

situation in truck competition, we shall be making two mistakes instead of one. I am perfectly frank in saying that this is also a retrograde step. We have been hearing for the last year or two about chain and department stores handicapping the little fellow. Are we going to increase the handicap? The truck situation should be remedied. Railway regulation should not be changed.

I now come to the other point in the Bill to which I take exception, and which, I think, is also an innovation: control of lake freight rates. There has been free competition in the lake shipping business for generations. The business has never received any subsidy from either the Federal Government or any of the provincial governments. Men invest their money in ships, just as they do in any other line of business, for profit. If they have overdone it, if they have brought in too many boats from the United States—for that is where they have come from; unfortunately very few of our lake boats have been built in Canada—if they have brought those boats in for gain, and if to-day they are operating them at a loss, they are just out of luck. Why the Government should concern itself about this private investment and hope by legislation to restore solvency to private concerns, when there is no complaint by the public as to freight rates, nor shortage of boats—on the contrary, there are too many—and why we should be asked to give effect to legislation to restore three or four steamship corporations to solvency are beyond my comprehension.

Hon. Mr. DANDURAND: That is not the object of the Bill.

Hon. Mr. McRAE: I wish to deal now with a reference made during the debate yesterday. The honourable leader of the Government said, and quite correctly, that the Minister had not stated that the rates would go up. I sat in the Railway Committee for some weeks, and I want to say the atmosphere was so saturated with references to the insolvency of these lake shipping companies that honourable gentlemen could come to only one possible conclusion, and that was that the rates were to be raised. In fact, if my information is correct, the very licensing system under this Bill would tend to a withdrawal of a sufficient number of boats to help raise the shipping rates. I cannot see why the Government should concern itself about the lake shipping companies. There are plenty of ships available for traffic, freights are low, business is improving. There is no shortage of facilities, and at the moment it is not a factor in our transportation problem. The lake

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shipping business is in private hands, and in private hands it should be left until such time as a comprehensive plan dealing with our whole transportation problem is formed, when, quite properly, our lake shipping might very well be brought in as an integral part of the whole scheme.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. McRAE: Now, there seems to be a question as to who would pay any increase in freight rates. I think that was cleared up pretty well yesterday. The price of our wheat is determined by the Liverpool market. The limited experience I have had in the grain business indicates to me that these rates are figured out closely. Charters are obtained, port dues are considered, all other distributions in connection with shipment are also taken into consideration, and the grain is then handled on a very small margin per bushel. Therefore any increase in the freight rate at any point along the line is taken off the price the farmer gets at his primary point.

Hon. Mr. SHARPE: Hear, hear.

Hon. Mr. McRAE: There is no question about that. Business to-day is on such a competitive basis that nobody can gain three or four cents a bushel unless he goes into the market and gambles in a wide-open way; and then he will meet the fate of most gamblers—he will lose out.

There is just one other factor that might be mentioned in passing. If the Bill were to become effective, the alternative route by Buffalo would not be available for our wheat destined to Great Britain. In other words, our lake shipping would be a monopoly confined to the transportation companies now operating from the head of the lakes to Montreal. I say frankly that then the farmer of Western Canada would lose a considerable portion of that six-cent preference which he now enjoys in the British market.

Hon. Mr. MURDOCK: I wonder if the honourable gentleman would explain that point a little further. I cannot understand how the Western farmer would lose the preference in the British market as the honourable gentleman suggests.

Hon. Mr. McRAE: If the farmer who grows a bushel of wheat in Saskatchewan is paid \$1.50 for it in Liverpool, and the transportation of it costs him 25 cents, his net return on the farm is \$1.25. If the rates on the lakes go up 5 cents a bushel, and it costs the farmer 5 cents more to get that bushel of wheat to Liverpool, he receives so much less for it on the farm. Is that clear?