

Mr. BROWNE (*Vancouver-Kingsway*): Would you not feel that over a long period of time successive flat amount increases—if one particular segment of the industry had a very short haul in relation to the rest of the industry—that would tend to discriminate between them?

Mr. KNOWLES: It may tend that way. We have rates now of 30 cents per ton and 50 cents per ton on regular coal. That rate has gone up 10, 20, 30, 40 cents per ton each time there has been an increase, and we only had that one complaint from the whole of Canada about this flat increase on coal.

It is quite easy for the board to abandon this practice and say that in future we will give a 10, 20, 25 per cent increase on coal; but we would have far more complaints about that than we have under the present situation.

Mr. FISHER: Is part of the complaint based upon the fact that the lignite coal shipped from Saskatchewan is of much lower value, and therefore the 22 cents applies more viciously to them than it does to the higher value coal of, say, Alberta?

Mr. KNOWLES: That is one of the complaints. But there is also coal in Alberta of the same quality, that has the same B.T.U.'s in it and also sells for \$2 a ton. But I grant you, the value of all coal in Canada is much higher than \$2 a ton.

Mr. FISHER: This does underline their particular weakness in competitive terms?

Mr. KNOWLES: That is just a matter of argument. It depends how much it costs to produce that coal.

Mr. CHEVRIER: Has the board jurisdiction to take a situation such as that into consideration?

Mr. KNOWLES: The board has jurisdiction to take any circumstances into consideration in fixing rates, and it usually does take all the circumstances into account. It did so recently in Saskatchewan, which has a 10 per cent lower mileage scale than Alberta because of the value of the coal. On the original rates case in 1914, there was a general attack on rates in western Canada. As a matter of fact, the original rates made by the railway were lower, and the board continued that practice and they just made a 55 per cent of the tenth class rate on Alberta coal and 50 per cent on Saskatchewan coal, leaving a difference of 10 per cent between them.

Mr. BELL (*Saint John-Albert*): I wonder if I could ask Mr. Knowles a question, Mr. Chairman. In connection with your first comment about American coal it was said that it might be possible in some way to restrict the subsidy, or make it possible for the subsidy to be payable to domestic Canadian users, or something of that nature. I was wondering if you would mind commenting further on that and say whether that would be possible, or how involved we would get with that type of restriction?

Mr. KNOWLES: It is a matter of opinion, and it is my opinion that you cannot make a distinction. Coal comes in by water from Nova Scotia to Prescott, Ontario. It comes in from the lake area on the American side. The coal is put on the dockside. Sometimes one shipment is put on top of another and we are having trouble distinguishing them.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. BLAIR: Mr. Chairman, I wonder if I might be permitted to make a comment on what Mr. Knowles has said. The original 1914 ruling of the Board of Transport Commissioners recognized that lignite was a less valuable coal than other types of coal and it prescribed a rate for lignite which was 10 per cent below that of ordinary coal. Over the years this 10 per cent differential has been eroded away by these flat cents per ton increases, and