

the pulp and paper industry. Australia has a preferential tariff with the Mother Country on paper. If that tariff were extended to Canada it would be of the very greatest benefit to the paper and pulp industry, especially on the Pacific coast. I think there are some six large paper mills in British Columbia, four of them are in my district, and they employ a large body of men. There are two towns associated with those mills, and there are also logging camps, in which a large number of men are employed directly and indirectly by the industry. Two of the four mills are shut down, and the other two are running at half capacity. If this arrangement with Australia be carried out, of our getting the same preferential rate on paper as is given to the Old Country, it would give a tremendous stimulus to the paper mills of British Columbia and would to a large extent help the unemployment situation there.

We come now to the question of railway rates. There is a suggestion that some measure of relief may be obtained, or will shortly be obtained, in connection with railway rates. If this is anything more than a mere vague reference to the subject, if there is any established knowledge behind that, or any certain belief that this can be accomplished, if I had been drawing up the Speech, instead of putting this in an obscure corner of a paragraph, I would have displayed it in great, big letters two inches long, right across the Speech. Reduction of freight rates is one of the most important and immediately pressing matters that can be carried out in this House at the present time.

I should like to mention an incident; it is only an incident; but it can be duplicated, no doubt, in a thousand cases. This occurred in my own riding. In the valley of Alberni, in which I live, there is a saw mill located at Port Alberni. It is not a very big mill as we in British Columbia regard saw mills; but it has a capacity that allowed it to send, not three cars, but three great trains a week of lumber into the prairies. This lumber was all consigned to the prairies, going out regularly three trains a week, with occasionally an extra train. In the fall of 1920, increased freight rates suddenly went into effect. Inside of three weeks that mill was shut down—that was about October—and it was not opened again until the following June. When it did begin to ship again, not one stick of lumber went over that railroad en route to the

prairies; it is all going by water route to the Orient. That condition of affairs can be duplicated in, not one mill, but hundreds of mills in British Columbia. That gives an illustration of what high freight rates do as regards promoting or preventing trade. It contains a moral also for the railway company. That railway company are still running freight trains into that district, two trains a week; but for the most part they bring in empty cars and for the most part they take empty cars out. There is a little local freight, a few carloads of fish and so on; but for the most part those railway trains are running nearly as regularly as before, and they are carrying practically nothing. Would it not be far better to carry the lumber that was available for carrying, even at reduced freight rates? It is a matter of fact that any business or any railway can always secure a certain quantity of what might be called the irreducible minimum of traffic. If the corner grocery sells a loaf of bread at double the price at which it can be obtained at another grocer's store six blocks down town, it will always catch a certain trade, those who are in a hurry or in certain circumstances. That is the irreducible minimum. The railway that holds up its rates to a high extent will always catch that measure of trade that it is absolutely imperative must go over the road, and any railway will get that; but no industry or no railway ever paid its way on the irreducible minimum of trade or traffic; it is only the extra business, after the overhead is paid, that makes it profitable either to a business or a railway. When they cut down their freight rates and get the extra business, they get beyond the irreducible minimum and down to a profitable basis.

Some hon. members may be familiar with the London and Brighton railway which is a fairly large railway in the Old Country. In its report of last year it says that, owing to the high fares, nine million fewer passengers were carried. That is, not that nine million passengers were carried, but that nine million fewer were carried owing to the high passenger fares, and that is on a little railway running between London and Brighton. That is a specimen of what business one is likely to lose by increasing freight or passenger rates above what the traffic will stand.

Mr. MACLEAN (York): Is there not an agreement now in existence in connection with the Crow's Nest Pass that expires in