

a half in freight rates alone. It took all the money coming in over the counter to meet the added charges of freight rates, labour, exchange, and increased cost of coal. The price of gas in the city of Toronto was very low at the time, but you can see what was involved when the price of coal went up from \$3.20 to \$10, \$12, \$13, \$14 a ton. The exchange rate represented an additional charge of \$250,000, and the freight rates a million and a half dollars. The price of gas had to be twice raised and it was hard on the working classes.

I would like to consider how these freight rates affect the farmer in another way. I have here a statement issued by a bank that loans the federal Government of Canada, as well as the provincial governments and municipalities, a lot of money—I refer to the National City Bank of New York. It is one of the largest financial corporations not only in America but in the world. This corporation issues a sketch every month describing the economic conditions in Canada and in the United States. In the statement referred to they discuss the high prices of building materials and how the excessive freight rates are keeping building operations back. Reference is made to the iron industry, and it is stated that the difficulty of getting steel for building purposes is very largely due to the present high freight rates and high prices of coal. The coal question, as any coal dealer can tell you, is very largely a transportation question; solve the transportation question and you can overcome the high price of coal. Many of the mines in the coal mining regions closed down during the war and after it because of the scarcity of cars and the difficulty of getting coal transported to the consuming centres. Now, this is what this bank statement has to say as to how the freight rates affect the building trades and the farmers:

As the liquidation process throughout the industry was extended, the wholly disproportionate margin of cost assumed by the freight factor under prevailing rates was thrown in bolder relief. A typical study has shown that whereas on January 1, 1913, the assembling cost for a ton of basic pig iron in the Mahoning Valley was approximately 27 per cent of the selling price, it is now approximately 58 per cent. The estimated assembling charges in the two periods are \$4.80 and \$10.55 and the prices \$16.45 and \$18.25 respectively. With labour costs cut down 40 to 50 per cent from the peak, operating efficiency largely restored and other economics forced, the factor of freight cost obviously occupies a commanding position in its bearing upon future prices.

The statement goes on to say:

Nothing will save the farming industry but a deep cut in freight rates. We are all merely producing tonnage for the railroads, who merely collect from the unorganized workers and turn it over to the organized workers. The latter punish when the politicians fail to do their bidding; we farmers don't.

The farmers did, in Canada. The hon. member for South York (Mr. Maclean) referred to what has been done in the United States in the matter of electrifying railways. In this connection the New York Central railway has effected great economies in the saving of coal; also the London and Port Stanley railway in Ontario and the Milwaukee, Chicago and St. Paul operating in the Western states. I do not agree with my hon. friend from York that in Ontario we have a million horse power at present available. The power available from the development of the Chippewa has been contracted for, but with half our industries closed down and the other half only running part time difficulty has been experienced already in getting sufficient power.

If the St. Lawrence power scheme were carried out sufficient energy would be available to electrify our railways from Quebec to Fort William. President Harding of the United States has come out very strongly in favour of the St. Lawrence waterway and the electrification of railways in the United States. Addressing the national agricultural conference at Washington on February 20 last, he spoke as follows:

To this time railroad construction, financing and operation have been unscientific and devoid of proper consideration for the wider concerns of the community. To say this is simply to admit a fact which applies to practically every railroad system in the world. It is as true regarding the railroads of Canada and Great Britain as it is in reference to those of the United States.

In America we have too long neglected our waterways. We need a practical development of water resources for both transportation and power. A large share of railway tonnage is coal for railroad fuel. The experience of railway electrification demonstrates the possibility of reducing this waste and increasing efficiency.

We may well begin very soon to consider plans to electrify our railroads. If such a suggestion seems to involve inordinate demands upon our financial and industrial power, it may be replied that three generations ago the suggestion of building 260,000 miles of railways in this country would have been scouted as a financial and industrial impossibility."

The waterway improvement represents not only the possibility of expanding our transportation system, but also of producing hydro-electric power for its operation and for the activities of widely diffused industry.