

The Transcontinental was built for the purpose of putting a stop to this diversion of our western trade to United States seaports, and to conserve it for Canadian seaports.

When that railway was finished in 1916, and taken away from the Grand Trunk by the Government, the Government Traffic Manager, Mr. C. A. Hayes, made a freight rate of six cents per bushel from Armstrong to Quebec, upon wheat for export. Armstrong is a station on the main line of the Transcontinental Railway, the same distance from Winnipeg as Fort William is, and was selected for that reason.

The effect was immediate. Six large steamships were loaded at Quebec, and the Minister of Railways stated in Parliament that the rate of freight was profitable for the railway.

Very shortly afterwards, this special rate of freight was cancelled, and no more grain has come over the Transcontinental Railway. The Minister of Railways stated this year in Parliament that he was mistaken in stating, in 1916 that the rate of six cents per bushel was profitable to the railway, and that it is impossible for railways to compete with water for the carrying of grain. The rate upon export wheat from Armstrong to Quebec has now been raised to 25 cents per bushel, or *four times* what it was thought necessary to charge in 1916.

This rate is, of course, prohibitory and has had the effect of driving the trade to Buffalo and New York, as any one could have foretold. Montreal does not get it.

The routing of grain by the lake vessel via Fort William, as compared with the all rail rates via Armstrong to Quebec, favours New York, as follows:—

TO NEW YORK		Per Bushel
		Cents
Rail Freight, Winnipeg to		
Fort William 19c. p. 100.. . . . .		11
Elevating Fort William.. . . . .		5
Insurance (marine) on Lakes.. . . . .		13
Elevating Buffalo.. . . . .		5
Steamer Fort William to Buffalo.. . . . .		6
Rail freight Buffalo to New York.. . . . .		12
		32
Total.. . . . .		32

TO QUEBEC		Per Bushel
		Cents
Rail Freight, Winnipeg to		
Armstrong.. . . . .		11
Rail freight Armstrong to Quebec.. . . . .		25
		36
1,350 miles for.. . . . .		36

The saving of 4 cents per bushel on the freight and the advantage of constant ocean tonnage at New York, together with lower marine insurance to Europe, all combine to make it impossible for Canadian ports to compete with New York under these circumstances.

But the Transcontinental was built for the express purpose of counteracting this terrible menace to Canadian trade, and it has already demonstrated its ability to do so, by carrying export wheat from Armstrong to Quebec—960 miles—for 6 cents per bushel in 1916.

Of course the cost of operating railways has increased very largely since 1916. The report of the Minister of Railways shows that the cost of operating all the railways of Canada has increased in four years to the extent of 57 per cent.

But, even if we do not consider the additional tonnage hauled per train, and add 100 per cent, to the 6 cents rate made by Mr. Hayes four years ago, from Armstrong to Quebec, and make it 12 cents, and add a proportionate rate for the 390 miles from Winnipeg to Armstrong, the through rate from Winnipeg to Quebec, 1,350 miles,