

Mr. HANBURY: Following up the question about the intercoastal service, I would like to ask if the operation of that intercoastal line does not affect the freight revenues of the railway itself, because there will always be a certain amount of heavy timber brought into Eastern Canada; would you not by this lose the revenue which the railway would otherwise get?

Mr. TEAKLE: May I answer that, Mr Chairman, by stating that before we went into the intercoastal service, we had a meeting in the Traffic Vice Presidents' office of the Canadian National Railways, at which were present two officers of the Canadian Pacific Railway and Mr. Walsh, the General Manager of the Canadian Manufacturers, and our Traffic Manager, Mr. Dalrymple, Mr. Wood and myself; and the whole thing was thrashed out and the railways came to the conclusion that as the Panama Canal was then open for traffic, steamer traffic would come through it and they might as well face it and try to get a company which would work harmoniously with the railways and try to work successfully. The railways thought that through the Panama Canal steamer traffic would come around.

SIR HENRY THORNTON: We realize that the opening of the Panama Canal would establish freight competition between the Pacific and the Atlantic Coasts, and our idea was that if we were to experience that competition it would be better to maintain it with our own transportation than to have an outside competitor come in and do as he chose.

Mr. FRASER: Has any business developed from the East to the West? Have you return cargoes?

SIR HENRY THORNTON: Yes, the business has become comparatively satisfactory.

Mr. POWER: What does the business comprise?

Mr. TEAKLE: It comprises everything from a needle to an anchor. I consider Saint John a sort of a second home of mine, and the men from Quebec and the West have been very sympathetic to this service, and we have on record in the office at Montreal information to the effect that by putting this service on they have been able to send traffic around in competition with the American manufacturers. I would like to come back to the question of lumber. The point arises in my own mind—and I am not a lumber man, but we get roughly the large cuts of British Columbia fir, and it has always been told me that if we did not bring in British Columbia fir we had not anything to measure up in the East and it would result in United States pine coming into Canada. We with this service have done our very best to look after Canadian interest, so that we got British Columbia fir into Eastern Canada as far as we could.

SIR HENRY THORNTON: In other words, what you did was that you kept out of Eastern Canada American lumber and introduced British Columbia lumber?

Mr. TEAKLE: Yes, sir.

Mr. POWER: I think a distinction has to be made there, that a certain class of British Columbia square timber is absolutely necessary for the construction of wharves and so on in Eastern Canada, but the objection taken by Eastern Canada lumber men is that you have been taking cargoes of lumber which compete with their spruce.

Mr. HANSON: Yes, that they have been subsidizing a service which hurts the Eastern Canada lumbermen's trade.

Mr. HANBURY: At the present time the Canadian Government Merchant Marine is operating a stable service, and if that is taken away we will have a distress service. And if this is done away with, instead of having a stable service, you will have an unstable service.