

should approach this question with a little more detached mind. It is to them that I particularly address any remarks that I have to make. In doing so of course, I shall, and of necessity, repeat some of the things that have already been said.

I am not an expert on freight rates, but there are principles of rate-making which we all recognize and which, I think, may even again be re-instated. The government of this country by its legislation has declared and proclaimed the doctrine of mileage uniformity. I do not agree with the suggestion that there is inconsistency in the fact that it does not prevail 100 per cent. It is not practical nor wise that it should. In the first place, there is the obvious exception; and it is an old and wise saying that "the exception proves the rule." I refer to the Maritime freight rates. I come from the Maritime Provinces, and I retain a great affection for the country of my birth. I believe I understand their problems, and no one would more gladly support their position if in any way it were threatened. All I would do is to point out to my friends from the Maritime Provinces that British Columbia is the great maritime province in the West, and ask them to extend to our province some of that consideration which has enabled them to bring about what they have accomplished.

Also there is the Crowsnest Pass rate, and this basic exception of competitive rates.

The principle of competitive rates has always existed in connection with rate-making organizations or establishments. But that principle does not mean that you are unjust to one locality because you benefit another. If any unfairness were attempted, there is always the Board of Transport Commissioners to take care of it. But the competitive principle recognizes that there are two types of freight rates. There is the rate in regard to commodities for a community that can be served only by a railway and which alone can justify the existence and operation of a railway. That is the basic type of freight transportation which must justify the existence of the railway and the rates that they charge. Then there is the type of freight which is destined for communities served by water—or sometimes by competing railways, one of which has a much shorter haul—and where a railway cannot meet the water competition on a basis of equality.

What is to be done? If the railway has to depend on competitive rates in competition

with water, and the water haulage is much cheaper, the railway just goes out of existence. A railway can be justified as regards construction and operation only on the basis of rates which will enable it to operate at a profit. That is basic. But a railroad may, as a matter of what is called "velvet", offer inducements to attract freight which it could not possibly carry if it had to depend on returns from that source alone to justify its construction and operating costs. I am reminded of the old story of the farmer who raised a good deal of grain which he shipped on a small railroad. He went to the president and said "You ought to give me a pass." the president said "Look, Bill, you have a fine team of horses. If I asked you to drive me to town with these horses of yours, would you do it for nothing?" The farmer said "No, but if I was going to town with the team anyway, and I passed you on the road, you would think me pretty darn mean if I didn't give you a lift." That, in effect, is the principle of the competitive rate. It assumes that the railroad is already constructed and operating, and that its freight rates are such as to permit it to carry on. Over and above that, the railway people say, "Here is a rate which we could not possibly offer under any other conditions than those of cut-rate competition; but as our road is operating, the overhead is provided for, and all the facilities are here, we will carry this freight for merely the expense of the extra haulage; we will make a certain amount of velvet." That is the principle of competitive rates.

If that service is prohibited, what is the result? The railroad is merely deprived of the opportunity to carry those commodities, and provinces with maritime advantages lose the opportunity of getting the benefits of the competitive rates to which, because of their situation, they are entitled. That is all there is to this matter of the competitive rate. My honourable friend who was once a member of the Board of Railway Commissioners has made it very plain.

Then, what about intermediate points? Take the case of Calgary, or Edmonton. These cities have not the advantage of water transport; they are under the necessity of paying rates which support the railroad. Let us suppose that the Canadian Pacific Railway stopped at Calgary. The rates for the Alberta cities would not be any lower than they are