

Mr. CREAGHAN: Are there two purposes behind that, one to give aid to the shipper of 7 per cent, and it might be implied that the other purpose is that the railways might salvage some of the business they might be losing to competitive industry?

Mr. KNOWLES: It would have both those effects, I think; but the shipper gets the reduction. That is the main point of this \$20 million. It goes directly into the shipper's pocket, because the rate is reduced when he makes his shipment.

Mr. CREAGHAN: The railway gets the business in the first place?

Mr. KNOWLES: Oh, yes.

Mr. DRYSDALE: With regard to these various small railways you have mentioned, are any of them connecting with the American railways?

Mr. KNOWLES: Five of them are; but they operate locally within Canada also.

Mr. DRYSDALE: But would the subsidy apply on through traffic into the United States as well?

Mr. KNOWLES: No, it does not.

Mr. DRYSDALE: It is restricted to the Canadian traffic?

Mr. KNOWLES: Advances and reductions in the United States—on what we call the international rates—are on a different basis altogether from the Canadian increases within Canada.

Mr. FISHER: Even if you wanted to, could you make them apply?

Mr. KNOWLES: Could we make the reduction apply? Well, I suppose we could do anything by an act of parliament. But there is no necessity for it. The rates are considerably lower on the international traffic. The increase on the international traffic has been considerably lower than the increase within Canada. That is on this normal traffic. It is only 112 per cent in the United States; it is now 157 per cent in Canada.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. BELL (*Saint John-Albert*): I move that we adjourn.

The CHAIRMAN: Would it be agreeable to start on the brief this afternoon at 3.30, in room 253D, the railway committee room?

Mr. CHEVRIER: Who is the first witness?

The CHAIRMAN: Mr. McGee, from the Canadian Trucking Associations.

Mr. HEES: Might I say, Mr. Chairman, that I have to see a delegation between 3.30 and 4 o'clock this afternoon. The delegation is from the Gaspé peninsula, and the meeting is on important matters. I cannot be here until 4 o'clock. It is no discourtesy to the committee, but I am afraid I must be there. I will be at the committee at 4 o'clock sharp.

Mr. CHEVRIER: That is another reason why we should not sit while the house is sitting.

Mr. HEES: That business must go on.

—Luncheon adjournment.