

Mr. MASSEY: To regard the service between Toronto and Montreal as a "feeder line" would be ridiculous. The two largest cities in Canada are only 300 air miles apart, an hour and a half by air, and six hours by fast rail. The minister claims that Canada is more air-minded than I had thought; then surely he will admit that a service between Toronto and Montreal should be productive of considerable revenue for the Trans-Canada Air Lines. Here we have two urban centres with large populations, with very considerable passenger traffic between them, much of which could be expeditiously and very satisfactorily carried by air. I think it is extremely unfortunate if these two large centres are to be deprived of a connecting service. I can understand the difficulty of having Toronto on the main transcontinental route in view of the fact that it is situated well to the south of the "crow-flies" line and thus the minister has in mind a feeder line from Toronto to a junction point in the north. But it seems a great and unnecessary blunder not to have a regular route from Toronto to Montreal. It may not be profitable to put Douglas or Boeing transport planes on this run for the time being, but there is certainly sufficient traffic for Stinson, Vultees, or other smaller planes carrying six, eight or ten passengers.

Mr. HOWE: No doubt that would be a very important route, but it is not on the trans-Canada route. No matter if it should prove to be the best route in Canada it can only be a feeder to the trans-Canada line.

Mr. MASSEY: I am not objecting to that word because after all Toronto is a "feeder" to the rest of the dominion in many different ways.

Mr. McIVOR: We have great hopes at the head of the lakes that the humming centres of Port Arthur and Fort William will provide dependable feeder lines for this trans-Canada line.

Section agreed to.

On section 16—Mail transport contract.

Mr. GREEN: Subsection 2 of section 17 provides for "an increase in the sum total to be paid on account of the said rates equal to the deficit in the preceding year." Will the result be an increase in the postal rates or will the deficit simply be charged up to the Post Office Department?

Mr. HOWE: This bill contemplates that after the initial period, which is taken care of separately, the mails will be carried at cost. That is, the cost will be adjusted on the basis of the cost of the previous year. If it costs

thirty cents per mile to carry the mails in the previous years, thirty cents will be the rate for the next year. If the rate for that year proves to be only twenty cents per mile, the rate for the succeeding year will be fixed at twenty-five cents. The corporation will get only half the amount of the saving.

Mr. GREEN: At the present time we pay six cents for sending a letter by air mail. Will that rate be changed to five cents, seven cents or eight cents according to whether or not there is a deficit?

Mr. HOWE: No. The surcharge of three cents over the regular rate is universal all over North America and cannot be changed except by agreement with the other countries.

Mr. BENNETT: In one section we mention mails, passengers and goods, while in other sections we refer only to passengers and goods. In looking over the bill some days ago, it occurred to me it would be better to include the word "mails" in the various sections where passengers and goods are referred to. It will be noted in section 14 passengers, mails and goods are referred to. In the final provision with respect to the contract it will be seen reference is made to mail, passengers, express and other traffic. Express and other traffic would be covered by the word "goods". Would it not be well to include the word "mails" throughout so that no question would arise?

Mr. HOWE: The definition of "rates" refers to the rates paid for the transport of mails. The rates on mail are used to determine what you might call the operating subsidy, which is really not a fair name for it as it is a payment for a service. But mails seem to be differentiated throughout, because as far as goods and passengers are concerned the company can charge competitive rates for those as determined by actual experience. The rates are set automatically.

Mr. BENNETT: I have not made myself clear to the minister. In section 14 we provide for the establishment of an air service, and that air service will transport passengers and goods by air. Later on we provide for the transport by air of mail, passengers and goods; and inasmuch as the rates are to be fixed on the basis of the cost of carrying mails, it occurred to me that it would be better to have the purposes of the corporation stated throughout in similar terms, namely "mails, passengers and goods." It will be noted that section 14 says "the transport of mails, passengers and goods by any means," but just before that the word "mail" is left out.