

In addition to that we have Geco and Willroy mines and other mines who are practically all railroad traffic and they are very vital to parts of our economy. Anything that happens to freight rates which puts them in a poor competitive position, is something with which we are very, very seriously concerned.

If there is no objection, Mr. Chairman, there is one point I wished to make substantiating to some extent, the thought I had, that the rates on bulk commodities like iron and pulpwood are beginning to get quite high. It may be unfair to use this example but I had occasion two or three years ago to examine freight rates comparable to our own in the states which border the Great Lakes, just down below us. Without exception on the same mileages and very many points, the rate was slightly more than half of our rates.

If they are private concerns and competing they are certainly in business to make money—maybe that is their loss leader, I do not know about that—but I do know if an investigation of those rates was to be made that the rates for comparative mileages, comparative weights and comparative species of wood, the rates which they charge are somewhere from half up to say, two-thirds. Certainly they are considerably less than ours.

Mr. FISHER: On that point, the lake states, in terms of pulpwood, are direct competitors in terms of our producers?

Mr. STYFFE: That is correct. In a direct and an indirect way, some for other reasons as well, but we feel we have lost quite a lot of our volume to the lake states.

Mr. HORNER (*Jasper-Edson*): That last statement of the witness substantiates the fact that you cannot compare rates on a ton mile basis.

Mr. STYFFE: I, sir, qualified to some extent what I was going to say in connection with this, from what I have heard here during the last two or three days. I suggested to you at the beginning that in so far as rate structures are concerned, I know nothing of them. I only know how it affects the direct business. When it was explained to me how our rate structure worked, involving such things as Crowsnest Pass, competitive agreements and so on, I could not understand. There could be a variance for which there is an explanation, and I see it a bit clearer now myself.

Mr. CHARNOCK: May I just add a word to what I said before and this is for the benefit of our friends from British Columbia? I would like to remind them that while this 17 per cent increase does not apply on international traffic, and allows lumber into Sault Ste. Marie cheaper than into Fort William, the same thing has a kick-back in admitting Oregon lumber into the lakehead, which is not good business for the Canadian carriers or the Canadian producers. I just mention that as a sort of side issue which has perhaps been overlooked.

Mr. FISHER: Have you any comments to make upon the British Columbia proposal as given by Mr. Guest, that is, the use of mileage blocks and having the rates of the increase graded, according to the length of the mileage block?

Mr. CHARNOCK: According to my understanding of the situation there was a very considerable amount of discussion took place in connection with the equalization of freight rates and the problem of tapering had very, very careful consideration. It is a technical point and there is no definite rule for its solution. But if all the far western provinces, including British Columbia, got the benefit of the tapering of those rates, in my humble opinion I think any adjustment that comes along should be on the same basis. That is, on the basis of so much reduction from tapered rates. I cannot see any difference in British Columbia than any other place, as far as their relations to the charges that were originally set up.