

As compared with:—

	Per bushel wheat.
Fort William to Montreal, all water, including all port charges at Montreal and twenty days free storage.	6½ cents.
Fort William to Montreal, lake and rail, including all port charges at Montreal and additional fifty days free storage.	7 “

It will be noted that in spite of the much greater distance from upper lake ports, and the fact that Buffalo lies east of Cleveland (the source of the return cargo) lake freight rates to Buffalo are as a rule less than to Canadian ports on Georgian Bay and Lake Huron. The Commission believes that the principal cause for this apparent discrimination lies in the fact that shipments from Canadian upper lake ports to United States lower lake ports are international business and as such are open to either Canadian or United States vessels, while shipments from Canadian upper lake to Canadian lower lake ports are Canadian business and as such are, under Canadian Government coastal regulations, available only to vessels of British register. Whatever the causes may be this alternative remains: either the lower rate for the longer haul to Buffalo is unremunerative (in which case United States vessels would scarcely accept this business, whereas at present they do the most of it), or the higher rate for the shorter haul is unduly remunerative to Canadian Vessel owners who are only enabled to levy the extra charges by reason of being protected from outside competition by the coastal regulations.

The explanation of the increasing shipments to Buffalo in spite of the heavier charges levied on shipments routed via United States channels is to be found in four facts:—

1. The ports of New York, Baltimore, &c., are open twelve months of the year, whereas the port of Montreal is open only seven months of the year; it is to these United States ports that grain shipped to Buffalo goes for export;

2. Ocean insurance rates and, partly in consequence, ocean freight rates, are much lower from United States Atlantic ports than from Montreal;

3. In consequence of high insurance rates and the port being smaller there is less certainty about securing ocean space at Montreal just when needed than at United States Atlantic ports;

4. Both United States and Canadian vessels are available for shipments to Buffalo or other United States ports, while only Canadian vessels are available for shipments to Canadian ports, and owing to the seasonal nature of the business there is not always sufficient Canadian tonnage to take care of it.

The first three reasons concern ocean rather than lake transportation, and consideration of them will be reserved to a more appropriate place.

Regarding the fourth reason, it is to be noted that the Canadian lake shipping interests are protected by the coastal regulations of the Department of Customs. These interests should provide the service they are protected to enable them to provide, or, as far as Canada is concerned, the carrying trade on the great lakes should be thrown open to all comers. The service required of Canadian lake shipping interests is the provision of an adequate amount of tonnage for the carriage of Canadian grain from upper lake ports to Canadian lower lake ports or Montreal at a reasonable freight rate.

It is more important to Canada that the St. Lawrence waterway be established as the principal artery through which shall flow the grain exports of Canada, and that western grain shall secure reasonable rates on the lakes and upper St. Lawrence, than that an irresponsible and unregulated Canadian merchant marine shall be built up on the great lakes. The Dominion Government can seek to secure an adequate service at a reasonable cost in one or more of several ways. It can:

1. Endeavour to reach an agreement with the United States Government by which, in place of the present childish arrangement that enables the shipping inter-