

THE PRIME MINISTER: You spoke about the rates on the prairies being from ten to thirty per cent higher than the eastern rates.

MR. McGEER. Yes.

THE PRIME MINISTER: Would that not seem a discrimination just in the same way that the British Columbia rates are higher than the prairie rates?

MR. McGEER. That is true to some extent, Mr. Premier, but it is largely justified on the ground of water competition. I think that probably the inquiry that is taking place now will find a solution for that. The bulk of the traffic moving in the east moves in direct competition with water carriers operating on the Great Lakes, in the canals, and on the St. Lawrence river. Now there may be some merit in the contention that the railways have got to meet that water competition. If there were anything like that in British Columbia, then probably we would have to meet it. But there is no treaty right between the prairies and the Dominion of Canada such as we have. In other words, the terms of union which we entered the Dominion specifically provided us with railway connection. But what we submit is that it meant more than a mere physical connection. It did not mean merely the laying of rails and then the fixing of a rate that would prevent us from using them; it meant the actual laying of rails and then the providing of a full measure of commercial communication.

THE PRIME MINISTER: Then you are asking that your rates shall be the same as the prairie rates?

MR. McGEER: Well, we would accept that -- that our rates be the same as the prairie rates.

HON. MR. FIELDING: Your appeal is taken under the Railway Act, of course?

MR. McGEER: Yes, Section 52.

HON. MR. FIELDING: Therefore whatever we do must be within the Railway Act.

MR. McGEER: I would not take that ground, Mr. Fielding. I would say that you have the right, as the Government of the Dominion, to carry out your obligations in this respect.

HON. MR. FIELDING: On the hearing of this appeal?

MR. McGEER: On the hearing of this appeal. That is, you have the right to intervene at any time. Besides, you have reserved to yourself very wide powers under section 52 of the Railway Act; there is no question about the power of the Government.

I do not think there is anything more I need say, except this: that while we believe we have ample ground for intervention and adjustment of our alleged grievance, in any event, whether Mr. Oliver is able to convince you to-day or not, we believe we have, on the merits of the question, ample ground to secure redress.

Hon.