

of Canada, as a case in point, that to one ton of finished iron there were four tons of raw material entering into the manufacture of the same, and that it would be a great deal better to have a customs officer in New York to let the railway haul one ton of finished iron from Hamilton to New York and let them, in addition, haul four tons of raw material to Hamilton, rather than that this entire trade be given over to the Americans and not reach the Dominion at all.

After the delegation from the Pacific Coast returned, representations were made in regard to the matter to the Government, but we have had reason to believe that they were not made with that full knowledge which was desirable in order to carry conviction by the arguments presented. The answer of the Government was not definite, but the Hon. Dr. Reid, the Minister of Customs, stated that he was afraid that to establish a customs officer in New York would adversely affect the large railway systems of the Dominion. Following this, the railway companies indicated to the Government and the manufacturers that they were prepared to deal with our freight rates in such a way that the loss of business which had resulted from this competition would be overcome.

As a result of this attitude on the part of the railway companies a conference was arranged between the Canadian Pacific, Grand Trunk and Canadian Northern Railway companies and the boards of trade and merchants of Victoria, Vancouver and New Westminster. Assurances were given us by Mr. Walsh, the secretary of the Canadian Manufacturers' Association, that the railway companies had indicated that they were prepared to deal with this matter in a thorough going manner and to meet the situation fully. In the month of October, 1915, when a conference took place on the Pacific Coast by all parties interested, a vast amount of data was submitted and schedules covering many hundreds of items were presented, showing the freight rates applying by all the different routes and what was necessary to be done in order to once more secure this traffic for the Dominion.

Some time later the railway companies issued a supplementary tariff which was suggested by them as the first instalment of the reduction asked for, but which, as a matter of fact, and which we shall show you later, not alone gave no reduction, but, by eliminating many items from the commodity tariff and by the advance of class rates and high minimums, penalized the importers and shippers to a greater extent than heretofore. Nevertheless the statement was made to the Dominion Government that the railways had, to a certain extent, met the situation. We have requested the manufacturers to contradict this statement to the Government, but we have no information that this has been done.

Up to the present time the Government has given no decided answer, but has stated two reasons for not having yet acquiesced in our request. The first is that the railway has given a measure of relief, and the second is that it still is afraid that such an action as we ask for might adversely affect the railway companies. It will be our object to satisfy you today that these two arguments are quite defenceless and we feel that if, when we part, we can leave you convinced that such is the case, you will be able to secure for us that means of competition with the manufacturers of the United States which is so essential to the well-being of this Province and the Dominion as a whole.

Taking first the contentions that the railways have met the situation, we submit herewith a schedule of freight rates covering 436 items in the hardware, the iron and steel industries only. We have taken the aggregate total of freight rates, both carload and less than carload, on these items, and we find that previous to the commencement of this agitation the total aggregate of all these rates was \$767.83, or on an average per item of \$1.72. In the new tariff, effective June, 1915, and subsequent amendments thereto, changes were made as already indicated, the net result being that on the items mentioned. The total aggregate freight rate was changed from \$767.83 to \$865.28, and the average was raised from \$1.72 per item to \$1.98, making a total percentage of increase of 15 1-10 per cent. You will fully appreciate what this means when we tell you that every item of this schedule could be brought to us from New York to Victoria at a rate of fifty cents per hundred pounds, as against an all-rail average rate of \$1.98 per hundred pounds through the medium of the new railway tariff, and we think that this fact alone established our claim that the railways have done nothing to meet the situation.

Now, in regard to the other contention that the Government feared that the establishment of this officer in New York would injure the traffic of the Canadian railways, we would point out that this cannot be the case, because the establishment of this officer in New York would not mean the loss of business to the railways which they are now enjoying. It would not deprive them of any of their present traffic, but, on the other hand, it would, as mentioned above, bring additional business to them in handling more raw material to the factory and in hauling goods from Canadian points to New York, which, at present, are going from the United States to that port. The matter was very clearly dealt with in a discussion which took place in the House of Commons on the 17th day of May, 1916, and we quote from a speech of Mr. J. G. Turiff, member for Assinaboia. Mr. Turiff dealt with the matter at considerable length, and we quote as follows:—

"The railroads are not going to lose anything in connection with this proposition, for the simple reason that they are not getting the freight. Take a carload of canned goods put up in the Province of Ontario.

"You have to ship that cargo of goods over one of the trans-continental railways and land it in Vancouver. One man attempts to bring in a carload of goods in that way. Another man buys a carload of the same class of goods manufactured in the United States, ships them to New York, gets a rate by the Panama Canal so low in comparison with the railway rate that he is enabled to pay the duty on the American manufactured goods and to land them in the city of Vancouver at a very considerably lower rate than it would take him to land the same class of goods manufactured in the Province of Ontario. My honorable friend, the Minister of Customs, in his endeavor to prevent goods manufactured in Canada from going by water to the people of Vancouver, is cutting the Canadian manufacturer out of his own market, and he is not benefiting the railways in any degree, because the railways cannot get the freight, as the people of Vancouver can buy American goods cheaper.

"All I can say is that the railway companies are not going to get any of this trade, simply because the class of freight I am speaking of is not able to stand a 3,000-mile rail haul. The consumers and exporters in Vancouver can buy American goods, pay the duty on them and land them in Vancouver at a considerably cheaper rate than they can buy Canadian goods and ship them over the railways, without paying any duty whatever. As long as that condition continues, you will have a dissatisfaction in British Columbia that cannot be avoided, and you will have a widening of a certain amount of feeling that exists between the East and the West which the legislation of this Government, and more particularly this particular item, is hardening every month of the year and every year as the years go round. It may have bad effects in the future. If the people of British Columbia become accustomed to trading across the line, it is always more or less difficult to get the trade back again, even although you may have a steamship line from Montreal or St. John to Vancouver. Would it not be better that in the meantime Canadian manufactured goods should go to the customers of the manufacturers in British Columbia via the Panama Canal on British ships, even if they had to be shipped a couple of hundred miles on American railways to get them into New York in order to take advantage of the British line that sails from New York to Vancouver? There is the proposition.

The statements made by Mr. Turiff are entirely in accordance, not alone with our views, but our knowledge of the situation, and common sense indicates that he is absolutely right. During the year 1912 there was brought by steamers from Great Britain, Belgium and Germany to the ports of Victoria and Vancouver and New Westminster over 125,000 tons of freight. Had Canada the same cheap means of water transportation, she would have been able to secure a good share of this business. When the war is over this condition will recur unless the Government acts now and quickly, so that the Eastern manufacturers may forestall the coming of this same competition which we as business men foresee, by firmly establishing themselves in this market whilst the present golden opportunity is offering.

The New York customs officer is the first and only logical step in this direction. If there is anything further we can say to you that will assist you in carrying conviction to your colleagues we are prepared to answer any questions you may put, without bias on our part. We would, however, ask you to bear in mind what the result has been of the refusal of the Government to supply this customs officer. The merchants of British Columbia have been compelled to import hundreds of American commodities to the distinct loss of the manufacturers in the East, and all that pertains to the production of goods from the raw material to the finished article. It has compelled our mines and our logging camps and fisheries to use American goods in place of Canadian. It has enabled the Americans to become established in this market and work up a connection with us that will be hard to sever, whilst our Canadian manufacturers were obliged to sit down with their hands tied in our own country and pass the trade by because the Government refuses to provide an obvious and simple remedy.

Supposing it is possible that some portion of the merchandise which could only come from Canada in any case would, by shipping from New York at lower freight rates, deprive the railways of some business, has the Government in any case a right to handicap our industries by refusing to give them the opportunity of using the same cheap means of obtaining their supplies as their American competitors enjoy?

We know that it is not possible to produce lumber on this side of the line at as low a cost as in the State of Washington, and if our industries are to be developed it is necessary that everything possible should be done to enable them to bring the material in by the cheapest possible route, especially by such a route as is open to their stronger competitors across the border. We have only dealt with this question as relating to the importer and manufacturer, as it has worked out in actual practice, but of almost greater importance is the question of exportation of goods manufactured in British Columbia.