

Mr. KNOWLES: The only operation under the jurisdiction of the board is local traffic from Swastika to Rouyn. We have no jurisdiction from North Bay to Cochrane.

Mr. SMITH (*Lincoln*): Mr. Chairman, I should like to ask one or two questions in connection with the shipment of fruit and vegetables from the United States, which is big business. With regard to shipping fruit from Georgia to Winnipeg or Montreal, for instance, when it crosses the border at, say, Niagara Falls, will it be subject to the same freight rates and the same cost as Canadian goods being shipped, say, by the Niagara peninsula?

Mr. KNOWLES: Generally speaking, with fruit there are through rates between the southern states and points in Canada. They are not subject to the local rates at all when they get to Niagara Falls, unless there happens to be no through rates, in which case you would have to pay the combination of the United States rate up to the border and the Canadian rate after that. But, generally speaking, there are through rates which are arranged between the Canadian lines and the United States lines; and generally they are on the basis of the United States rates, because the United States lines, in order to avoid charges of discrimination, will not join in rates between their territory and Mexico and Canada unless they are on the basis of the American rate or a little higher. They cannot have them lower.

Mr. SMITH (*Lincoln*): I understand that the United States government subsidizes fruit and vegetables that are being exported out of the country. That would mean—I take it from your remarks—that American fruit could be shipped from, say, Niagara Falls to Montreal more cheaply than Canadian fruit could be shipped to Montreal?

Mr. KNOWLES: No, I would not say that. I would not say that without taking out the tariffs and going into quite an investigation of that.

Mr. SMITH (*Lincoln*): Would it be possible to get something a little more definite?

Mr. KNOWLES: I am afraid not.

Mr. SMITH (*Lincoln*): Because I am inclined to believe that there is a preferred rate which American shipments enjoy that Canadian shipments do not, and I have not been able to get clarification on that yet?

Mr. KNOWLES: If it is subsidized, there is nothing the Transport Board can do about it.

Mr. SMITH (*Lincoln*): So it is quite permissible for American railroads to subsidize their exports after they reach the Canadian border, going to any point in Canada?

Mr. KNOWLES: I am not familiar with that situation. That is one question I cannot answer.

Mr. CHEVRIER: Mr. Chairman, may I come back to a question which I asked originally? It has been stated that this subsidy is going to the long-haul provinces; but it is also a fact, is it not, that the benefit of it will go to the short-haul provinces?

Mr. KNOWLES: It goes to everybody who sustains the 17 per cent increase on the normal rates. We tried to work out schemes that would put it on the long haul and not on the short haul, and I found it could not be done.

Mr. CHEVRIER: Have you a division of the class and commodity rates as it affects the long and short haul provinces; in other words, what I am trying to find out is how much traffic moves on class and commodity rates in the long haul provinces as opposed to class and commodity rates in the short haul provinces.