

important gateway of Chicago. All the railways of the west centre at Chicago. We have a large interchange business with these railways; we have a large dressed meat business out of Chicago, and it is a very important gateway, and if we were denied access to that gateway, while perhaps it would not be a vital thing, it would be a serious thing to contemplate.

The CHAIRMAN: I think that is a fair answer.

*By Mr. Stewart:*

Q. May I ask another question, as to the effect of the reducing of the rates, whether that helped to swell the increase?—A. Is your question this, will any contemplated reductions in 1924 increase the gross earnings?

Q. Yes.—A. I cannot conceive of such a condition. You can have it either way you like; lower freight rates and more taxes, or vice versa.

*By the Chairman:*

Q. Do you not think that lower freight rates would stimulate business and give you more business?—A. I would not want to advocate a reduction of rates, unless they were such as would throttle the industrial life of Canada. That would be silly. You may say that, broadly speaking, the freight rates which are imposed upon Canadian products are less than those of the corresponding railways in the United States, and I can only say that if you reduce the freight rates I cannot see how you could avoid increasing the deficit, whatever that may be.

Q. Last year, were the rates reduced?—A. Yes, they were reduced. I am speaking from memory, but I think the reductions last year meant about \$7,000,000.

*By Sir Henry Drayton:*

Q. I thought that covered not only the reductions of last year, but those of the year before as well?—A. Probably they did; they became effective last year. "This decline has seriously affected the net returns of the National system. The difference in rates over the two years represents a loss in net revenue of \$7,000,000". That includes whatever has been brought into effect in the last two years.

Q. You are going back to the coming in of the Crowsnest Pass rates there?—A. Yes, that is right.

Q. How much of that was due to the Crowsnest Pass rates? The calculation was between \$6,000,000 and \$7,000,000 for the Crowsnest alone.—A. We can get that; it would be substantial. Have I answered your question, Mr. Mackinnon?

*By Mr. Mackinnon:*

Q. It is answered, but not to my satisfaction. You know that in the past many shippers were prevented by the high rates from shipping their products.—A. I was speaking of the future, when I said that I should reluctantly see any further reductions brought into effect. What has been, has been, and I do not see how we can get away from that.

Hon. Mr. GRAHAM: The Board of Railway Commissioners has control of the rates.

Mr. MACKINNON: They look after the capital of the country, and not the producer.

The WITNESS: There is a point beyond which, if you raise the freight rates, you destroy the business. It is a matter of judgment and experience to say when that point is reached.