

agricultural implements shipped to Western Canada. That does not apply in any way to the farmers of Eastern Canada. How will it be worked out?

Sir THOMAS WHITE: With regard to the railway situation, they have water competition in Eastern Canada, and the question does not arise. But all farmers of Canada, so far as any advantage will accrue by reason of the reduction in the price of agricultural implements, will benefit because we are reducing the tariff upon agricultural implements, not only those sold in the West but those sold in other parts of Canada. There is water competition with the railways in the East, and what we had in mind was placing the manufacturer of implements in the East, as regards the market in the West, in as favourable a position, so far as freight rates are concerned, as his American competitor, who has had the advantage of him in that regard. There is a vast stretch of unproductive railway territory between the East and the West in Canada, and the freight charges which have to be met by the manufacturer in the East in competition with the American manufacturers, are a very serious item. We did not feel we were doing anything that was not strictly in accord with the national interest in placing the manufacturer of agricultural implements, so far as his Western market was concerned, in a fair position with his American competitor. The American competitor is not in as good a position as the Canadian manufacturer in Ontario and Quebec. I have been unable to appreciate the force of the argument that there has been a discrimination in regard to the freight reduction in favour of the West as against the East, especially in view of water competition.

Mr. ROBB: I think the minister misunderstands me. In what regard will the reduction in the freight rates be helpful to the Eastern farmer? The minister has referred to the competition in water rates. As a matter of fact, the manufacturer of agricultural implements in Toronto or Hamilton has the advantage of cheap water rates as far as Fort William on shipments to Western Canada. But these cheap water rates are of no value as regards the Eastern Townships, or the northern part of Ontario, or the interior points of New Brunswick, or Nova Scotia. If the manufacturer of agricultural implements in Chicago wishes to take advantage of cheap water rates he can get a water rate from Chicago to such assembling points as Toronto or Montreal, and in that way he will have an advantage

over the Canadian manufacturer. That is the point I would like to have explained.

Mr. W. F. MACLEAN: Speaking of freight rates as implicated in these tariff resolutions, I would point out that in government-owned railways, and in the Government having control of freight rates, lies the real adjustment of this great tariff issue that is now being considered in this Committee and that will come up in the country in a wide way. As regards the manufacturing interests of the East and the farmers of the West, the compromise between these conflicting territories lies in controlling the freight rates and in a reasonable tariff in the interests of the manufacturer, and the Government in regulating rates in this way is doing a great work. I desire to point out to the minister, as I had intended pointing out last night in the general discussion on the tariff, that the adjustment of this conflict between the farmers of the West and the manufacturers of the East in the obtaining of their rights, at the same time treating the Western farmer reasonably, lies in the Government controlling absolutely the freights of the country; and they will control it in no better way than by public ownership. That is why I regret that we have not had a full declaration before to-day that the Government had taken over the Grand Trunk, or that it is to be taken over shortly.

By controlling the great Transcontinental Railway system, controlling railway freights and ocean freights, there should be an adjustment. I am glad to hear the minister say that he is trying to find a solution in regard to freights even if only with reference to this one item of agricultural implements. I want to see Quebec, Ontario and the East in a position to maintain a reasonable national policy by the aid of the tariff. While that might create a grievance for the western farmer, it is open to Parliament to so adjust the freight rates as to set off any inconvenience or overcharge that the western farmer thinks he suffers from by reason of the tariff. I want to tell the western farmer that from my point of view there is nothing of greater value to him than controlled freight rates, not only railway and inland waterway, but especially, ocean freight rates. In working out the policy of this country there should be harmony established between the East and the West and there should be an arrangement which will allow manufactures in the East, especially in Ontario and Quebec, to be developed and to keep forever a portion of the market under fair competition in the