

Q. It is not a Government discrimination against the Canadian National, but something which existed prior to the amalgamation?—A. I would not say it was discrimination on the part of the Government or anyone else, but it is simply a condition which has developed. This decrease is due very largely to the change in the rates, but I feel that we ought to have a larger proportion of the total mail contracts than we are getting to-day. In fact, it would be a dangerous thing to be satisfied at any time, no matter what our proportion was. The only way in which you can get what you want to have is to keep reaching for more.

Q. Can you give us an idea of any contracts which you could handle, giving equal service with the Canadian Pacific Railway?—A. I could not give you that offhand, but we have some contracts of that character, and we have that question up now with the Post Office Department, with a view to increasing our proportion.

*By Mr. Milne:*

Q. How are the rates determined, by the Railway Commission?—A. The Postmaster General, I think.

Q. There is no competing for the contracts?—A. No, nothing of that sort involved. There is no intention, I may say, or desire on the part of the Government to discriminate against the Canadian National Railways, nor is there any desire, I think, on the part of the Government to unduly favour the Canadian Pacific Railway. I think, as far as my observation goes, the Government is trying to be fair in the matter, but we want to show them how they can be a little more fair.

*By Mr. Stewart:*

Q. If you were on a mileage basis, your milage would entitle you to more business?—A. That is the theory I would like to go upon, and that is the theory we are intending to go on.

*By the Chairman:*

Q. The present condition is probably due to a continuance of the old system which was in force before the railway were amalgamated?—A. Yes.

*By Mr. Gauvreau:*

Q. And the old companies did not get as much business as the Canadian Pacific Railway?—A. Yes; we have that up now, and I want to have a meeting with the Minister within the next few days to push the thing still more actively.

*By Mr. Mackinnon:*

Q. Are the contracts let by competition?—A. No, I think it is merely an assignment of services on the part of the Postmaster General. He is the sole arbiter.

*By Mr. Kyte:*

Q. Is it not a fact that private companies subsidized by the Federal government received the subsidy on the condition that they carry mail for a nominal amount and this is outstanding?

Major BELL: Sir Henry would not know about that. That is the old subsidy contract, under which they have to refund an amount equal to three per cent of their subsidy.

*By Mr. Mackinnon:*

Q. Would that not account for the smaller amount paid to the Canadian National Railways for carrying mails having regard to the fact that the Canadian National is made up of companies which were subsidized under that?

Major BELL: No.