

Mr. KNOWLES: It would be a simple matter of calculation, western Canada 56.7 per cent of \$348,300,000. Apply those percentages to that figure and you will find out what traffic is originating in each region.

Mr. CHEVRIER: I was trying to get you to do that for me.

Mr. SMITH (*Lincoln*): I will be as brief as possible. I asked two questions and received a good reply to the first one. The second question was this: can and does the American government subsidize American fruit and vegetables, that is the freight rates on them, when it is crossing Canadian rail-railways?

Mr. KNOWLES: I do not know.

Mr. SMITH (*Lincoln*): Then leave my question on the minutes and prepare an answer for it.

Mr. KNOWLES: I do not know anything about subsidies on the American railways or on the fruit itself.

Mr. SMITH (*Lincoln*): It is information which I would like to obtain. If you cannot supply me with this information, I will get it somewhere else.

Mr. KNOWLES: I think you are talking about the fruit itself.

Mr. SMITH (*Lincoln*): No, the freight rate subsidy.

Mr. KNOWLES: I do not know anything about it.

The CHAIRMAN: We will endeavour to get that answer for you, Mr. Smith.

Mr. KNOWLES: We will endeavour to obtain it from the Interstate Commerce Commission.

Mr. SMITH (*Lincoln*): During the off-season we are not concerned, but when our fruit is in season it amounts to quite a problem.

Mr. KNOWLES: This is something of which I am not aware. We have \$20 million that is going to be spent in one year. Could you trace through that money from its origin in the Department of Finance until it is paid and just tell us how the whole thing is done? Where is this \$20 million fund going to? Is it going to be paid out by the Board of Transport Commissioners?

Mr. HEES: It will be paid by the Department of Finance to the railways, as I understand it, on information they receive from the Board of Transport Commissioners indicating that railways and water carriers have reduced their freight rates by a certain amount.

Mr. FISHER: Well, this round figure of \$20 million is perhaps bothering me. But is it not a 7 per cent decrease based upon an estimate of the past year?

Mr. HEES: Yes.

Mr. FISHER: You have another year that you cannot analyze statistically. How are you going to equate the difference? Is it not possible that the railways might be entitled because of traffic increases, to 21 or 22 per cent? How can you get the ceiling?

Mr. HEES: This will be worked out as the year goes along. My statement has always been that it will be reduced by approximately 7 per cent. There is \$20 million to spend, and as the railways proceed during the year reducing their freight rates, according to the instructions contained in this bill they will be reimbursed by the Department of Finance. We will try to get the thing to come out even at the end of the year. It will be quite a job.

Mr. FISHER: We are talking about coming out of the recession. If carloads increase, it is quite possible that this whole thing may change drastically and the railways might have to issue new rates within the year?

Mr. HEES: That is right. We will be entitled, when the bill passes—if, as and when the bill passes—to pay out \$20 million. If there is a great increase in traffic, then the reduction might not be possible by a full 7 per cent. It might be less than that.