

the lowest possible rate, and could be carried by the railway at a profit at a low rate. I wonder if Mr. Robb or Sir Henry Thornton is in a position to state what the policy of the railway is at the present time with regard to just such a condition as I have indicated.

Sir HENRY THORNTON: That might be explained in this way. There are constantly opportunities developing and demands made for the movement of some commodity which is essential for the manufacture of some other commodity. Now, we have got to review the position, not only from the rate point of view, but also from an economic point of view, and it might be quite profitable for the company to handle and transport such material as, say, salt at a very low rate, at very little, if any, profit, for the purpose of encouraging some other industry from which the profit on the output would more than compensate us for any loss we might experience on some raw material like salt. In other words, it comes down largely to a question of business judgment and the circumstances connected with each individual case. You can only determine this. It is only a general formula. But that is what we must do—to try during a period of years to create a rate that will give to the company as a whole a maximum of gross revenue.

Now, as illustrative of that, and also illustrative of some other things, let me touch upon this: You would probably think there was very little connection—in fact, there would be no connection between industrial processes in France and the western farmer. Obviously, there seems to be a barrier there which could never be penetrated. As a matter of fact, there has developed within the last eight months a project in France to construct at Winnipeg—and subsequently, perhaps, at other points in the west—a factory for the manufacture of paper pulp from straw. The process was developed in France. It has been known for a good many years, but it was left to a Frenchman to develop it to the successful and economical manufacture of paper pulp from straw. It happened that the man who controls this process, and who is over here developing it now, is a Frenchman from Paris, and the whole of the process, patents, and everything else, is controlled in France. Now, he has practically completed his financial arrangements for the erection of a mill at Winnipeg. That is certainly something which we ought to encourage, because if we can find some way to turn to a useful purpose all of this straw on the western farms—or even a percentage of all of it—which is now entirely wasted, it would be a very good thing for the Dominion of Canada. In the course of his negotiations he naturally came to us and said, “What rate are you going to charge us on the straw coming into the factory, and particularly what rate are you going to charge us on the salt”—because they use a lot of salt for the purpose of generating chlorine gas—

Mr. STEWART: Is that the same salt-cakes I was speaking of—the sodium chlorid?

Sir HENRY THORNTON: No, it is the salt used for the purpose of generating chlorine gas: “NaCl” is the chemical formula. We had to establish a new rate with respect to his paper pulp because we had no satisfactory rate for pulp from Winnipeg; pulp has never been manufactured there, so we had to establish at once rates on his raw materials. We also had to investigate—

Mr. STEWART: Rates both east and west?

Sir HENRY THORNTON: Rates both east and west, yes. We had to investigate the rates on his straw and salt, and we are negotiating with him now, and I heard the other day from our Traffic Department that they had decided on what rate should be charged, and were submitting it to him. There is a case in point which you brought out; something entirely new involving new raw material for a particular purpose, and new rates on the manufactured products.

[Mr. W. D. Robb.]