial Railway, should have charge of the transportation of freight across the Straits of Northumberland, and that any loss which might be occasioned by this service would be willingly borne by the people of Canada, as it would be simply carrying out the terms of confederation under which Prince Edward Island entered the Dominion. This step would, of course, involve a large expenditure in taking over the steamers of the company now operating there in summer and also in assuming the management of the government steamers employed in the winter service. This portion of the resolution I regard as well worth the consideration of the government and a step which, if carried into effect, would greatly improve the means of transportation of freight to and from the island province.

Mr. A. A. WRIGHT. Is all the transportation in summer done by a private corporation?

Mr. E. M. MACDONALD. Yes.

Mr. A. A. WRIGHT. And in the winter when the loss is heavy is it all done by the government?