

have done over there? The policy of establishing a network of soliciting freight agents in Europe is in my opinion absolutely wrong. On page 96 of the Journals of the House of Commons for 1924, volume LXI, containing the evidence taken by the select standing committee on National Railways and Shipping, will be found the following:

Mr. Harris: Sir Henry Thornton, if the policy of the government was to change very considerably, and you found, for instance, that a tariff was put up against goods coming in from Europe—

Mr. Kyte: God forbid.

Mr. Harris:—which made it impracticable for you to even send out soliciting freight agents soliciting freight traffic and express traffic, do you think you would find yourselves, with a large organization in Europe, probably embarrassed to get a financial return from your expenses?

The Witness: If such a situation would come about, if a tariff would be put up which would practically prohibit the movement of freight from Europe to Canada, we would, of course, have to trim our sails to meet the wind, and have to adjust our forces accordingly. * * *

Q. I gather that your sails are trimmed now to gather as much freight as is possible on the Continent?—A. One is always subjected, and rightly so, to whatever policy the Government may pursue.

In other words, where our policy changes from time to time, is it good business for the Canadian National Railways to place this army of soliciting freight agents in Europe? for with a change of policy we would find this large organization with nothing to do. On the same occasion I asked Sir Henry Thornton a question and it will be interesting to the House to hear his reply. I am quoting from page 94 of the same volume:

Q. With regard to the freight traffic from the continent, and the express traffic, have you also reciprocal arrangements with the Cunard and White Star lines?—A. We have a working agreement with both of these lines, with respect to passenger, freight and express traffic.

Q. I assume that the policy of the White Star and Cunard lines, for instance, would also be to push vigorously the gathering of freight in central Europe?

A. Certainly, in co-operation with us, just as we co-operate with them here on this side. We have certain freight solicitors who are on our payroll and who work very largely in connection with the securing of business for both companies.

Now, where does Sir Henry Thornton get a mandate from the people who pay his salary, to gather this freight? Well, he says a little further on, in effect, "I trim my sails in accordance with the policy of the government that is in power". It is not going to be very long, Mr. Speaker, before those sails will have to be trimmed in some other direction, and the sooner that is done the better it will be for the Canadian people.

Our railway problem is a very serious one. The United States, with fourteen times our population, has only six times our railway mileage.

[Mr. Harris.]

Will the government help the Canadian National Railway system by giving them thousands and thousands of carloads of raw material to handle? Is it profitable to the Canadian National Railway to handle that raw material? The freight rate on class 5 or 6, raw material, from Montreal to Toronto is 20 1-2 cents whereas the rate on the same goods as finished products is 78 1-2 cents; in other words, the rate is four times as high on the finished product. It is obvious, therefore, that it is by carrying the finished product, not the raw material, that the railways will be made to pay. Seventy-five per cent of the revenue which accrues to the Canadian National Railways to-day comes from freight rates on raw material. If we can take such steps as will ensure that seventy-five per cent of the goods carried are manufactured goods we will find the Canadian National Railways getting out of debt.

Look at the geographical position of Canada—our centres of population all lying close to the border line between Canada and the United States. We find that in the Maritimes the centres of population are close to the New England states; in Quebec and Ontario they are close to the central states; in the western provinces they are close to such centres as Chicago, Minneapolis and St. Paul. The chief population centres in British Columbia are also close to the United States. Think of this in relation to our railroad problem. When the United States railroads haul goods to the Canadian border they find our centres of population just over the line, so that they get ninety per cent of the freight haul while our Canadian National lines get about ten per cent of it. As long as this condition continues, and as long as a low tariff encourages it, our railways will sink more and more into the slough of despond into which they have fallen and they will assume more and more the character of a bankrupt institution.

The time has come when we must make an attempt to help the people who are in Canada to-day; to bring about more diversified employment among all our people; to help our railway situation. If we are to do these things we must have trade flow east and west.

A low tariff tends to allow goods to come in from the New England states to the Maritime provinces. A low tariff permits Buffalo to supply the Niagara peninsula. A low tariff permits Detroit to supply western Ontario. A low tariff permits Chicago, Minneapolis and St. Paul to supply western Canada. A low tariff permits Seattle to supply British Columbia. In short, a low tariff in every instance tends to make our situation worse, and