

and figures a little more clearly it is important to compare the general cost of the carriage of grain by way of barges and by rail. The cost of the Trent canal per mile when completed will be about \$47,169. The average cost of railway construction, I suppose, will be in the neighbourhood of half that amount. The total capacity of a barge that would operate on that canal would be about 750 tons. It would cost from \$8 to \$10 per ton for barges for the carriage of grain. The ordinary railway car for the carriage of grain costs in the neighbourhood of \$30 per ton, or three times as much per ton as the cost of barges. Then again there can be no question whatever that the cost of moving freight by water is much cheaper than moving it by rail. In the first place to take a very simple illustration, a horse will draw two tons three miles per hour on a horizontal road. On a horizontal steel track it will draw fifteen tons three miles an hour while through water it will draw from sixty to one hundred tons three miles an hour. Therefore, it is perfectly apparent that motive force—and motive force costs money—is much cheaper in propelling by water than by rail. The cost of keeping the canal in repair is nothing as compared with the cost of maintaining and operating a railway line. There is not the same operating expense to be incurred. Therefore I say that when you take into consideration the fact that we have the means right in the very heart of the province of Ontario of establishing a 750 ton barge canal which will have a capacity of carrying practically two and half train loads of grain from Midland to Montreal, I think you will admit that it is a matter deserving of the most serious consideration, and that the canal is a work which should be immediately gone on with as part of our national system of grain transportation.

Then, referring for a minute or two to the handicap that inland towns are placed under by reason of this canal not being completed, let me say that it is a well known fact that in so far as railway companies in Canada are concerned so long as a town or city has not the facilities to get water communication it is taxed to the utmost limit that the business will stand as far as freight is concerned. This canal will therefore be the means of opening up and developing a very large section of country—no less than a thousand miles of shore line right in the heart of the province of Ontario. I find that for the carriage of grain to Peterborough the rate is the same as to Montreal; that is to say that for the carriage of grain from a town like Midland to Peterborough the railway companies charge as much freight for the carriage of that grain from Midland to Peterborough as they do from Midland to Montreal. Then, if you grind that grain in Peterborough, the milled product has to pay five cents per hundred

pounds from Peterborough to Montreal. I believe it is perfectly apparent that there is a handicap against local people who endeavour to grind grain in transit when instead of simply having to pay the ordinary shunting charge they have to pay no less than five cents per hundred pounds for the privilege of getting their grain left over to be ground in a place like Peterborough. If the Trent Valley canal were built that would certainly be overcome. In order that we may appreciate the importance of a tax of five cents per hundred pounds upon milling operations from the local standpoint we will take into consideration what it amounts to upon a 500 barrel mill. In the operation of a 500 barrel mill this means a tax against the local company of no less than \$20,000 per year. The investment in a 500 barrel flour mill altogether with its accompanying elevators would be about \$200,000; that is to say a handicap of \$20,000 a year in freight rates upon a mill of that kind is a handicap that will pay 10 per cent upon the money invested. We must take into consideration the fact that the figures I have given apply on export business where you have the advantage of having lake and rail.

But it is also interesting to compare the freight rates that are given to places in the United States where the grain is carried through Canada, and the rates that are afforded to Canadian millers.

	Cents.
All rail freight, where it is intended for export when manufactured in the United States, 80 lbs. of light oats, from Chicago to Montreal. . . . .	9.2
180 lbs. rolled oats, Chicago to Montreal. . . . .	21.6
140 lbs. offal, Chicago to Montreal. . . . .	16.8
That is 400 lbs. mill product. . . . .	47.6

Or equal to 11.9 cents per 100 pounds for the carriage of mill products from Chicago to Montreal by way of either the Grand Trunk or Canadian Pacific Railway and connecting lines. It is important to bear this in mind when we come to compare and consider what it means to bring oats from Chicago to Peterborough by all rail for export and when those oats are ground in Peterborough and sent on to Montreal. In that case the matter stands as follows:

	Cents.
All rail freight, for export, manufactured at Peterborough:	
Freight rates on 400 lbs. of oats, Chicago to Peterborough. . . . .	68
On 80 lbs. of light oats, Peterborough to Montreal. . . . .	9.6
180 lbs. rolled oats, Peterborough to Montreal. . . . .	16.2
140 lbs. offal, Peterborough to Montreal. . . . .	12.6
Total for 400 lbs. . . . .	\$1.064

This is equal to a rate of 26.6 cents per 100 pounds for the carriage of oats and mill products from Chicago to Peterborough