

Then, in the course of his remarks he said:

The intention is to set up rates that are fair to all.

What is the situation in Canada to-day? First, we have more lines of railway than the traffic requires; second, we have more steamships than are needed in our inland waterways; third, we already have more aeroplanes than are required by the traffic.

As to shipping, the Minister gave us the picture as he saw it. Speaking of shipping, I may quote a statement made before the Canadian Club of Ottawa, copies of which were distributed to the members of the committee. The Minister said:

Now, in speaking of shipping I refer only to shipping, we will say, from Quebec to the head of the Great Lakes, because shipping on the coast is not competitive—not very seriously competitive—with rail movement; or, if it is competitive, it is not the destructive form of competition. Of course, if we move goods from Halifax to a point on the St. Lawrence river we take that business away from the railroads in a sense, yet it is business that always did move by boat and is moving to about the same extent that it always has moved; but the destructive competition is found chiefly on the Great Lakes and on the St. Lawrence. There we have a condition that I believe is not sound. In 1926, 1927 and 1928 people interested in shipping in this country found that they could go to England, buy a boat under the British Aid to Industries Act from a shipbuilder and make a down payment, which I think was about ten per cent, and that they would be in the boat business. A great number of boats were bought at that time. I suppose our fleet of river boats, that is, the St. Lawrence canalized boats, was doubled in two or three years. Then in 1931 or 1932 we completed the Welland canal, which permitted the largest grain carriers, the largest bulk carriers, which had always been confined to the upper lakes, to go through as far as Kingston or Prescott. By so doing we halved the number of boats required to handle grain down the St. Lawrence and through the Lachine and other St. Lawrence canals. By a process of easy buying we doubled our fleet of this type of boat, and by opening the Welland canal we doubled it again, so that in 1933 and 1934 we had about four times as many of this class of boat as we had any real need for. Well, these boats of course could not be kept idle and they went into the Great Lakes and into territory that they had never attempted to serve before and engaged in all sorts of traffic in competition with the railways—package freight such as canned goods, or sugar, or cement. Commodities of that sort were their first objective, and later on all sorts of package goods and commodities which had been exclusively the railways' were moved by these carriers.

"Well," you may say, "that is legitimate competition; the railway cannot object to that." But I think that is hardly the case. On a great many of these boats that were built with a down payment of ten per cent there was never another payment. The builder of the boat is in England, and the bank that holds the collateral is in England, and the boat is here. There is not much object in foreclosure,

and there have been no foreclosures. I think that of the boats built in 1926, 1927 or 1928 probably two-thirds are being operated by people who have paid no more than a down payment. Concerns that had considerable legitimate interest in the lakes, such as Canada Steamships and other lines which have a background of operating experience, were forced into bankruptcy. Canada Steamships, as you know, was operated by its bondholders for a time and has just gone through a reorganization. So the competition of bankrupt tonnage with our railways is very serious indeed.

You may say that that tonnage is good, even if bankrupt, and we might as well leave it there, because the people get the benefit. But those things hardly work out. As you know, a buyers' market is usually followed by a sellers' market. I am not a believer in the law of scarcity. I do not believe we should artificially make things scarce, or artificially make transportation scarce, but I think we could correct a situation which is rapidly developing, in that we might have combinations of these boats worked out for the salvation of whoever has an interest in them, and in that way we get a monopoly and an artificial control of our shipping—an artificial buyers' market created through a monopoly.

The intention of the Bill, as the Minister said in his statement, is to establish rates that will be fair to all. As I have already said, we have too many railways, too many steamships and too many aeroplanes. The object of this Bill is to eliminate wasteful competition. That is the long view of the situation. And I would draw the attention of my colleagues to the statement that no existing carrier will be eliminated. All who are engaged in the trade to-day will obtain their licences.

This type of legislation is not new. We are not breaking new ground. In Great Britain the Co-ordination Act was passed some years ago, whereby the territory was divided, some traffic being allocated to the railways and some to the highways. It may be said that this does not interest us very much, because our traffic is mostly provincial, and the competition, so far as we can have any control, is not between highways and railways. That I admit. Nevertheless, Great Britain has laid down the principle that companies serving the public and having a formidable amount of capital invested in them should be protected against disastrous and uncalled for competition. In South Africa no competition whatever is permitted if a community is adequately served by the railways. Trucks are allowed to operate in communities not served by railways. In Australia a certificate of public convenience and necessity is required before competition with the railway is allowed. The situation in the United States is much the same as it is in Canada. There they have state rights; here we have provincial rights. In the United