

(a) The attraction of better distribution centres, such as New York, which always has abundant ocean tonnage for all parts of the world;

(b) The abundance of elevator storage at Fort William and at Buffalo;

(c) The cheapness of the lake and rail transportation via Buffalo to New York which, at that time, was about 4 to 5 cents per bushel cheaper than the all rail rate to Quebec or Montreal. And though the all water rate to Montreal is a trifle cheaper than to New York, via Buffalo, the saving does not seem to attract much business, probably because of the cheaper marine insurance from New York.

(d) The cheaper marine insurance from New York and all United States seaports, as compared with the St. Lawrence rates which are increased periodically after August. So that, although Quebec, Halifax and St. John enjoy rates 10 per cent cheaper than Montreal, they are considerably higher than the underwriters charge New York, Boston and Portland.

The remedies suggested are various. The Quebec Board of Trade ask that the Government or the Railway Commission should make an all rail freight rate over the Government Transcontinental Railway from Winnipeg to Quebec or Montreal of 20 cents per bushel on export wheat with proportionate rates to Halifax and St. John, instead of 36 cents called for by the tariff at that time, and as compared with 32 cents lake and rail to New York (both these rates have since been somewhat reduced, but the comparison remains the same). They contend that this would force the trade to Canadian seaports and would save the farmer of the Northwest 12 cents per bushel, whilst being fairly profitable to the railway, as the cost, including the cost of hauling back empty cars, would not exceed 17 cents.

The Quebec Board of Trade also ask that the Government should build grain storage for 10 million bushels at each of the ports of Quebec, Halifax and St. John—Montreal being already fairly provided for—so as to ensure a continuous grain traffic for the Government railways; that some of the Government steamships should be put into this service, so as to ensure cheap ocean rates for the crop of the Western farmers, and that the Government should arrange with, or guarantee the marine underwriters, so that marine insurance from Canadian ports shall be no higher than from New York, which, it is alleged, would not on the average cost the Government anything. In support of their suggestion for 30 million bushels storage at our seaports, the Board of Trade point out that there is storage for 200 million bushels in the Prairie Provinces and on the Upper Lakes, and for only 20 millions at our seaports. So that when the grain moves our seaports become congested and it is driven to Buffalo where, according to General Tremblay's evidence, there is storage for 100 million bushels.

The officials of the Canadian Pacific and Canadian National Railways, who gave evidence, do not seem so sanguine as to regaining this diverted traffic. Mr. Lanigan, of the C.P.R., points out the advantages of New York because of a larger ocean tonnage available for all points, and states that although Montreal has a lower lake and rail rate than New York by $1\frac{3}{10}$ cents per bushel, yet New York gets the business. He adds that "the canal route is not a great factor. It is too slow." He favours the Georgian Bay, Port McNicoll, route.

Mr. Hayes, of the Canadian National Railways, admits that, in 1916, he made a rate of six cents per bushel over the Transcontinental railway, from Armstrong to Quebec, 960 miles, and did a large business. But he says, he was forced to do so owing to congestion. He also used the same rate to Montreal, but in the latter case he was obliged to give a share of the rate to the Grand Trunk and Temiscaming and Northern Ontario Railway (why he should have done so does not appear, seeing that the Government might have got the whole of the earnings by using their own line to Montreal, via Hervey Junction). Mr. Hayes says he does not want to make a *paper rate* that means nothing, but that if he had an offer of a round quantity of grain from a Western point, he could quote "a rate *considerably lower* than the present rate."