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THE SENATE OF CANADA

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Report of the Special Committee appointed to Inquire
into Conditions Responsible for the Routing
of a Large Portion of Canadian Export
Trade via American instead
of Canadian Ports

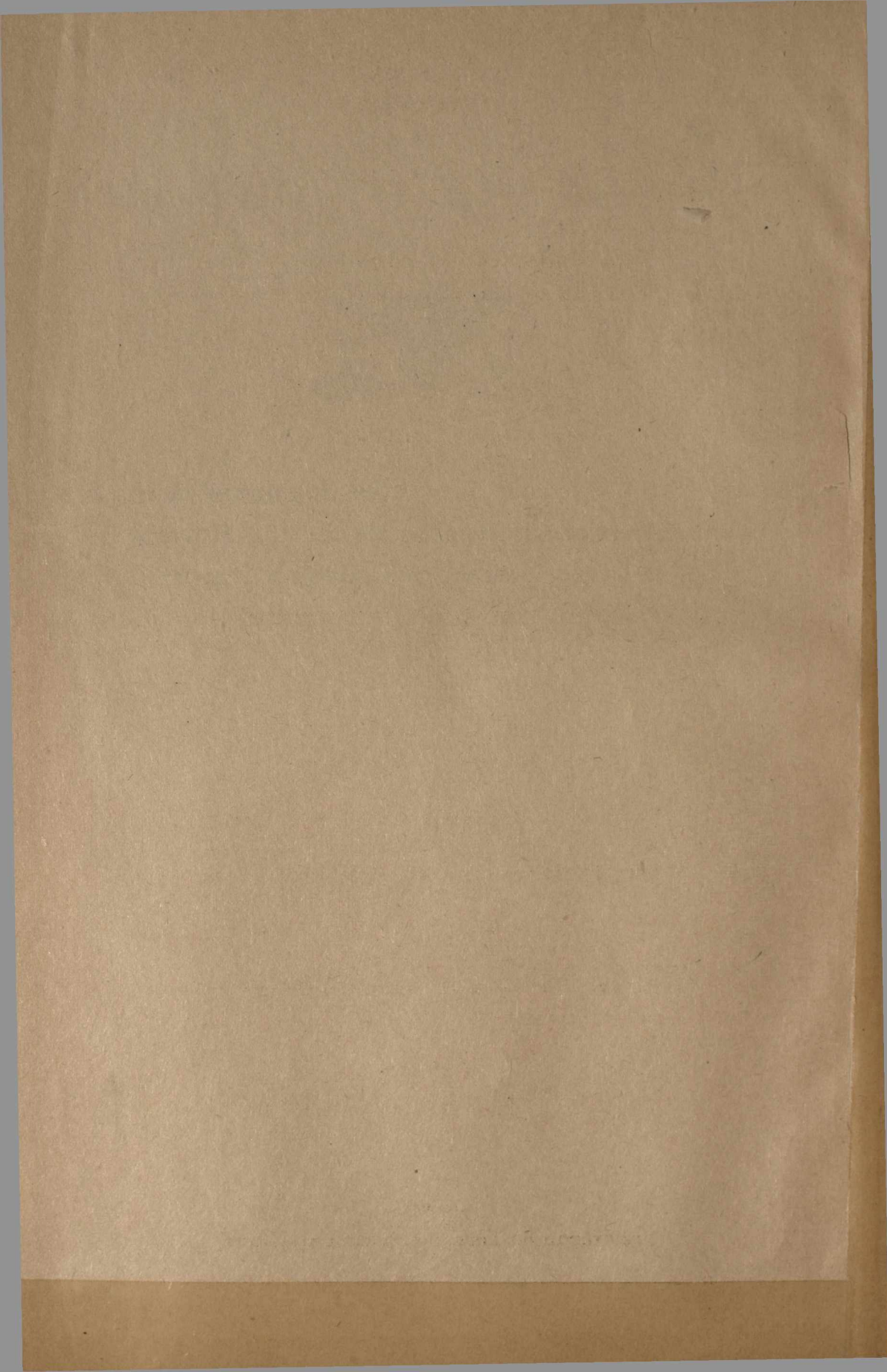
TOGETHER WITH

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The Honourable D. O. L'ESPERANCE, Chairman

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ORDER OF APPOINTMENT

EXTRACT from the Minutes of Proceedings of The Senate, April 13, 1921:—

“On Motion of the Hon. Mr. L’Esperance, it was

ORDERED, That a Special Committee of fourteen Members of the Senate, be appointed to inquire into and report, at this Session, upon the conditions which are responsible for a large portion of our export trade (more especially the products of the West), to be routed via American instead of Canadian ports; that such Committee shall have power to call for persons and papers; and that such Committee do consist of the Honourable Messieurs Casgrain, Tessier, Watson, Turriff, Nicholls, McCall, Willoughby, Thompson, Chapais, Webster (Stadacona), Bennett, Tanner, Todd and the Mover.”

ELECTION OF CHAIRMAN

EXTRACT from the Minutes of Proceedings of the Special Committee, April 14, 1921:—

“On Motion of the Hon. Mr. Watson, the Hon. Mr. L’Esperance was elected Chairman, and took the Chair.”

INTERIM REPORT

COMMITTEE ROOM No. 368,

May 25, 1921.

The Special Committee of the Senate, appointed to inquire into and report at this Session upon the conditions which are responsible for a large portion of our export trade being routed via American instead of via Canadian ports, beg leave to make their Third Report as follows:—

Up to the present time your Committee have not had sufficient time to thoroughly study the evidence collected, and in view of the early termination of the Session, will not be prepared to submit recommendations during the present Session.

Your Committee beg to recommend that they be empowered to consider and prepare during the recess of Parliament a report to be submitted at the next Session

All which is respectfully submitted.

D. O. L’ESPERANCE,

Chairman.

(Report adopted by The Senate, May 27, 1921.)

EXTRACT from the Minutes of Proceedings of The Senate, March 24, 1922:—

“On motion of Honourable Mr. L’Esperance, it was

Ordered, That a Special Committee be appointed to inquire into and report, at this Session, upon the conditions which are responsible for a large portion of our export trade (more especially the products of the West), to be routed via American instead of Canadian ports; and that such Committee shall have power to call for persons and papers; and that such Committee do consist of the Honourable Messieurs Casgrain, Tessier, Watson, Turriff, Kemp (Sir Edward), McCall, Willoughby, Thompson, Chapais, Webster (Stadacona), Bennett, Tanner, Todd and the Mover.”

ELECTION OF CHAIRMAN

EXTRACT from the Minutes of Proceedings of the Special Committee, March 31, 1922:—

“On Motion of the Hon. Mr. Webster (Stadacona), the Hon. Mr. L’Esperance was elected Chairman, and took the Chair.”

FINAL REPORT

THE SENATE,

COMMITTEE ROOM No. 262,

Friday, 9th June, 1922.

The Special Committee of the Senate, appointed to inquire into the diversion of the Export Grain Trade of the Prairie Provinces to American instead of Canadian Seaports, opened its sessions on the 20th of April, 1921.

The witnesses examined were:—

- Thomas Harling, Steamship manager, Montreal.
- Charles A. Hayes, Vice-President, Canadian National Railways.
- P. J. Horning, Dominion Bureau of Statistics.
- W. B. Lanigan, General Freight Traffic Manager, C.P.R.
- Dr. Robert Magill, Secretary Winnipeg Grain Exchange.
- J. W. Norcross, President Canada Steamships Lines.
- J. A. Richardson, Grain Exporter, Kingston.
- J. S. Royer, of J. B. Renaud Company, Quebec.
- J. G. Scott, Chairman Transportation Committee, Board of Trade, Quebec.
- Geo. Stephen, Traffic Department, Canadian National Railways.
- Brig.-Gen. Tremblay, Harbour Commissioner, Quebec.
- W. A. Warne, Dominion Bureau of Statistics.
- D. O. Wood, General Foreign Freight Agent, C.N.R.

The evidence submitted to the Committee establishes the fact that at least half, and some witnesses affirm as much as 80 per cent, of the wheat raised in the Prairie Provinces and exported overseas, is so exported through United States seaports.

The Quebec Board of Trade submitted a copy of a Memorial which they had presented to the Railway Commission, at its session in Quebec on the 3rd February, 1921, according to which, as stated in Government reports, the movement of all grain, by water, from Fort William, during six years, from 1912 to 1918, was as follows:—

to Canadian lakeports.	577,888,581 bushels.
to Buffalo and other U.S. lakeports.	518,762,749 “
Total.	1,096,651,330 “

and the Memorial further stated that of the 577 million bushels shipped to Canadian lakeports, probably two-thirds were for the use of Canadian flour mills and a large quantity for seed grain in Ontario and Quebec, so that the quantity exported overseas from Canadian seaports was very small. The great bulk of the 518 million bushels sent through Buffalo was for export, because the quantity of Canadian wheat consumed in the United States is very limited, owing to the heavy customs duty.

All the witnesses examined seem to admit that this diversion of our export trade had taken place and gave various reasons for it which may be summarized as follows:—

(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."

Mr. Thomas Harling, of Montreal, said that he had used the port of Quebec as well as Montreal, and that Quebec is open in the fall for six weeks longer than Montreal, but the marine insurance rates from the St. Lawrence go up in the autumn until they reach a figure 50 per cent dearer than New York.

Mr. J. A. Richardson, of Kingston, said that he ships grain from Montreal as well as New York and has shipped some from Quebec. He thinks that a better cable service would help the Canadian grain trade, and that he could arrange ahead for sales and shipments through Quebec if a better rate of inland freight were quoted. He claims that wheat of Canadian inspection is worth three cents per bushel more in England.

Brigadier-General Tremblay, member of the Quebec Harbour Commission, recalled the fact that the Transcontinental railway from Winnipeg to Quebec—1,350 miles—is 200 miles shorter than any other line, and has maximum grades of four-tenths of one per cent, making it possible to haul as many as eighty loaded cars. He figured that wheat could be carried from Winnipeg to Quebec, including the cost of hauling back all the cars empty, at a cost of 18 cents per bushel, from which should be deducted the earnings on any freight carried westward.

Dr. Magill, secretary of the Winnipeg Grain Exchange, says in his evidence that in order to ship wheat all rail from Winnipeg it would be necessary to build an assembling point, or storage, somewhere on the line of the railway, and he did not think Quebec a suitable point, because doing so would mean to give up the Canadian flour mill market and the American market, and to limit the owner of the grain to the export market.

Mr. J. G. Scott, Chairman of the Transportation Committee of the Quebec Board of Trade, said that when he was General Manager of the Great Northern Railway of Canada, he brought wheat in large quantity over that road and the Canada Atlantic, in conjunction with Mr. J. R. Booth and M. E. J. Chamberlain, from Parry Sound to Quebec, 550 miles, for five cents per bushel, handling as much as three million bushels per annum for three years, 1901 to 1903. Referring to the Memorial of the Quebec Board of Trade, as to using the Transcontinental, he figured that, roughly speaking, Canada had paid \$40,000,000 to \$50,000,000 to American railroads for carrying our grain from Buffalo to New York—518 million bushels during six years—that might have been spent in Canada, if it had been possible to export that grain from Canadian instead of American seaports. In his opinion the only way to get this trade back is for the Government to make a radical cut in the all rail rate over the Transcontinental railway from Winnipeg to Montreal and Quebec, with low rates to Halifax and St. John, use the Government steamships to carry the grain, adjust the marine insurance rates, and provide grain storage at our seaports. According to his figures, 20 cents per bushel would be a profitable rate to bring wheat over the Transcontinental railway from Winnipeg to Quebec, and if that rate were made the trade would have to come, and doing so would not affect the Georgian Bay ports, nor the lake trade of Canadian vessels, as the competition would be only for the trade that now goes to New York. He quoted the Chairman of the Railway Commission, Mr. Carvell, as having told the Board of Trade, in Quebec, that if he granted them the 20 cents rate they asked for “the Eastern Canada seaports would be flooded with grain.”

Honourable Mr. W. H. Bennett, after closely following the whole inquiry, has expressed his views on the subject as follows:—

“The Dominion of Canada is now the owner, or will be under the arrangement with the Grand Trunk Railway Company, of two lines of railway from the Georgian Bay at Midland and Depot Harbour to Montreal, as also a line from Collingwood to Montreal. From the above three ports on the Georgian Bay for many years there has been carried large quantities of Canadian grain from Fort William to Montreal for export trade and at the same ports in addition from Chicago, Duluth and other

American ports, large quantities of American grain has been routed. Of the latter (American grain) some has been exported and also some distributed by rail through the Eastern and North Eastern States. With the closing of Montreal in the winter months grain from the above Georgian Bay ports has been carried to Montreal and from thence over the Grand Trunk System to Portland.

"This plan of carriage is particularly favourable to Canada in respect of the Canadian grain from Fort William to Canadian ports, ensuring the carriage by water to Canadian vessels under the coasting laws between Canada and the United States, and from this point is highly desirable as fostering the shipping interests of Canada. While the winter trade to Portland is not as desirable as if that port was a Canadian port, in view of the fact that the railway from Montreal to Portland belongs to Canada it gives additional trade to federal railways which would otherwise be diverted (with Montreal closed) to Buffalo and to New York and other Atlantic ports.

"The advantage of lake transit from ports at the head of the Great Lakes (both American and Canadian) to Georgian Bay ports, rather than to Buffalo, is manifest, and every advantage should be taken of this to induce grain to follow in this channel for the advantage of the carrying of grain and other products by Canadian channels.

"In addition to the above national railway ports on the Georgian Bay, there is also the important point of shipment, Port McNicoll, from whence the Canadian Pacific Railway carry the bulk of the grain through Canada, which they deliver at Montreal for export during the summer months, and after the closing of that port carry on to St. John, New Brunswick. The hauling of grain has reached large proportions at Port McNicoll, as not only is grain consigned there from Canadian ports at the head of Lake Superior, but also American grain from Chicago, Duluth, etc. The trade at Port McNicoll in 1921 reached a volume of some 70 million bushels, and in addition a very great quantity of flour.

"The alarming quantity of Canadian products exported via American Atlantic ports should be diminished to the greatest possible extent, and carried by Canadian systems of water and rail transport."

The views of other members of the Committee, who are especially concerned with such conditions which have been so detrimental to the Transcontinental Railway and the Montreal and Quebec harbours, might be summed up as follows:—

"Navigation can remain open and is safe on the St. Lawrence river as late as January every year.

"Since the first aim of the Federal Government must be to secure better freight return on the Transcontinental Railway in order to reduce its huge railway deficit, a more reasonable and inviting rate should be quoted from Winnipeg and other shipping points along the line, so as to have the largest possible quantity of grain sent through Quebec until the closing of that port in January, and then on to St. John and Halifax.

"In accordance with the evidence given before the Committee by Mr. C. A. Hayes, a rate considerably lower than the present rate could be quoted and the Transcontinental Railway would still be making money out of it.

"Since over \$25,000,000 have been spent in improving the navigation in the St. Lawrence river and making it as safe as possible at all times from Father Point to Quebec and Montreal, the Government should take the means of securing a substantial reduction in insurance rates from Lloyds and other Marine Insurance Companies, and of putting an end to the extra and prohibitive rates actually enforced."

CONCLUSION

After careful consideration of all the evidence submitted, your Committee is of opinion that there exists a most serious condition of affairs, with regard to the diversion of the Western grain trade to New York and other United States seaports, for export. There seems to be no doubt that two-thirds, and probably four-fifths

of that trade takes that route, and that we are paying many millions annually to United States railways, lake carriers and elevators, that would be earned by our own railways and train men, if it were possible to export this grain at Canadian seaports. Since this evidence was taken, and at the present writing Government statistics show that the diversion still continues, and that of the bountiful crop of 1921 no less than 99 million bushels of wheat went from Fort William to Buffalo.

After all the sacrifices that Canada has made in building three transcontinental railways, it is impossible that we should go on allowing our seaports to be deprived of their legitimate traffic, to obtain which our people have been and are being so heavily taxed. A persistence in this policy must inevitably lead to serious dissatisfaction not only in Quebec and in the Maritime Provinces, but also amongst the farmers of the Northwest, who will soon realize that these hostile railway tariffs are imposing a burden upon them which they are not called upon to bear.

It may be, as some of our railway witnesses have suggested, that a reduction in the rate upon grain to our seaports might lead to reprisals and corresponding reductions on the part of United States railways which have been handling so large a share of this traffic. It cannot be injurious to our own railways, because it is an export traffic which practically they are not getting.

In any case such reprisal would certainly benefit the Western farmer, and your Committee feel that it is their duty to report that they recommend that the petition of the Quebec Board of Trade, as stated in the Memorial of that Board to the Railway Commission, dated 3rd February, 1921, hereto attached, be granted, and that the Government be advised:—

(1) To cause rates to be granted upon export grain over the Canadian National railways to Quebec, Montreal, Halifax, St. John and Vancouver, such as would develop trade through the above ports.

(2) As a corollary to the recommendation in paragraph one that necessary elevator accommodation should be provided by the Dominion at Canadian ports.

(3) To arrange with the Marine underwriters or others in such a way that the marine insurance rates from Canadian seaports be as cheap as from United States seaports.

This Committee recommends that 2,500 copies of this report be printed and also 400 copies of the evidence adduced before the said Committee, and that Rule 100 be suspended in so far as it relates to the said printing.

Respectfully submitted,

D. O. L'ESPERANCE,
Chairman.

MEMORIAL TO THE BOARD OF RAILWAY COMMISSIONERS OF CANADA BY THE QUEBEC BOARD OF TRADE

QUEBEC, February 3, 1921.

To the Hon. F. B. Carvell, Chairman, and the Commissioners of the Railway Commission at Quebec:

Gentlemen,—The Quebec Board of Trade would respectfully bring to your attention the following questions in connection with the freight rates in which the city and district of Quebec are concerned.

We may premise by saying that since the completion of the Transcontinental Railway by the Government, the railway freight rates between Quebec and Winnipeg and western points have been the same as those charged from Montreal. This is a little to our disadvantage, because the distance from Quebec to Winnipeg is only 1,350

miles by the Transcontinental Railway, being 61 miles shorter than the distance from Montreal to Winnipeg by the C.P.R., and 108 miles shorter than from Montreal by the C.N.R.—another division of the Government Railway System. However, our position is better than it was before the Quebec Bridge was completed, when our merchants had to pay ferriage on their goods crossing the river. So, we do not complain at being put on the same footing as Montreal for Winnipeg business.

When the National Transcontinental Railway was undertaken in 1903, we were told that its construction would result in cheaper rates of freight to and from the Prairie Provinces, owing to competition, and that the danger of the diversion of the export grain trade of those provinces to New York via Buffalo, which then menaced, would be averted, owing to the ability of this road, through its shortening in distance and better grades, to carry the grain all rail to Quebec cheaper than could be done by the rail and lake route to New York, or to Montreal.

A reference to the Hansard for 1903 will show that this was promised in Parliament by members speaking for the Government.

The contract made between the Government and the Grand Trunk Pacific Railway, embodied in the Statutes of 1903, provided that the railway company should influence all its traffic possible to Canadian ports for export, and should keep constantly at the Canadian seaports of its line a supply of ocean tonnage to handle all the goods offered the railway for export.

The Government Engineer in charge of the construction of the railway under the Borden Government—Major Leonard, C.E.—wrote to the Quebec Board of Trade on October 15, 1913, stating that the Transcontinental Railway is 214 miles shorter from Winnipeg to Quebec than the Canadian Pacific, and that its grades are so good that its freight trains will be able to carry 1,780 tons of lading, as compared with 940 tons by other roads.

On September 2, 1913, the late W. A. Marsh, President of the Quebec Board of Trade, wrote to Sir Robert Borden, stating that in order to handle the grain trade, to be brought over this road continuously, winter and summer, it would be necessary to have grain storage for ten million bushels at each of the seaports of Quebec, Halifax and St. John; Montreal being already fairly provided for.

In 1910, it was agreed by notarial contract that the Government would expend two millions or more on terminals on the water front of the city of Québec in Champlain ward, and the timber was actually purchased and delivered at Quebec for carrying out this work, in part. In view of this and other promises and evidences of good faith, the city of Quebec gave to the Government, for a nominal sum, for the terminals of this railway, a deep water front property, the Champlain Market, worth about two millions, and allowed the Government railway authorities to destroy a building thereon worth a quarter of a million.

In 1913, the Hon. Mr. Cochrane, then Minister of Railways, after examining these terminal properties, promised that the ten million bushels elevator asked for by the Board of Trade would be built at Wolfe's Cove, on ground forming part of a large area of deep water frontage, about three miles in length, purchased by the Borden Government for terminals for the Transcontinental Railway, containing about twelve million superficial feet, and not yet made use of.

Nothing has been done towards fulfilling any of these agreements and promises, and against the thirty million bushels of storage suggested by our Board for Quebec, Halifax and St. John, we only have a small elevator of two million bushels, erected by the Quebec Harbour Commission.

In 1916, when the Transcontinental Railway was completed, except as to terminals, Mr. Cochrane made an effort to redeem the promises made us as to the grain trade, and the Traffic Manager of the Transcontinental Railway, Mr. C. A. Hayes, made a special rate of freight of six cents per bushel upon export wheat from Armstrong (equidistant with Fort William from Winnipeg) to Quebec.

The effect was instantaneous. Quite a number of steamers were loaded in Quebec, that year, with Manitoba wheat, and it looked as if the promises to send us the grain trade over this new railway were about to be redeemed.

But although the new Minister of Railways, Dr. Reid, declared in Parliament, at the time, that the six cent rate had been profitable to the railway—a statement which he somewhat qualified last year—the special rate was cancelled and raised to an impossible figure, and not a bushel of grain has come over the Transcontinental for export since 1916.

The recommendations of the Board of Trade to the Government to put storage for 30 million bushels at Quebec, Halifax and St. John were not acted upon. But increased storage; on a very great scale, was built in the central provinces and at the head of the great lakes. So that there is now storage for 200 million bushels at these points, and for less than 20 millions at Canadian seaports.

The consequence has been, as might have been expected because 200 will not go into 20, that as soon as the grain began to move it had to find another outlet, and the surplus, after filling the Georgian Bay elevators, went to New York and Portland for export, as will be seen from the following figures, taken from Government reports, showing the destination of all grain shipped by water from Fort William during six years:—

GRAIN OF ALL KINDS

Crop Year	To Canadian Lake Ports Bushels	To United States Lake Ports Bushels	Total
	1912-13..	96,175,742		55,438,492	151,615,234
1913-14..	94,525,881	93,447,490	187,973,371
1914-15..	73,226,138	27,848,221	101,074,359
1915-16..	127,975,297	192,588,364	330,563,661
1916-17..	97,171,121	102,258,527	199,429,648
1917-18..	78,814,408	47,181,655	125,996,063
Total..	577,888,581	518,762,749	1,096,651,336

So that during these six years, 577 million bushels went to Canadian lake ports, and 518 million bushels went to Buffalo for export via New York. But it must not be supposed that the 577 million bushels sent to the Georgian Bay and Port Colborne elevators were for export at Canadian seaports. On the contrary, as you are of course aware, probably two-thirds of that quantity went to Canadian flour mills to feed our own people, and as these elevators are almost as conveniently situated for shipment to New York and Portland as Buffalo is, a great deal of the remainder must have gone by rail to U.S. seaports, a small quantity to Montreal and St. John for export, and a good deal used for seed grain in Ontario and Quebec.

The crops of 1918 and 1919 were small, so that after sending to Canadian lake ports what was wanted for consumption in Canada, there was not much left for export via Buffalo.

In 1920, we have had a good crop, and the Prairie Provinces seem to have a large surplus for export. But this surplus is again taking the route via New York, to the detriment of Canadian seaports. This is proved by the fact that since that the new crop began to move, over 90 million bushels* of grain have been shipped by water from Fort William to Buffalo since 1st September last, and also by the active export of grain from Portland this winter, and by the fact that, notwithstanding the good crop of this year, the movement of wheat through the Welland canal shows a decrease of over six million bushels.

The Quebec Board of Trade would respectfully point out to your Commission that this method of handling the export trade of Western Canada is simply disas-

*These figures are subject to revision. An Ottawa despatch to the *Montreal Gazette* puts the figure at 94 million bushels. Another report makes it 48 to 53 millions.

trous to the country. Senator Bennett, in a recent speech in Parliament, stated that the use of the lake route had been very injurious to Canadian interests, and that 80 per cent of the export grain trade of the central provinces is being sent to New York. The Government statistics seem to confirm this unexpected and alarming result of our having built three transcontinental railways, at enormous expense to the country. Not only are our seaports deprived of the benefit of handling this trade, and the western farmer disappointed in not obtaining reduced freight rates on his grain, but it may be safely asserted that, during the last eight years, Canada has paid over fifty million dollars of freight money to United States railways and United States lake vessels that would have been expended in wages and supplies in our own country, if this grain had been carried all rail through northern Canada to Canadian seaports. Is it not possible that this disastrous result may have had something to do with our dollar being worth only 85 cents to-day?

If the recommendations made by our Board of Trade to the Government in 1913, to build 30 million bushels of storage at our seaports, and to make a low rate of freight upon export wheat over the Government railways, had been adopted, is it not likely that the result would have been far different, and that Canadian seaports would to-day be enjoying the benefits of a continuous flow of grain to their elevators, just as is the case in the Baltic, where the Russian and Polish railways carry a continuous stream of wheat to the ports of Riga, Memel and Dantzic, where it is stored even in winter until the steamships come to take it away?

The inducements to ship via New York are the bountiful supply of ocean tonnage and the fact that marine insurance rates from Canadian seaports are higher than from New York, and increase in the autumn and winter.

The Government have recognized that in taking over the Transcontinental and Grand Trunk Pacific railways, they have inherited the contract obligations of the latter company to have always at Canadian seaports a plentiful supply of ocean tonnage. So they have built a fleet of sixty or more ocean steamers to facilitate Canadian trade. But, unfortunately, these steamers, instead of being run from Quebec, the only seaport reached by the Transcontinental Railway over its own rails, are berthed at Montreal, where they are no doubt doing excellent service to the Canadian Pacific and Grand Trunk, in handling their export traffic, but it is doubtful whether much of their cargo comes over the Government railways, whose traffic they were built to promote. If they offered a lower rate of ocean freight from Quebec than New York offers, Canada would get the business, and that was manifestly the intention of the agreement between the Government and the Grand Trunk in 1903.

The obstacle of excessive marine insurance remains to be overcome. It should not exist. It is a relic of the days of sailing vessels, when ships were caught in floating ice, which forms no obstacle to steamers, and when the St. Lawrence and maritime ports had not been made safe to navigation, as they are to-day, owing to the generous expenditure of the Government of Canada in dredging, in lighthouses and in ice-breakers, docks, etc. The marine insurance rates from Quebec are 10 per cent cheaper than from Montreal, and St. John and Halifax enjoy even better rates. But they are still excessive, compared with New York, and the Quebec Board of Trade have urged the Government of Canada to take up this question with energy, and, by guarantee to the underwriters, or otherwise, have the rates to and from all eastern Canadian seaports made the same as those of New York. We feel confident that the Government would not lose any money in doing so, and it would turn the trade to our ports. Our position in this matter has been unanimously endorsed by the recent convention at Toronto of the Chambers of Commerce of the British Empire.

It is contended by some of the railways that a serious objection to the hauling of wheat, all rail, from Manitoba to Quebec, is the excessive number of cars that would have to be employed, three-fourths of which would have to be hauled back

empty. But is not this difficulty somewhat exaggerated? Does it not actually exist, under the present method, almost to the same extent? A large number of cars have to be employed in this traffic between the wheat fields and Fort William. But a very great number have also to be employed between the Georgian Bay and Port Colborne elevators and the seaports of Canada and the United States. And both sets of cars are subject to the extra delays incident to the double elevating at Fort William and Georgian Bay, and are equally subject to having small return loads.

By the railway tariffs now in force, we understand that, it costs 32 cents per bushel to carry wheat from Winnipeg via Fort William and the lake route and Buffalo, to New York; also, that it costs 36 cents, all rail, from Winnipeg to Quebec. The Quebec Board of Trade have a report from its Transportation Committee, details of which are hereto annexed, stating that it should be possible to carry wheat, all rail, over the Transcontinental Railway, 1,350 miles, from Winnipeg to Quebec, with a margin of profit, and after providing for the cost of hauling back three-fourths of the cars empty, for about 17 cents per bushel. And the possibility of this would seem to be proved by the fact that, some years ago, export wheat was hauled from Parry Sound to Quebec, 550 miles, for 5 cents per bushel, and by the fact that the present tariffs cover a rate of 12½ cents from Goderich to Halifax, a distance of 1,305 miles, over roads having one per cent grades, as compared with four-tenths grades on the Transcontinental.

Even if it should be proved that 17 cents is too low a figure to allow a reasonable profit to the other railways, owing to their grades and longer mileage, would it not be wise for the Government to make a special case for the carrying of wheat over the Government railways to Canadian seaports? The margin between 17 cents and the 32 cents which it is now costing the farmer of Manitoba to send his wheat to New York is a very large one. And if a low rate of freight were made, even upon export wheat alone, it would be a great encouragement for the new settlers to go to the Prairie provinces.

On the line of the Transcontinental Railway, where many people thought there would never be any population, owing to its northerly location, new settlers have been pouring into the Abitibi district, in this province, in such numbers that there are now 15,000 there. These brave pioneers, whose work in clearing homes for themselves in the forest is going to create a chain of settlements between Quebec and Winnipeg, uniting the West to the East, is worthy of all admiration, have made vast quantities of freight for the Government railway in clearing their farms, in the shape of pulp wood and in the sawn lumber made at the numerous saw mills they have established which have a capacity of sixty million feet. They complain of the freight rates charged by the railway, which they say amount to about \$10 per cord on their pulp wood from Abitibi to Three Rivers and to about \$9 per cord from Abitibi to La Tuque. As the wood is only worth about \$16 per cord when delivered at La Tuque, it will be seen how little is left for the poor settler for his labour and material. We would ask you to consider whether it would not be possible to reduce these freight rates.

To sum up, the Quebec Board of Trade would respectfully request that the Railway Commission will be pleased to enact:—

1. That a special rate of freight be immediately put into force upon export wheat over the Transcontinental Railway by the Government, from Winnipeg to Quebec, at least three cents per bushel cheaper than the rail and lake rate from Winnipeg to New York, so as to endeavour to put a stop to the alarming diversion of our western trade to New York. We would suggest that the rate should not exceed 20 cents per bushel to Quebec with proportionate rates to Halifax and St. John, and that it should be freely advertised in the Northwest.

2. That special rates should be made on the carriage of pulp wood over the Transcontinental Railway from the Abitibi district, consistent with a fair profit to the railway.

3. That the management of the Government Railways be ordered to put a share of new engines and cars, recently purchased by the Government, into service on the division between Quebec and Cochrane, in proportion to mileage, instead of the second hand equipment now exclusively in use on that division, and that the through service from Quebec to Winnipeg be properly advertised and its trains as well equipped as those between Toronto and Winnipeg.

4. That the time table of the Intercolonial Division be so arranged that passengers from Halifax to Winnipeg may take advantage of the 200 miles shortening in distance offered by the Transcontinental, via Quebec.

5. That the petition of the Quebec Harbour Commission asking that Quebec be put on the same basis as Montreal for grain freight from Georgian Bay points and for absorption of terminal charges as in Montreal, instead of being placed in the zone of Halifax, and St. John, be granted.

We would respectfully suggest that your Commission should take up with the Government the question of the propriety of your Commission having supervision over the rates of freight charged by ocean steamers, as we think was suggested by Sir Henry Drayton, some years ago. In that connection, we think that Quebec, Halifax and St. John should be entitled to a discount, as compared with Montreal, in proportion to the distance saved.

We would also ask your Commission to lend its influence in favour of the effort now being made by the Quebec Board of Trade to remedy the painful situation in which the large population of the Gaspé peninsula—nearly 80,000—now find themselves owing to defective railway service and the absence of cold storage and refrigerator car service, needed to give their fisheries which for two centuries have been amongst the most important in the world, an opportunity to furnish the cheap food of fresh fish to Canadian cities, and at the same time the fishermen of the Gaspé coast a fair price for his catch. He now gets one-fifth of the price earned by the fisherman at Prince Rupert, who has these facilities. Our suggestion is that the Dominion Government should take over the 200 miles of railway from Matapédia to Gaspé, which runs for its entire length within sight of the fishing boat, and make it part of the Government Railway System.

Respectfully submitted,

QUEBEC BOARD OF TRADE,

Per J. T. ROSS, President,

T. LEVASSEUR, Secretary,

J. G. SCOTT, Chairman of Transportation Committee.

QUEBEC, February 3, 1921.

THE COMMISSION OF THE TRANSCONTINENTAL RAILWAY, OTTAWA

OFFICE OF THE CHAIRMAN,

OTTAWA, October 15, 1913.

T. LEVASSEUR, Esq.,

Secretary Board of Trade, Quebec, P.Q.

Dear Sir,—I beg to acknowledge receipt of your letter of the 3rd instant, and would answer the questions you ask as follows:—

1. Distance, Quebec to Winnipeg via National Transcontinental Railway, 1,352 miles; distance, Quebec to Winnipeg via Canadian Pacific Railway, 1,566 miles.

2. Maximum virtual gradients between these points on the National Transcontinental Railway against east-bound traffic, do not exceed 4-10 of one per cent.

3. Our traffic department advises that the heaviest class of freight engines will haul east-bound on the Transcontinental Railway, Winnipeg to Quebec, about 1,780 tons net freight.

We are not advised what the gradients are on the various divisions of the Canadian Pacific Railway between Winnipeg and Montreal, but understand that the heaviest grades between these points are on the Lake Superior Division, where one per cent grades have been common, but these are now being reduced. A similar locomotive would haul 940 tons, net freight, over a 1 per cent grade.

4. It is difficult to compare accurately the cost of handling wheat over the routes mentioned by you, for the following reasons:—

Some divisions of the Canadian Pacific Railway are built to gradients to compare with the National Transcontinental Railway.

The bulk of the Canadian wheat shipments has, in the past, been trans-shipped for ocean carriage at Montreal, and doubtless a large portion of it will continue to be shipped from that port via the Canadian Pacific Railway.

The cost of operation depends largely upon the cost of fuel, and this Commission has not the necessary information at hand to compare these costs. It also depends largely upon the volume of traffic.

The lake freight rates you ask about vary from time to time very greatly, and I will have to refer you to vessel owners for this information.

Yours very truly,

(Signed) R. W. LEONARD,
Chairman.

REPORT SUBMITTED BY THE CHAIRMAN OF FREIGHT AND TRANSPORTATION COMMITTEE OF THE QUEBEC BOARD OF TRADE TO THE COUNCIL OF THE BOARD, AS TO THE COST OF CARRYING WHEAT FROM WINNIPEG TO QUEBEC

QUEBEC, December 17, 1920.

To the President and Members of the Council of the Quebec Board of Trade:

Gentlemen,—In the six years from 1912 to 1918, 1,096 million bushels of grain were shipped from Fort William by water.

Of this vast quantity, there was:

	<i>Bushels</i>
Sent to Port McNicholl, Port Colborne, Midland and other Georgian Bay ports, for the supply of all the flour mills in Eastern Canada, some subsequently shipped by rail to New York, Portland, etc., for export, and a small quantity to Montreal and St. John.....	578,000,000
And to Buffalo, the greater part sent thence to New York and other United States seaports, for export	518,000,000
Making a total of	1,096,000,000

The quantity sent *all water* to Montreal was limited owing to the limited draught of water in the canals.

In 1918, and 1919, the harvests in the West were poor and there was very little left for export, after supplying through the elevators of the Georgian Bay ports and Port Colborne, the needs of the eastern flour mills, to feed the people of Canada.

In 1920, we have had another good harvest in the West and the surplus wheat is again being exported by Buffalo and New York, to the detriment of Canadian seaports. The quantity already sent by water from Fort William to Buffalo this year is about 53 million bushels,* of which it is estimated that 4½ million to 10 million bushels will be used by United States flour mills, and the balance is being exported from New York to Europe.

*Later reports say that the quantity has been 94 million bushels.

The Transcontinental was built for the purpose of putting a stop to this diversion of our western trade to United States seaports, and to conserve it for Canadian seaports.

When that railway was finished in 1916, and taken away from the Grand Trunk by the Government, the Government Traffic Manager, Mr. C. A. Hayes, made a freight rate of six cents per bushel from Armstrong to Quebec, upon wheat for export. Armstrong is a station on the main line of the Transcontinental Railway, the same distance from Winnipeg as Fort William is, and was selected for that reason.

The effect was immediate. Six large steamships were loaded at Quebec, and the Minister of Railways stated in Parliament that the rate of freight was profitable for the railway.

Very shortly afterwards, this special rate of freight was cancelled, and no more grain has come over the Transcontinental Railway. The Minister of Railways stated this year in Parliament that he was mistaken in stating, in 1916 that the rate of six cents per bushel was profitable to the railway, and that it is impossible for railways to compete with water for the carrying of grain. The rate upon export wheat from Armstrong to Quebec has now been raised to 25 cents per bushel, or *four times* what it was thought necessary to charge in 1916.

This rate is, of course, prohibitory and has had the effect of driving the trade to Buffalo and New York, as any one could have foretold. Montreal does not get it.

The routing of grain by the lake vessel via Fort William, as compared with the all rail rates via Armstrong to Quebec, favours New York, as follows:—

TO NEW YORK	
	Per Bushel Cents
Rail Freight, Winnipeg to Fort William 19c. p. 100..	11
Elevating Fort William..	3
Insurance (marine) on Lakes..	13
Elevating Buffalo..	3
Steamer Fort William to Buffalo..	6
Rail freight Buffalo to New York..	12
	<hr/>
Total..	32

TO QUEBEC	
	Per Bushel Cents
Rail Freight, Winnipeg to Armstrong..	11
Rail freight Armstrong to Quebec..	25
	<hr/>
1,350 miles for..	36

The saving of 4 cents per bushel on the freight and the advantage of constant ocean tonnage at New York, together with lower marine insurance to Europe, all combine to make it impossible for Canadian ports to compete with New York under these circumstances.

But the Transcontinental was built for the express purpose of counteracting this terrible menace to Canadian trade, and it has already demonstrated its ability to do so, by carrying export wheat from Armstrong to Quebec—960 miles—for 6 cents per bushel in 1916.

Of course the cost of operating railways has increased very largely since 1916. The report of the Minister of Railways shows that the cost of operating all the railways of Canada has increased in four years to the extent of 57 per cent.

But, even if we do not consider the additional tonnage hauled per train, and add 100 per cent, to the 6 cents rate made by Mr. Hayes four years ago, from Armstrong to Quebec, and make it 12 cents, and add a proportionate rate for the 390 miles from Winnipeg to Armstrong, the through rate from Winnipeg to Quebec, 1,350 miles,

would be only 17 cents. How then can the Government justify charging 36 cents, with the result of turning our trade to New York, depriving our seaports of their legitimate business, imposing an unnecessary load of 15 cents per bushel upon the farmer of the Northwest, and depriving our trainmen of the wages they would earn in carrying this grain over a Canadian railway instead of paying those wages to the crews of American lake boats and American trains?

The Government should not be bound by custom nor by the wishes of other railways. It suits the C.P.R. and the Grand Trunk to have this traffic go by water from Fort William to their big elevators at Port McNicoll and Midland, where it is in a convenient position to be reshipped to New York, Boston and Portland over their own or affiliated lines.

The Government is not in the same position. Their duty is to favour the Western farmer and Canadian seaports, and the weapon in their hands, in this great railway and Government steamships, would enable them to do so, at a great saving of money to the people.

J. G. SCOTT

Chairman,

Transportation Committee, Quebec Board of Trade.

As far as the port of Quebec is concerned, our only hope of obtaining a share of the grain trade, is through the Transcontinental Railway, which shortens our distance between Quebec and Winnipeg by 214 miles.

It is idle for us to expect that any share of the grain coming by water from the Great Lakes will come to Quebec. Why should it pass Montreal, where ocean vessels can be had as cheaply and far more frequently than at Quebec?

The same thing applies to grain from the elevators at the Georgian Bay ports. The railways may be induced to quote the same rate of freight to Quebec as to Montreal, but their influence and their interest will always be against incurring the necessary expense of 170 miles of extra rail haul.

WHEAT TRANSPORTATION

MEMO as to the probable approximate cost of carrying wheat from Winnipeg to Quebec over the Transcontinental Railway—1,350 miles.

Maximum grade 4-10 of 1 per cent or 21-1-8 feet per mile.

Train load, 50 cars of 1,200 bushels, or 60,000 bushels.

Government reports show that the cost of freight trains in the year 1905, when this policy was decided in Parliament, in the year 1913, preceding the war, and in the year 1918 when the war was over, and the cost of wages and fuel had so greatly increased, was as follows:—including share of all general expenses and other items of cost of operating:

Year	Cost per Train Mile	Load per Freight Train
1905	\$1 21	260 tons
1913	1 60	342 "
1918	2 49	457 "

So that in the 13 years between 1905 and 1918, the cost per train mile had increased 100 per cent, or about 8 per cent per annum, and the load carried per freight train had increased 75 per cent.

His statement is as follows:—

MEMO. *re* APPROXIMATE COST OF HAULING WHEAT FROM WINNIPEG TO QUEBEC VIA N. T. RAILWAY

DISTANCE.—Winnipeg to Quebec, 1,350 miles.

GRADES.—Maximum grades 0.4 of 1 per cent except on a comparatively small section where grades are heavier.

TRAIN LOADS.—60 cars with an average capacity of 1,000 bushels give 60,000 bushels of wheat. (60,000 bushels of wheat weigh 1,800 tons.)

COST PER FREIGHT TRAIN MILE.—From Interstate Commerce Commission operating statistics for the ten months ending October, 1920, the cost of a freight train mile over large steam main roads in the United States varies from a maximum of \$2.44 to a minimum of \$1.57, and the average cost of a freight train mile is given as \$1.99.

The above figure, namely \$1.99, covers personnel on the train, fuel, locomotive repairs, engine house expenses, etc., that is all expenses incurred in the running of a train. It does not cover administration expenses, maintenance of the line, maintenance of rolling stock nor profit.

Operating cost of freight train from Winnipeg to Quebec—1,350 miles at \$1.99	\$2,686 50
Cost of freight train returning to Winnipeg (cars empty)—1,350 miles at \$1.99	2,686 50
	\$5,373 00
Total cost of operating train—Winnipeg to Quebec, back to Winnipeg	
Allowance for maintenance of the line, maintenance of rolling stock and administrative expenses, 100 per cent of operating expenses. (Authority Mechanical Engineer's Handbook, page 1219, table 6)	5,373 00
	\$10,746 00
Total cost	
Total transportation cost per bushel of grain, $\frac{\$10,746}{60,000} =$	\$0.179 cts
Say 17 9-10 cents per bushel.	

NOTE.—In the above figures, trains are travelling back to Winnipeg empty; as no data can be found showing what freight would be available from Quebec westward. It is evident that a certain quantity of freight, probably increasing every year, would be available which would be a clear profit to the line, in excess to the profit made on wheat charges above 18 cents per bushel.

General Tremblay then adds the following observations on the subject:—

“The rate on grain from Georgian Bay ports, Midland to Halifax for example, a distance of 1,215 miles is 21.17 cents per 100 pounds, or say 12.7 cents per bushel (see Grand Trunk tariff C. K. 467). This rate applies over a variety of grades, sharp curvatures, congested track, expensive terminals and, at present, two systems. If the same basis were applied from Winnipeg to Quebec, a distance of 1,350 miles, the rate would be 14 cents per bushel over a non-congested, straight, low-grade track, which is now idle. This would save shippers, the extra elevation, handling and incidental grain losses at the lake ports, also any extra for the rail haul Winnipeg to Port Arthur, and most of the charge across the lakes. The Transcontinental would become the *saviour of the country*, instead of remaining a burden. The St. Lawrence route would be greatly strengthened, and Canadian grain would reach seaboard at less cost than elsewhere, which is very necessary in the present condition of the world's markets.”

SPECIAL COMMITTEE

TABLE OF DISTANCES BY RAIL

TORONTO TO WINNIPEG		Miles
Canadian Pacific Railway..		1,232
Canadian Northern Railway (via Port Arthur)..		1,309
Transcontinental Railway (via Cochrane)..		1,257
MONTREAL TO WINNIPEG		
Canadian Pacific Railway..		1,411
Canadian Northern Railway..		1,458
Transcontinental Railway (via Hervey Jct.)..		1,387
QUEBEC TO WINNIPEG		
Canadian Pacific Railway..		1,564
Canadian Northern Railway..		1,618
Transcontinental Railway..		1,350
OTHER POINTS		
Halifax to Winnipeg (via Quebec & Transcontinental)..		2,028
Halifax to Winnipeg (via Montreal & C.N.R.)..		2,300
Halifax to Winnipeg (via Toronto & Cochrane)..		2,432
St. John to Winnipeg (via Quebec)..		1,850
St. John to Winnipeg (via Montreal & C.N.R.)..		2,122
St. John to Winnipeg (via Toronto & Cochrane)..		2,254
St. John to Winnipeg (via Canadian Pacific)..		1,892
Goderich to Halifax (via Intercolonial)..		1,309
Port McNicoll to St. John (via C.P.R.)..		847
Midland to Portland (via G.T.R.)..		750

Quebec, February 3, 1920.

SPECIAL COMMITTEE ON ROUTING OF EXPORT TRADE

THE SENATE,

COMMITTEE ROOM No. 368,

20th April, 1921.

The Committee met at 10.30 a.m.

The CHAIRMAN: As you know, this Committee was formed especially to look into the question of export of our products from the west. At the present time over half the grain is going through American channels, and what this Committee wants to find out is why our Canadian routes and Canadian railways and ships and elevators and ports are not used to a greater extent in place of American routes.

Hon. Mr. TODD: Then there is the question of insurance that is charged through Canadian ports.

The CHAIRMAN: We want to investigate the whole subject; that is the question of Canadian routes and why they cannot compete with American routes. We will also take up the matter of insurance, and whether we should have elevators in the east or not.

In order to get proper information we will have to have experts appear before the Committee. Senator Webster has suggested Mr. Thomas Harling of Montreal, and Mr. James G. Scott of Quebec, has also been recommended. He is a railway man who has, all his life, made a study of the transportation question, especially in regard to wheat. I cannot take upon myself to bring these witnesses here without the authority of the Committee. If any member of the Committee has any witnesses to suggest their names should be handed to the Secretary. We are all anxious to see that our Canadian routes are patronized to a greater extent than they are at the present time.

Hon. Mr. BENNETT: I would suggest Mr. Watts, Secretary of the Flour Millers' Association.

The CHAIRMAN: We are here for the purpose of getting at the facts and we should spare no expense. There is no doubt in my mind that there is a nigger on the fence somewhere, and I see no reason why Canadian ports should not be used to a greater extent than they are. I think it would be advisable to have an expert traffic man give evidence before the Committee.

Hon. Mr. WEBSTER: We should also have someone connected with Marine Insurance to give testimony and we should have someone who is thoroughly familiar with the grain-carrying question. The grain starts from the farmer and is taken to the railway station and is shipped by rail, and the minute you go that far with the question you at once take in the car builders and persons who supply various articles to the railway companies, the labourers and the trainmen. Then you come to the elevators and you immediately touch everybody employed in that connection. Next you have the steamship company and their employees and people who supply them with material. This question of transportation affects thousands and thousands of the population of this country. It is one of the most vital questions that we have to deal with in Canada. The Government railways have cost about \$170,000,000 and we have to consider that great investment and I see no reason why our own railway should not carry a great deal of this grain.

Hon. Mr. THOMPSON: If you could arrange to have all the grain carried over our own railway to its destination, that would be a very important factor.

Hon. Mr. WEBSTER: We will get all the facts as we go along. It should not make a great deal of difference to the shipper of grain at Winnipeg as to how his grain is carried provided he can get it to Liverpool just as cheaply one way as another. Once the shipper puts his bill of lading into the bank, he gets cash from the bank. I see no reason why the grain should not go from Winnipeg to Liverpool just as quickly via Montreal and Quebec as by American ports. Steamships can be secured at Liverpool if that is the only trouble we have to face. It is a shorter distance from Montreal and Quebec to Liverpool than it is from New York.

Hon. Mr. WATSON: Wheat is generally carried in passenger boats, because it is taken as ballast.

Hon. Mr. WEBSTER: I think the tramp steamers carry a great deal of wheat from our ports to Liverpool.

EVIDENCE OF WITNESSES

20th April, 1921.

Mr. W. A. WARNE, Chief, External Trade Division, Dominion Bureau of Statistics, appeared as a witness and testified as follows:

By the Chairman:

Q. Will you please tell the Committee the amount of grain and kinds shipped from any port or by rail in Canada to the United States during the last seven years; presumably for home consumption in the United States? Before that question is answered I might say that Hon. Mr. Bennett and Hon. Mr. Willoughby were good enough to prepare a list of questions which has been submitted to the Department of Statistics and Mr. Warne has prepared his report based on these questions.

Hon. Mr. BENNETT: While it is quite true that that is the way it was arranged, yet I think it would be better in order to have the report start from the beginning that we should first have the amount of grain produced in the northwest. I think we should start off with that as a foundation.

Mr. WARNE: That question was not asked, but that information can be obtained, and I will make a note of it. You want the amount of grain exported direct from the prairie provinces.

Hon. Mr. BENNETT: First we want the quantity of grain that was grown in the West in order that we may know how much grain there was to be shipped.

Mr. WARNE: We have a statement showing the exports of the various kinds of grain and showing the amount that went direct to the United States, and the amount that went to other countries via United States ports.

The CHAIRMAN: The quantity of Canadian barley, oats, wheat, flax, buckwheat and other kinds of grain.

Mr. WARNE: We have here a statement of all grain shipped through Canadian Customs ports to the United States and to other countries from 1915 to 1921 inclusive. Then the whole thing is condensed showing the amount shipped to the United States and to other countries for seven years. I have another table that is coming up giving an analysis of this table and showing how much grain went out by ports, and how much went to the United States, and how much went to other countries via the United States. (*Vide Schedules A and B.*)

Hon. Mr. TESSIER: You mean by that going through the United States to other countries?—A. Yes.

Q. Starting from the Canadian ports going to United States and then being shipped from the United States ports?—A. Yes, I will have that information here in a few minutes.

Hon. Mr. BENNETT: In the year 1915, there were shipped by way of Fort William 13,454,000 bushels of wheat and 10,000,000 bushels were shipped from Port Arthur. That would make 24,000,000 bushels in all that went to the head of the lakes. I would like to know where the rest of the wheat from the Northwest went that year?

Mr. WARNE: There was 27,000,000 bushels came to Montreal.

Q. Can you tell us how that came to Montreal; whether by vessel or by rail?—A. Most of it came by rail.

Mr. F. J. HORNING, Internal Trade Division, Dominion Bureau of Statistics, appeared as a witness and testified as follows:—

These statements have been prepared in answer to specific questions. During the season of navigation of 1920, there was shipped from Port Arthur and Fort

William, grouped together as one pool, 55,683,046 bushels to Canadian ports and 57,746,415 bushels to American ports, making a grand total of 113,429,461 bushels. (*Vide* Schedule C.)

Hon. Mr. BENNETT: There are so many figures that all we can do to-day is to lay these statements on the table.

Hon. Mr. WATSON: I think these gentlemen can give us the information we require from these statements they have prepared.

Hon. Mr. TESSIER: Can you give us a statement showing how much grain of all kinds went from Montreal last year?

Mr. WARNE: Yes, it is given right in one of these statements. For the fiscal year ending March 31, 1921, 37,058,670 bushels were shipped from the port of Montreal to other countries. (*Vide* Schedule B.)

Q. How much grain was shipped from Quebec?—A. We have not made a statement of the quantity of the grain shipped from Quebec. We were only asked to make a statement of the grain shipped from Montreal, St. John and Halifax. There were shipped from St. John, 9,985,874 bushels, and there was a small shipment from Halifax. We are making up a statement showing the total of all kinds of grain shipped via these ports with a recapitulation of all these items but they are not quite finished. (*Vide* Schedule B.)

Hon. Mr. WATSON: We should have a statement of wheat, oats and barley that is ground in bond in the United States.

Hon. Mr. THOMPSON: I think we should have a statement from these gentlemen in answer to the questions that were submitted to them.

Mr. HORNING: If you take one series of questions marked, "Customs Department," asking for the "shipments in the year 1920 via water from Port Arthur of wheat, oats, barley, flax, and other kinds of grain, if any, also how many bags or sacks of flour and mill stuff, giving the ports of destination in Canada of the above, also in the United States both by water, give the amount shipped of grain, of different kinds, direct by vessel, to Montreal, also to Port Colborne." In answering these questions, I might say at the outset that the figures regarding Port Arthur and Fort William are derived from the Board of Grain Commissioners, and most of them deal with the crop year of September 1st to August 31st. The crop is sown in the spring, threshed in August and September, and it comes on the market about the 1st of September, and it is dealt in from the 1st of September to August 31st. My figures do not, perhaps, quite conform with the question. The first statement I give you is a statement of lake shipments from Port Arthur and Fort William during the season of navigation, 1920, by ports of destination, preliminary figures: to Canadian ports, Goderich, Midland, Montreal, Port Colborne, Port McNicoll, Tiffin. It will be hardly necessary for me to read the figures if I am going to hand you the statement. (*Vide* Schedule C.) Then I take the same figures and show them by Canadian ports and American ports during the crop year 1919-20; that is the crop sown in the spring of 1919. (*Vide* Schedule D.)

Then, going on to another part of the question, dealing with vessels. I take a statement for the crop year and show it by ports of destination and vessels from Fort William and Port Arthur. During the season of 1920, the shipments from the head of the lakes to Canadian ports were 55,683,046 bushels; to American ports, 57,746,415 bushels, making a total of 113,429,461 bushels. This statement includes other grains also and shows total shipments of all grains from the head of the lake to Canadian ports of 73,470,913 bushels, and to American ports of 64,882,078 bushels and a grand total of 138,352,991 bushels for that year. (*Vide* Schedule C.)

Another point in this connection is that the shipments from the head of the lakes to American ports took place in the fall of last year. Owing to the transportation situation in the United States there was an embargo on the handling of Canadian

grain by American railways. This was only withdrawn in July or August of 1920, and had been in effect since some time in 1918, so that during the crop years 1918-19 and the first half of 1920, Canadian grain was handled practically altogether through Canadian agencies. When the embargo was lifted the traffic was immediately diverted to Buffalo, so that during the crop year of 1919-20, seventy-nine and a half million bushels of wheat handled from Port Arthur and Fort William to Canadian ports and only 1,367,000 bushels went to the United States ports. Dealing with these same figures 105,883,340 bushels the total shipments of all grains from Port Arthur and Fort William to Canadian ports, this quantity was handled largely by Canadian bottoms. (*Vide* Schedule E.)

Then we are asked in the last half of question number one to give the quantity of Canadian flour shipped from Port Arthur and Fort William. I can only show the shipments by water. These shipments to Port McNicoll were 2,819,600 cwt. and to Point Edward 1,212,060 cwt., and this was all carried in Canadian vessels. Other mill products 1,897 tons down the Canadian Sault Ste. Marie canal. I have no record of the quantity through the American canal. The largest cargo to Montreal during the year, 1920, was 138,839 bushels of oats. That works out roughly about 23 or 24 hundred tons. I picked out the largest cargo of wheat, and it amounted to 60,000 bushels or 1,800 tons.

Q. Can you give the number of boats that went through to Montreal?—A. I have taken shipments but one boat may have made several trips. The boat that carried 180,000 bushels of oats made one trip to Montreal. Although she was in the trade all season, she was carrying to other ports than Montreal. The fourth question is "if any grain shipped out from Port Arthur or Fort William by rail, east, during winter months, give quantity and destination." Port Arthur and Fort William form one pool and we did not separate them, but my statement shows shipments by rail from elevators from the 1st December, 1920, to March, 1921, inclusive. This information was derived from reports of the Lake Shippers' Clearance Association of Fort William, and shows the quantity shipped to American seaboard and the quantity shipped for American domestic use, and the quantity shipped to Canadian seaboard and for Canadian domestic use. The total quantity of grain shipped to the American seaboard was 5,892,545 bushels. For American domestic use 873,920 bushels; to Canadian seaboard 2,987,733 bushels, for Canadian domestic use 5,902,146 bushels, and to local elevators 1,003,473 bushels, and a total quantity of 16,659,817 bushels. (*Vide* Schedule F.)

By Hon. Mr. Watson:

Q. Was the embargo on at that time?—A. No, it was lifted the beginning of August, 1920.

The sixth question was "the amount of grain exported from St. John, N.B., and Montreal, showing same by different kinds; also if any grain shipped in bond to Portland, Maine." The exports from St. John, N.B., September 1, 1919, to August 31, 1920, were 13,626,542 bushels of wheat and the total of all grains was 15,151,623 bushels. Via Montreal 31,422,546 bushels of wheat, and a total of all grains 41,639,934 bushels. To Portland, the shipments were 13,019,180 bushels of wheat, and of all grains 16,442,805 bushels. (*Vide* Schedule G.)

The next question, number seven, was the amounts of grain and kinds, if any, shipped in bond to the eastern and northeastern states of the United States which had been received at Georgian Bay ports, or other Canadian ports." I have not been able to answer that question for the reason that our reports from the elevators show shipments only. They do not divide the shipments according to destination.

By Hon. Mr. Tessier:

Q. What is the amount?—A. I could not get the information.

By Hon. Mr. Bennett:

Q. Assuming that there comes to Port McNicoll or Midland 1,000,000 bushels from Milwaukee to Midland, and that it goes through in bond, is there not any way of tracing that?—A. Yes, that would be found in the Grain Trade Report for the season of 1919, that is if you take public elevators.

By Hon. Mr. Bennett:

Q. The point I am driving at is that not only can Canadian grain be handled by our system of railways, but also a large quantity of American grain; do you think it would be possible to find out the volume of that trade?—A. Yes, sir, our reports from public elevators separate the handlings of Canadian and American grain. I can secure the handlings for the last crop year at Georgian Bay ports. I can get you the total handlings of grain at Georgian Bay ports during the crop year of 1920, divided as to Canadian grain and United States grain.

By Hon. Mr. Bennett:

Q. I would like to have the information not only as to the Georgian Bay ports, but as to Port Colborne?—A. One total for the whole system would be sufficient, I presume. (*Vide* Schedule H).

Then the eighth question we were asked, "was the amount shipped by rail on the Soo Branch from Moosejaw to Duluth in bond, if any, and from Duluth by water, showing the kinds of grain, quantities and destination of same by water."

The total receipts at Duluth during the crop year of 1920 were 975,264 bushels of wheat, and of all grains 1,118,201 bushels.

Q. That was from Canada?—A. Yes. In addition to the shipments from North Portal, this includes shipments via Fort Frances. These shipments would come to Fort Frances on the Canadian Northern Railway. All we have in our total receipts is the destination; the origin is not shown. Once the grain has crossed the Custom port of exit, we have finished with it. (*Vide* schedule I).

By Hon. Mr. Watson:

Q. Have you the total amount of wheat exported to the United States?—A. Yes. Wheat exported during the fiscal year ending March 31, 1921, amounted to 42,324,894 bushels. (*Vide* Schedule A.).

The ninth question we were asked was, "Quantity of grain, and kinds at Port Arthur and Fort William on January 1, 1920, in elevators."

The only record we have for January 1, 1920, deals with the public terminal elevators only and not with the private elevators. I have the figures for the 1st of January, 1920; wheat, 6,794,146 bushels and the total of all grains, 10,845,581 bushels.

That answers the first series of questions that were asked.

Hon. Mr. BENNETT: The reason I put in these questions was for the purpose of securing information for the Committee and I do not want the Committee to run away with the idea that I want to run the Committee. I put these questions in with the idea of having something for the Committee to start off with. The honourable Senator Willoughby also put in some questions. Our idea was that the members of the Committee when they met would each have certain information that they required in addition to the information already given.

Hon. Mr. WILLOUGHBY: The preparation of the report will take some time, and I would suggest that all these statements that have been put in should be typewritten so that each member of the Committee could have a copy.

Hon. Mr. WATSON: I think you will find that members of the House of Commons will be interested in this question and they will be asking for copies of these statements.

The CHAIRMAN: When we have everything prepared we will give copies to the members of the House of Commons.

Mr. WARNE: The next question we were asked is, "The amount of grain and kinds shipped from any port or by rail in Canada to the United States during the last seven years; presumably for home consumption in the United States."

I submit a statement as to this. (*Vide* Schedule J).

Mr. HORNING: The second question in this list is, "The amounts of grain stored each year for the last seven years, in the interior terminal elevators at Moosejaw, Saskatoon and Calgary; also at Vancouver, and capacity of each, and cleaning and drying facilities of each."

We have not been able to carry the matter back for seven years. The Moosejaw elevator was opened in 1915; the Saskatoon elevator in 1915; and the Calgary elevator in 1916, and the Vancouver elevator in 1917. We have shown the information by years since then, with notes as to the capacity and the mechanical facilities of each elevator. (*Vide* Schedule K).

The third question in this series is, "The amount of grain carried over, and the kind, at Fort William and Port Arthur, after the close of navigation in each year during the last seven years, showing if possible the amounts stored in boats."

I submit a statement as to this. (*Vide* Schedule L).

The fourth question is, "The amount of freight paid on the portion of prairie province grain, which grain was docked yearly for seven years."

We have no information as to that. The railway tariffs are filed at the office of the Board of Railway Commissioners.

Hon. Mr. WILLOUGHBY: There is a dockage on the grain shipped from the prairie provinces to the head of the lakes, and it amounts to as much as a million dollars a year. Wheat is hauled from the prairie provinces to the head of the lakes and is then rejected, and I want to find what freight is paid on that wheat?—A. I understand the Board of Railway Commissioners can supply this information.

Hon. Mr. WATSON: Your idea is to get the amount of wheat that is shipped to Fort William and then rejected, and the freight that is paid on that wheat?

Hon. Mr. WILLOUGHBY: Yes.

Mr. HORNING: The fifth question you ask is, "A statement as to the grain, whether shipped privately or by the Imperial or Canadian Government, via the Panama route; and the rate per bushel charged from Vancouver, including the recent shipment from Vancouver to London."

This information is contained in a report of the Grain Research Laboratory of the Board of Grain Commissioners entitled "Report of Trial Shipments of Bulk Wheat from Vancouver, via the Panama Canal, to the United Kingdom."

Mr. WARNE: The sixth question is, "A statement showing the comparative distances of Vancouver, Seattle, Buenos Ayres, and other main grain shipping ports in South America; also of leading Australian ports and East Indian ports from which grain is shipped; also Russian ports on the Black Sea and North Sea from Liverpool; and so far as possible the water rates charged during the last seven years."

This information will be furnished. (*Vide* Schedules M and N).

Mr. HORNING: The seventh question asked is, "The percentage of all American wheat and oats consumed within the United States to total production; and the percentage of home-grown wheat and oats consumed in Canada; in each case in the last seven years."

I submit a statement prepared by Mr. Godfrey, who has charge of Agricultural Statistics. It gives the percentage for the United States and Canada. (*Vide* Schedule O).

The eighth question is, "The relative percentage of exports of flour to wheat from the United States; also the relative percentage of exports of flour to wheat in Canada; in each case during the last seven years."

The statement I am filing with you, covers that point. It gives the wheat and then the flour expressed in wheat. (*Vide* Schedule P).

The ninth question is, "The rate of insurance of grain charged from Fort William and Port Arthur on marine bottoms; and how such rate compares with the rate which would be chargeable if the shipper could place his insurance where he saw fit and the Lake boat were treated as a common carrier."

The Government Departments have no information on these points.

Hon. Mr. WILLOUGHBY: The statement was made in the House of Commons that the shipper of grain was obliged to ship it in a certain boat and when that was done he had to pay a rate of insurance that was very much higher than if it was shipped in a C.P.R. boat. I would like to know whether that was so or not.

Hon. Mr. WEBSTER: The Dominion Marine Association are large carriers of grain on inland waters and they ought to be able to give you that information.

Mr. HORNING: I might have written for that information, but I thought the Committee would prefer to frame their own question and secure the information direct. I think you can get the information at Fort William.

The tenth question is, "The quantity of grain carried over till the opening of navigation in the spring, and afterwards exported at any points or ports other than at Fort William and Port Arthur."

The amount of grain stored on the opening of navigation in 1920, April 23, in country elevators, western division, was: Wheat, 11,943,005 bushels and the total of all grains, 21,892,996 bushels. (*Vide* Schedule Q.)

With regard to question fifteen, as to the depth of water at the different ports, I secured some information from Mr. Stewart, Hydrographer, Department of Marine and Naval Service, which I will file with you. (*Vide* Schedule R.)

Hon. Mr. BENNETT: A man in Winnipeg has 1,000,000 bushels of wheat, and that man finds he can sell that wheat in England, but his price is fixed by the rates of freight he will have to pay. The man he sells to, if he has to pay the rates, will only give him a price that will enable him to pay the rates and land the wheat in Liverpool at a certain price. The Winnipeg man knows what the rate is to New York, or Baltimore, or Philadelphia. He may go to the Canadian Pacific Railway and ask them what they will take it to the head of the lakes for, and if he cannot get vessels at Fort William, he may ask what they will take it to Montreal for. There is no sentiment in that man. He simply wants to know who he can deal with to the best advantage, and I would like to ask the witness if he can furnish us with any information as to what freight rates the large shippers have to pay?—A. I do not think we can give you that information.

Hon. Mr. WEBSTER: There is a certain rate ruling in Liverpool, and we will say it is \$2 a bushel for Canadian wheat. The man in Winnipeg figures up the freight rate from Winnipeg to Liverpool including his insurance, and then he figures on how much he can pay for his wheat in order to make a profit. If the freight rates are too high, he cannot buy the wheat. If he could go to the railway company or the steamship company and say to them, if you will take three cents or one cent off your price I can ship this wheat, he might be able to see his way clear to buy the wheat and ship it to Liverpool. He knows the rates from Port Arthur to New York, 33-96, and he knows that if he ships it by Montreal or Quebec he will have to pay 36 cents. It does not seem to me to be common ordinary business practice that between the grower of the wheat and the railway, the elevator and the water carrier, there should be such a charge that the wheat cannot be shipped by Canadian ports. We have the Canadian National Marine Service and the boats are lying idle in some ports, not fully occupied, and there ought to be some way by which the rates could be reduced to two or three cents a bushel, and that would be a wonderful advantage to our shippers. The shipping of the tremendous amount of wheat grown in Canada ought to be done through Canadian channels. We ought to be able to have someone

before this Committee who could put their finger right on the spot and tell us how these rates could be equalized.

Hon. Mr. WATSON: Don't you think the Canadian Pacific Railway is quite capable of taking care of its end of the situation?

Hon. Mr. WEBSTER: There may be reasons why it pays them better to haul in a different direction.

Hon. Mr. WATSON: We do not think there is any sentiment about freight, and the wheat of the west goes the way of least resistance.

Hon. Mr. WEBSTER: There are millions of bushels available for export and I cannot understand why our railways and ship owners cannot get together and secure the business. There is no reason why the elevators, railways, and the steamships could not lower their rates a certain amount and secure this business.

Hon. Mr. WILLOUGHBY: The railway companies are not allowed to cut rates, but the boats can fix any rate they like. They make their own rate, and if a man has 1,000,000 bushels of wheat to ship from Winnipeg and he wants to ship to Liverpool, he finds what the American rate is, and if it is less than the Canadian rate, he will ship through United States ports.

The CHAIRMAN: If we can prove that the Canadian National Railways have a fixed rate from Winnipeg to Quebec of 36 cents and that that rate is much too high, I do not see why the Canadian National Railway, which is run for the benefit of the people, could not come down in the charges.

Hon. Mr. WILLOUGHBY: You cannot make the rates flexible. They must be fixed for a certain period. You could not charge a little less to-day and more to-morrow.

Hon. Mr. TURRIFF: They say they cannot haul it for less than 36 cents, and I think we should ask the Railway Commissioners to appear before us and prove that they cannot haul it for less than 36 cents. The Quebec Harbour Board claim that it can be hauled for 18 cents, and we want to know whether that is true or not.

The CHAIRMAN: The Canadian National Railway Department say that the cost of hauling wheat over the Transcontinental is 36 cents a bushel. Experts in Quebec have been going over this, and this is what they say, "It would cost 17½ cents to carry a bushel of wheat from Winnipeg to Quebec over the Transcontinental Railway, a distance of 1,350 miles, and they can haul a double load compared to what they can haul on the Canadian Pacific Railway. Train loads on the Transcontinental are 60 cars with an average capacity of 1,000 bushels, giving 60,000 bushels of wheat. The cost for freight train mile from statistics prepared by the Interstate Commerce Commission over the steam roads in the United States varies from a maximum of \$2.44 to a minimum of \$1.67 and the average cost of a freight train mile is given as \$1.99. The above figures of \$1.99 covers the personnel on the train, fuel, locomotive repairs, engine house expense, etc. It does not cover the administration expenses, maintenance of the line, maintenance of the rolling stock or profit. The operating cost of a freight train from Winnipeg to Quebec—1,350 miles—at \$1.99 is \$2,686.50. The cost of a freight train returning to Winnipeg, cars empty, 1,350 miles, at \$1.99 is \$2,686.50. The total cost of operating the train, Winnipeg to Quebec, and back to Winnipeg is \$5,373. The allowance for maintenance of the line, maintenance of rolling stock and administrative expenses is 100 per cent of operating expenses. That is taken from the Engineers' Handbook, page 1219. The total cost, therefore, would be \$10,746, and the total transportation cost per bushel of grain \$0.179 cents, say 17-9/10 cents per bushel. In the above figures the trains are travelling back to Winnipeg empty. And no data can be found showing what freight would be available from Quebec westward. It is evident that a certain quantity of freight, probably increasing every year, would be available which would be a clear profit to the lines in excess of the profit made on wheat charges above 18 cents per bushel."

Hon. Mr. TURRIFF: They say 60,000 bushels, but the average load of a car is 1,100 bushels. They ask the shippers to overload the cars so that instead of carrying 60,000 bushels to the trainload, they would have 66,000 bushels at least.

The CHAIRMAN: I should be given authority to call officials of the Canadian National Railway and the expert who prepared these tables of the freight rates.

Hon. Mr. TURRIFF: You will find that this statement as to the United States roads covers a thickly settled part of the country and will not apply to western Canada.

Hon. Mr. BENNETT: Can we find out how much wheat came into Fort William or Port Arthur by the Grand Trunk Pacific and the Canadian Pacific Railway? Can we distinguish between the amount brought into Fort William by the Canadian Pacific Railway and the Grand Trunk Pacific?

Mr. HORNING: We can give you the gross receipts at the head of the lake by the railways.

Hon. Mr. WATSON: I do not think we have the information that we require. I think these items should be given in wheat, oats and barley.

THE SENATE,

COMMITTEE ROOM No. 368,

April 27, 1921.

The Committee met at 10.30 a.m.

Mr. THOMAS HARLING, Montreal, Que., appeared as a witness and testified as follows:—

The CHAIRMAN: Mr. Harling, this Committee was formed in accordance with the motion brought before the Senate, to inquire as to why the grain or products of the west for export were routed to the extent of about 50 per cent to American ports instead of Canadian ports; and we have asked you to come here and give some of your experiences in that line, as we understand you have been connected with the shipping and export business for the last 25 years. Would you please tell this Committee why, or how, or by what means the Canadian ports and Canadian lines could be adopted and favoured for the export of this grain.

Mr. HARLING: Mr. Chairman and gentlemen, I think it would be better to go from the commencement of my experience. I commenced my shipping experience in Liverpool as a junior in 1873. I was 10 years in business as a junior, and then went into business on my own account in 1883. From 1883 to 1895 I was in active business in Liverpool, especially as a shipping broker and steamship agent. In 1895 I came to Canada to represent Elder, Dempster Company, the very large shipping firm, who were anxious to develop Canadian business in conjunction with their other steamship interests. This firm at that time had a large fleet of steamers, employed principally in carrying cotton from the gulf ports in the southern States of America; but they had no summer trade for those vessels because the cotton export is during the winter months, whereas our navigation in the St. Lawrence is for the six summer months, and the primary motive behind their plan was to get a trade for the summer for those steamers which they were building. I had been actively connected with the Canadian trade ever since I started in business; in fact we were loading vessels to Canada as far back as 1873, when I joined as a junior; so my experience in shipping trade in Canada really commenced in 1873. Having this knowledge of the Canadian end of the business at that time, and having visited in Canada and opened an office myself in Montreal in 1890, I naturally had travelled through Canada and the United States, and had quite an intimate knowledge of the steamship business on the North Atlantic. Elder, Dempster and Company opened an office in Montreal under my

management; I was a partner in the firm in 1895. At that time the existing lines from Canada were the Allan Line, the Dominion Line, the Thompson Line, and one or two other small companies.

Hon. Mr. CASGRAIN: The Refords?

Mr. HARLINGS: The Thompson Line is Refords. Those lines operated at that time steamers carrying about 4,000 tons. They had a very limited grain capacity, and principally took general cargo. The steamers that we intended to bring out were much larger—6,000 to 8,000 and 10,000-ton boats. It was consequently necessary that we should get a larger amount of deadweight cargo, and I had to go into the market immediately on my arrival here to find out how much grain was available for shipment from Montreal.

Hon. Mr. NICHOLLS: What year was that in?

Mr. HARLING: 1895. Naturally there was strong opposition at that time to the new line coming into Montreal, on the ground that there was not sufficient room for any more services out of Canada. My reply to the objection at the time that we came here was, "If we cannot load those steamers in Montreal, then the steamers will not come to Canada again; they will be withdrawn." In 1896 we loaded 42 steamers with full cargoes; those steamers were from 4,000 to 6,000 tons. In 1897 we loaded 60 odd steamers in the St. Lawrence, and in 1898 we loaded over 80 steamers with full cargoes. In the meantime those steamers were increased from 4,000 to 8,000-ton boats. All those vessels were loaded with full cargoes, and my competitors were also able to get full cargoes for their steamers, consequently I have always maintained that I never did any harm to the transportation business in Canada by bringing out additional tonnage.

Hon. Mr. CASGRAIN: How much returned, coming west?

Mr. HARLING: Coming west we got our share.

Hon. Mr. CASGRAIN: Would it be a quarter of your load or a third of your load?

Mr. HARLING: I don't think the average would be more than 25 per cent. These steamers were loaded from English ports back to Montreal direct, and by the end of the third year, we had developed a prosperous business, and had increased that trade 100 per cent.

Hon. Mr. WEBSTER: Tonnage will always be available where there is a cargo or grain for shipment?

Mr. HARLING: Wherever there is a demand there are far more steamers than there is cargo available for them at almost any time.

Hon. Mr. WEBSTER: Sufficient shipments being available at ports, your view is that tonnage is possible to take care of it, and would be very glad to get the cargo?

Mr. HARLING: So long as there is the current rate of freight obtainable. From 1895, when I came out to Canada, naturally I had to travel east and west, north and south, in order to obtain those cargoes. The cargoes had not emanated from Montreal. There are certain shippers in Montreal, but you will find your shippers all over the United States and Canada. In order to obtain your traffic you require to go to Toronto and Hamilton and Winnipeg. In fact I never used to go to Winnipeg, but I went to Chicago and Milwaukee and Minneapolis, and I made it a rule every year to go out to those places and find out exactly what my competitors were doing through other ports—that was really the basis of my business—and what rates I could get via Montreal.

Hon. Mr. THOMPSON: Was that a general grain trade?

Mr. HARLING: Grain trade generally, but live cattle, lumber, cheese, butter—everything that Canada exported. The grain trade at that time was the basis because, naturally, the boat being large, I had to carry from a third to a half of grain. If

grain was not available I had to fall back on something else, and I went to Minneapolis and brought Minneapolis flour here in competition with American ports. In order to obtain those cargoes you had to prove that your route was as safe as that of any other of your competitors, and your rate of freight was as low, if not lower. I will illustrate that by only one instance. In a certain year I wanted more dead-weight cargo because we had no grain. I went out to Minneapolis because I knew there was a tremendous export of flour from Minneapolis by United States ports. I wanted to know how much the through rate was from Minneapolis to London, because we had a service from Montreal to London, to fill the large steamers. They said the rate was 23 cents per 100 pounds through. Western flour is always sent with through bills of lading. I said, "How much do the railways take out of that?" They said, "13 cents." That left me 10 cents for the ocean trip. I said, "That is a very low rate," but I had to have the business, so I said I would take it. They said, "Oh, but we can't get you 23 cents." Then I said, "I will take 22½ cents." The railway rate was the same to Montreal as to New York, Boston or Philadelphia; and that is one of the basic principles of transportation that at your competitive ports your inland rates were at that time, and are to-day, practically the same.

Hon. Mr. BENNETT: What year?

Mr. HARLING: Right away back as far as 1895; and of course we had a slight preference at that time in favour of Montreal. There was a two-cent differential in favour of Montreal by inland routes; but since that the differential has disappeared, so that all shipments are on a competitive basis from their point of origin to the point of shipment.

Hon. Mr. WILLOUGHBY: There is still a differential, is there not, in favour of Baltimore and Newport News?

Mr. HARLING: On account of its shorter distance.

Hon. Mr. WILLOUGHBY: Over New York?

Mr. HARLING: Over New York, that is the reason. If you start on that basis—that the through rate from the emanating point to the export point is the same—then you can see how the different ports are at an advantage or disadvantage from one another. Naturally the port which has the largest amount of ocean tonnage is the most attractive. New York has always been the most attractive port of export, not because it has any special facilities, but because it has lines of steamers to the different parts of the world, and you can practically ship your cargo to any port in the world from New York.

Hon. Mr. CASGRAIN: Liners will carry cheaper than tramp steamers?

Mr. HARLING: Liners are obliged to carry slightly cheaper than tramps in order to keep the tramps out of their business. Montreal has a considerable disadvantage as compared with New York from the fact that we are only open for seven months in the year. That is our primary difficulty. There is another difficulty—

Hon. Mr. BENNETT: Before you leave that at what date was the Montreal port closed, at a rule?

Mr. HARLING: The 25th of November.

Hon. Mr. WEBSTER: What about Quebec?

Mr. HARLING: Probably about a month later, according to the weather.

Hon. Mr. WEBSTER: And a month earlier in the spring?

Mr. HARLING: Yes, and in the spring it might be two weeks or three weeks, according to the weather, which varies. Then another disadvantage we have in Canada, and always have had, and always will have, is the question of extra insurance. Navigation across the Atlantic from Great Britain to New York, Portland or Baltimore is practically open ocean navigation; but when you come to Canada you require to come around Cape Race, through the Gulf, and up the St. Lawrence—over 850 miles from

Cape Race. Naturally the navigation in inland waters is more dangerous than that of the open sea. That is primarily the difficulty.

Hon. Mr. WEBSTER: What is the difference in insurance? Can you say?

Mr. HARLING: I am afraid to say how much, in the round figure; but if I were to say that we pay 50 per cent more insurance on our cargoes from Montreal as compared with New York I would be within the figure—and that amounts to an enormous sum of money every year.

Hon. Mr. THOMPSON: Fifty per cent more?

Mr. HARLING: I am well within my figures if I say the importers into Canada pay 50 per cent more on their insurance on hulls and cargoes than they do from New York.

Hon. Mr. CASGRAIN: Fifty per cent on what? Give us an idea.

Mr. HARLING: Ten years ago when we were discussing the question of marine insurance I think I estimated it at \$1,500,000 marine insurance per season, extra over New York.

Hon. Mr. NICHOLLS: So you have to absorb \$1,500,000 in your shipments every season as compared with New York?

Mr. HARLING: At least that.

Hon. Mr. WILLOUGHBY: Are you comparing with New York on the same volume of trade?

Mr. HARLING: The trade that goes through the port of Montreal in a season I estimated, the same amount of cargo we carry pays \$1,500,000 more than the same amount of cargo carried from New York.

Hon. Mr. THOMPSON: Would that apply to Quebec?

Mr. HARLING: The danger is in the St. Lawrence. The danger is at Cape Race.

Hon. Mr. THOMPSON: Is that insurance on ships as well as cargoes?

Mr. HARLING: That is on ships as well as cargoes. For instance, a steamer to-day will be worth anywhere from \$1,500,000 and the extra insurance on the hull and machinery on the vessel amounts to at least one per cent per annum on ships alone.

Hon. Mr. TESSIER: Is it a fair thing for the insurance companies to charge that?

Mr. HARLING: No. Some years ago we investigated this matter in Montreal. I was a representative of the Board of Trade at that time, and I claimed that the insurance companies had collected from the shippers more in any one year than the losses they incurred inside of our navigable limits.

Hon. Mr. WILLOUGHBY: Is it true that the extra rate that you pay in Montreal goes on increasing more rapidly towards the end of the season?

Mr. HARLING: The steamers—what we call the hulls of the steamers—are insured for a year, and the policies are good from the opening of navigation to the close on the regular line of steamers, but on outside tonnage such as tramp steamers that will come to Montreal the extra rate commences from the 1st of May and runs up to the 31st of August. After the 31st of August the rate increases, and it is increased month after month and week after week until the close of navigation.

Hon. Mr. WILLOUGHBY: And the rate on the tonnage keeps on increasing all that period after August, does it?

Mr. HARLING: Yes.

Hon. Mr. WILLOUGHBY: I mean, there is not a fixed rate on the tonnage?

Mr. HARLING: No; the tonnage pays an annual premium, and the regular line is insured for this premium, but the tramp pays a floating rate.

Hon. Mr. THOMPSON: Then the tramp steamer has a shrinkage after the 1st of August?

Mr. HARLING: It has to obtain an extra rate of freight to cover the extra insurance. Now, there is another point; the owner of a tramp steamer is not obliged to come to Montreal for his cargo; he can go anywhere wherever he can get the best result; but we have to pay, as a rule, threepence to sixpence per quarter more from Montreal for tramp steamers than we could obtain the same boat from New York, on account of the extra insurance.

Hon. Mr. CASGRAIN: You might say what a quarter is?

Mr. HARLING: Quarter is 480 pounds; that is, on the quantity of grain that is booked up—a bushel of 60 pounds or a quarter of 480 pounds. Of course that extra insurance is a tax against our steamers. Not only have we that difficulty, but an owner will not send his boat willingly to Montreal for just sufficient to cover, because he has to assume risk of the navigation of his vessel. If his vessel meets with an accident the Underwriter will pay him for the cost of his repairs; he can recover that, but he cannot recover his loss of time, which in good times might be a very important item. So that he requires to get something more than the actual outlay of his steamer.

Hon. Mr. NICHOLLS: The companies do not insure ships and cargoes the same as they do industries, so as to cover for use and occupation? In other words you cannot insure for loss of time from accidents?

Mr. HARLING: No.

Hon. Mr. NICHOLLS: In any industrial plant if you have a fire you can recover for use and occupation if you have that kind of a policy.

Mr. HARLING: That is never done in the shipping business; the policy won't cover that. Of course the insurance on the cargo is paid by the shippers. Export cargo is on rather a different basis; it is figured on the through rate; everybody figures for export freight on the delivered basis on the other side. The shipper in Chicago or Winnipeg, in shipping grain naturally says, "I can ship it via Montreal for so much," and if Montreal is the cheapest it gets the business. One-sixty-fourth of a cent a bushel was sufficient to divert cargo from one port to another in pre-war times.

Hon. Mr. McCALL: In regard to the inland rates to Montreal and New York it would be worth while to know how the question of terminal charges comes in. Is New York favourably situated as compared to Montreal in the matter of terminal charges—the transshipping of the cargo to the vessel?

Mr. HARLING: It is more favourable in Montreal than in New York. We have better facilities in Montreal for handling grain than they have in New York.

Hon. Mr. WEBSTER: And cheap?

Mr. HARLING: And as cheap.

Hon. Mr. McCALL: Is the terminal charge absorbed in the railway rate?

Mr. HARLING: The shipper buying this grain in Winnipeg, has to assume, first of all, the cost of bringing it to the port; then he has to assume the cost of the elevation in the elevator, including the insurance; and then he has to add to that the ocean freight. The cargo pays the insurance; it is paid through the man who buys the grain; he must add so much for freight, so much for terminals, so much for insurance, and so much for the initial freight.

Hon. Mr. WEBSTER: Perhaps it would be better for Mr. Harling to finish up the ocean end of the transportation, then come to the railways, then deal with the terminal charges, the method by which the cargo is solicited, and then get back to the farmers, if you will. I think if Mr. Harling could trace the whole thing right back we could have a continuity of opinion here that would be very valuable, perhaps, without branching off into all the side issues.

Hon. Mr. TESSIER: I want to know if any effort has been made to come to terms with those insurance companies, to get more justice.

Hon. Mr. NICHOLLS: I think the idea of Senator Webster is that we should each make a note of points that occur to us, but not interrupt Mr. Harling, then we can take up those notes afterwards.

Hon. Mr. BENNETT: As I understand Mr. Harling, he says that in 1896 there was a class of vessels carrying about 8,000-tons that were loaded to fully 50 per cent with wheat; am I right in that?

Mr. HARLING: Yes.

Hon. Mr. WEBSTER: Or more than that.

Hon. Mr. BENNETT: 50 per cent or more?

Mr. HARLING: Yes.

Hon. Mr. BENNETT: Is that state of affairs applicable to-day?

Mr. HARLING: Just about the same; the export conditions; that is, the quantity of cargo that we have available is increased in some commodities, and others have been reduced, but taking it generally the proportions are about the same. The modern cargo steamer to-day—not the passenger boat—would take probably 50 per cent of grain, and the balance would be a mixed general cargo. If a general cargo was not available, then she would take more grain.

Hon. Mr. BENNETT: The other day we got from the Department of Trade and Commerce some figures on the exports from Montreal, which showed that in the year from September 1, 1919, to August 31, 1920, the exports from Montreal, in bushels of grain of all kinds, was 41,639,934 bushels; now, was the trade in 1896 as large in grain of all kinds?

Mr. HARLING: Not as large as it is to-day. The export grain at that time probably amount to around 30,000,000, as a maximum, whereas to-day it is up to about 50,000,000.

Hon. Mr. BENNETT: The figures here given by the Montreal Board of Trade place it higher at 56,434,959?

Mr. HARLING: That is the total for the season.

Hon. Mr. BENNETT: Was that export of grain in 1896 all to England, or to a number of different ports—European ports?

Mr. HARLING: Mostly to England; very little to European ports at that time.

Hon. Mr. BENNETT: I may say, gentlemen, that this report from Montreal shows that there is a great variety going to different places. I would figure out how much went to Britain and how much to other parts.

Mr. HARLING: It may be helpful if I tell you the method of handling this grain business. The grain business is what we call an open market commodity. On general cargoes there is what is called a fixed or a tariff rate which fluctuates; it is not as permanent as a real tariff, but it is more or less permanent. For instance take provisions; you will quote the rate for a month on them, and you might put the rate

up a little bit or put it down, according to supply and demand. But on grain business, that is an open market commodity; everybody competes, and the man that can get the lowest rate of freight naturally gets the business. That applies not only to Canada but to the United States in competition with us. Consequently it is a question of getting vessels to our ports in competition with other ports. Now, as a rule, during the open season of navigation Montreal has distinctly the preference of the seaports; the principal reason is that our route is a cool route, and they will not send the grain down to New York, or Baltimore or Philadelphia in the summer time if it can be avoided; so that we have the preference, on even terms, throughout the season of navigation in Canada. But our rate of freight must be as low if not lower than our competitors. If we can get the rate of freight, that is, threepence per quarter, less than New York cargoes would flow to Montreal in large quantities; if we are a threepence a quarter more than New York we don't get any at all. It goes by the cheapest route. During the season of navigation, say up to the last four or five years the inland rates on freight were based upon the cost of transportation from Fort William to Montreal by inland lake carriers, because they could afford to carry the grain cheaper to the seaboard than the railroads could. Consequently if the railroads wanted that business they had to make a rate as cheap as the water carrier. Now if you go back before the war and take the rate of freight from Fort William to Montreal, it was about five cents a bushel. I have known it to be carried as low as two and three-quarter cents a bushel from Fort William into Montreal.

HON. MR. BENNETT: By water?

MR. HARLING: By water; but if you take five cents you take the normal rate. Now, that is the rate of freight that has to be added by the exporter in competition with other ports. Naturally, when we had that low rate of freight on the lake, five cents a bushel, it was impossible for any shipper to ship his grain via Buffalo or via New York, because the rate to Buffalo by the large steamer and the rate from Buffalo to New York was invariably higher.

HON. MR. BENNETT: What sized boats came through to Montreal from the head of the lake?

MR. HARLING: They are now up to 2,000-tons dead-weight.

HON. MR. BENNETT: Give that in bushels?

MR. HARLING: Say 80,000 bushels.

HON. MR. NICHOLLS: I thought you said the grain went right through to Montreal.

MR. HARLING: There are two types of vessels on the lakes. The large-sized vessel can go to Port Colborne or to Buffalo; the smaller vessels carrying 2,000 tons only about 80,000 bushels—come through to Montreal.

HON. MR. BENNETT: The 80,000 are the ones complete without breaking bulk?

MR. HARLING: Complete without breaking bulk. Naturally the boat that goes to Buffalo is a very much larger boat, and consequently can be operated at very much less cost than the smaller boats; but the smaller boats coming to Montreal were only limited in capacity; we could only get a certain number of those boats carrying 2,000 tons, because it takes them 21 days to make the round trip, and there was only a limited number of trips they could make, and that was the limited amount of cargo that that type of vessel could carry. The larger lake steamers are not generally owned in Canada, but in the United States, and are not always available for the export handling of grain, because those large steamers, most of them, are and were controlled by the American Steel Companies, and they only come into our grain business when they have not got ore or coal to carry.

HON. MR. CASGRAIN: Or when the price suits them?

MR. HARLING: Or when the rate of freight is better for grain than it is for ore. So that you have not a regular supply of tonnage that is exclusively engaged in the carrying of grain on the great lakes.

HON. MR. BENNETT: What proportion of the grain that came last year, in round numbers 54,000,000, came down to Montreal by the canal in unbroken bulk?

MR. HARLING: I don't think 25 per cent. I believe 75 per cent of the grain that came for export last year came by rail from the lake ports, and only about 25 per cent by all water route.

HON. MR. CASGRAIN: That would be Port McNichol?

MR. HARLING: Port McNichol, Goderich, Midland, and Depot Harbour.

HON. MR. WEBSTER: What was the rate last year. Fort William to Montreal?

MR. HARLING: I am not very well acquainted with that, and cannot speak from actual knowledge of the rates last year, as I was not interested in that business, but I think it was somewhere about 11 cents to 12 cents, Fort William to Montreal.

HON. MR. WEBSTER: Have you the rates this year?

MR. HARLING: I believe the rates are pending. They expect to be about the same rates, probably 10 cents to 11 cents. It might be a cent cheaper; but I don't expect any considerable reduction in that rate, because there are not a very large number of lake steamers available. There are some steamers going back into the lakes now, but not a sufficient quantity to justify a very considerable reduction.

HON. MR. WEBSTER: The competition by water will not be so keen this year?

MR. HARLING: They can get all the business they want, and shippers are getting all the steamers they want to carry grain and will probably have 50 per cent available to carry if we do the same export as last year.

HON. MR. WEBSTER: That rate of 10 or 11 cents will be all-water or all-rail?

MR. HARLING: Sometimes when they have a favourable rate of freight they carry it all-rail.

HON. MR. WEBSTER: It is transhipped at Port Colborne; it can be all-rail or all-water shipment, but there is no water shipment from Fort William?

MR. HARLING: Yes; they don't carry the grain round the north shore of Lake Superior from Fort William to Montreal in large quantities; they carry it to Depot Harbour or Port McNichol, and then bring it down from Port McNichol to Montreal. It is what we call a lake-and-rail basis.

HON. MR. WEBSTER: The Canada Steamship Company will give you a rate from Fort William down, or the Canadian Pacific Railway will give you a rate from Fort William down.

MR. HARLING: Yes, either of them will give you a rate, but I don't think the Canadian Pacific Railway would elect to carry it all-rail. It is lake-and-rail versus all-water.

HON. MR. WILLOUGHBY: You say that perhaps 25 per cent went by all-water and the other 75 per cent by rail-and-water; would the rates be the same?

MR. HARLING: The rates have to be the same. You see, it is a competitive rate; the rate is based on the cheapest, which is the water route, and the railway, in order to obtain that cargo, must meet it.

Hon. Mr. CASGRAIN: It would be a shade cheaper?

Mr. HARLING: It would not, in the long run, be cheaper, because there is extra insurance on the grain by water, which has to be absorbed in the through rate, so it practically comes back to the same rate; but the basis of the through rate is water-rate. Now, the water-rate having advanced during the war from five cents a bushel to ten cents or twelve cents a bushel, the railway company is consequently making more revenue from Depot Harbour and Midland than before, but I don't think they are making any more profit.

Hon. Mr. CASGRAIN: Did you hear that the carriers were offering a three-cent rate from Port Arthur to Port Colborne and nobody wanted it?

Mr. HARLING: That may be a temporary condition, but not for the whole season. I think I could get a great deal more than three cents.

Hon. Mr. CASGRAIN: You could not get it now; nobody would take it.

Hon. Mr. BENNETT: I know Canadian boats that are not fitted up this year.

Mr. HARLING: No, they are in the coal trade, because that is paying better.

Hon. Mr. BENNETT: Assuming that the rate was two cents from Fort William to Georgian Bay ports, any of them, is that about a fair rate now, and in the past?

Mr. HARLING: Well, it used to be one and a half cents. I don't think two cents is a good rate; I don't think there is any money in two cents.

Hon. Mr. BENNETT: If it is two cents, what would be the rail rate from Georgian Bay ports to Montreal?

Mr. HARLING: About eight or nine cents to-day.

Hon. Mr. BENNETT: Then if it is eight or nine cents plus two cents, that is ten cents; so that it would all go by water at five cents, wouldn't it?

Mr. HARLING: If they can get the boats to carry it.

Hon. Mr. BENNETT: You are reckoning on eight cents a bushel from Port McNichol to Montreal?

Mr. HARLING: What is the through rate, then?—I am speaking of it from the through rate basis.

Hon. Mr. McCALL: You are dealing in bushels; not in 100 tons.

Mr. HARLING: In bushels. The shippers have been holding for higher rates than they can get. There is a good deal of business that they can get, and the rates are open; I can't tell what they are. I can only give you in round figures what I expect. I don't profess to be an expert on inland rates; I can only give you the ocean rates, as a matter of fact.

Hon. Mr. CASGRAIN: You are an ocean man; not an inland man?

Mr. HARLING: No, I am not an inland man. I know what the shippers tell me they are paying or expect to pay.

Hon. Mr. CASGRAIN: Hearsay?

Mr. HARLING: Yes, as far as that is concerned. In the grain business, as conducted by the shippers in Montreal, the object is to get the cheapest rates. Now, Montreal has always had difficulty in obtaining tonnage, on account of the extra insurance on tramp steamers coming in, because the regular line steamers can handle only a certain quantity of them. I don't suppose the quantity of grain handled by regular line steamers out of Montreal amounts to more than 25,000,000 to 50,000,000 per season; the remainder has to be sent by outside or tramp steamers. If we are

to get more tonnage in the St. Lawrence it must be in the nature of full cargoes of grain by tramp steamers. At the present all the regular line steamers are full for the month of May, and there are probably ten or twelve tramp steamers coming, and there is a demand at present for tramp steamers from Montreal.

Hon. Mr. BENNETT: In 1896, from that 8,000-ton boat that was being loaded with the assorted cargo, how much wheat would there be? About 300,000 bushels?

Mr. HARLING: Oh, no; 4,000 tons would only be about 150,000 bushels.

Hon. Mr. BENNETT: Then there was a class of boats carrying 150,000 of bushels in wheat?

Mr. HARLING: Yes.

Hon. Mr. BENNETT: How was that wheat placed in those vessels in 1896?

Mr. HARLING: By floating elevators. We had no permanent elevator at that time.

Hon. Mr. BENNETT: Contrasting the conditions of Montreal to-day, with its superior equipment of elevators, of course the position is very much improved to-day?

Mr. HARLING: Montreal is the best port on the Atlantic, without exception, for the export trade.

Hon. Mr. CASGRAIN: You spoke of 4,000 tons, which meant 150,000 bushels?

Mr. HARLING: Eight bushels to the quarter—160,000. It makes 132,000, not 200,000; I was figuring at five quarters to the ton.

Hon. Mr. BENNETT: So Montreal has a much more advantageous position as compared with other ports?

Mr. HARLING: We have elevator capacity for something like 10,000,000 or 11,000,000 bushels. At that time we only had one elevator.

Hon. Mr. WEBSTER: The same would apply to Quebec?

Mr. HARLING: The same would apply to Quebec; they have a modern elevator at Quebec which the Government has built at a very heavy expense, and Quebec is a modern port also as far as facilities are concerned.

Hon. Mr. BENNETT: Speaking about the rest of the cargo that the vessel had the benefit of at that time, you said there was a considerable quantity of live cattle?

Mr. HARLING: Live cattle; two decks, generally.

Hon. Mr. BENNETT: How is the trade in live cattle to-day?

Mr. HARLING: None, practically. They are beginning to renew the shipping of live cattle, after a lapse of many years.

Hon. Mr. BENNETT: Was there much lumber then?

Mr. HARLING: Quite a large quantity of deals. To-day there are no deals going forward, because there are no sales on the other side.

Hon. Mr. WEBSTER: There was a heavy exportation of meats in 1896?

Mr. HARLING: Yes; we used to get perhaps 20, 25 or 30 cars of fresh and salt meat.

The CHAIRMAN: But there is more dairy business?

Mr. HARLING: No; the export of dairy products, butter and cheese, has not increased during the last few years. We carried as many boxes of cheese in 1895 and 1896 as we have in any year since that.

Hon. Mr. WEBSTER: In a word, as you see it, there is ample cargo available in Canada to load any steamers that may be put at Montreal or Quebec, provided the cargoes are sent to those ports for shipment, rather than given to the States?

Mr. HARLING: Yes, and the rates are equalized.

Hon. Mr. TESSIER: I would like Mr. Harling to give his views as to how trade could be brought back to our Canadian ports.

Hon. Mr. WILLOUGHBY: We had better let him finish his statement, and then at the end of it get the remedy.

Mr. HARLING: We will have to work back to that point. It depends on the amount of tonnage that is really available from the St. Lawrence. We have to get increased tonnage from the St. Lawrence in order to carry the available grain during the season of navigation. I have told you that the capacity of the regular lines is limited to certain boats. You have to get additional lines of steamers, or tramp steamers, in order to do that. Whether shipped from Quebec or Montreal is a matter of indifference to a tramp owner so long as he gets the same rate of freight. He would come, perhaps, a shade cheaper from Quebec on account of the saving of time and saving of expense coming up the river, provided he could get his cargo as cheaply and efficiently, and as good a selection of cargo, as he could get in Montreal. The primary advantage has been that you have lumber in Quebec, and having lots of lumber, Quebec was always recognized as a lumber port. In 1900 we succeeded in loading quite a number of steamers with general cargoes in Quebec in connection with the old line, and I operated in that year out of Quebec a line of steamers, and got a general cargo from the west and loaded in Quebec.

Hon. Mr. CASGRAIN: Why did you give it up?

Mr. HARLING: Because the line was sold; the Leyland Line that was operating that year was sold to the International Mercantile Marine, and the management was withdrawn and the line was withdrawn from Canada altogether because they wanted the line to run from Boston and not from Montreal.

Hon. Mr. WEBSTER: May I ask Mr. Harling a question?—as you have referred to that year, is it not a fact that by your personal effort, and by co-operation and by bringing in the various interests of water and rail together, you were able to build up that export business, which up to that time had been unknown?

Mr. HARLING: It was really a question of going out personally and getting that cargo to the port of Quebec.

Hon. Mr. WEBSTER: There is no reason why it should not go there if somebody goes after it?

Mr. HARLING: Certainly.

Hon. Mr. TURRIFF: Can wheat be shipped to Liverpool as cheaply from Montreal and Quebec as from New York?

Mr. HARLING: Not as a rule, on account of the extra insurance that I have mentioned.

Hon. Mr. TURRIFF: What difference would that make?

Mr. HARLING: I put that down at less than half a cent a bushel. I think I quoted three pence a quarter, there are eight bushels in the quarter.

Hon. Mr. WEBSTER: I think there is a difference of about 10 per cent.

Mr. HARLING: It would be 10 per cent on six shillings.

Hon. Mr. WEBSTER: I was informed there was a difference of 10 per cent between the St. Lawrence and American ports.

Hon. Mr. TURRIFF: Then there is only about half a cent to overcome?

Mr. HARLING: Yes.

Hon. Mr. TURRIFF: The rate from Winnipeg to New York is 30 cents; the rate to Quebec is 36 cents, which seems to be an extortionate railway rate; so that if the railway rate from Winnipeg to Quebec was cut about three and a half cents or four cents, so that instead of being 36 cents it would be 32 cents, you could ship wheat from Winnipeg to Liverpool via Montreal or Quebec as cheaply as at present by New York?

Mr. HARLING: Yes, provided your inland rates are equal.

Hon. Mr. WEBSTER: It would absorb that difference of insurance.

Hon. Mr. TURRIFF: Yes, it would absorb the difference between Winnipeg and New York and Winnipeg and Quebec, plus a cent a bushel of insurance.

Hon. Mr. WEBSTER: And furthermore, we would have this advantage: there would be less handling, there would be more direct shipments; whereas going the other way, it would have to be re-shipped two or three times and go to New York, which is a very extensive port. From the railway point of view it should be cheaper. In fact, when you say 32 cents, it might be possible that 30 cents would be quite sufficient to carry it, in comparison with the New York route.

Hon. Mr. CASGRAIN: But steamers have a better chance for cargo going west to New York than they have going to Montreal and Quebec?

Mr. HARLING: There is a larger amount of westbound cargo naturally available from American ports than from Canadian ports.

The CHAIRMAN: Do I understand you that if cargo could be brought to Quebec and Montreal you have the steamers to take it from there?

Mr. HARLING: Provided we are prepared to pay them the rate of freight which is competitive with American ports. An owner will not come to a Canadian port unless he can get that extra rate of freight to cover the extra cost, and also the extra risk, so you have to pay a slightly higher rate.

Hon. Mr. BENNETT: You say that in 1896, 50 per cent of the cargo was in other commodities than wheat or grain of any kind; now, if to-day there is no live cattle shipping, and no lumber shipping, what commodities would go to complete the cargo, assuming that the vessel could be filled to the extent of 50 per cent with wheat?

Mr. HARLING: They would take an increased quantity of grain.

Hon. Mr. BENNETT: Then would it be possible, in your opinion, for a vessel to be filled completely with wheat at Montreal and get a paying freight?

Mr. HARLING: Yes, certainly. The regular liners never carry full cargoes of grain unless there is no general cargo available. There are hundreds of steamers available for full cargoes of grain and nothing else.

Hon. Mr. CASGRAIN: Tramps?

Mr. HARLING: Tramp steamers.

Hon. Mr. CASGRAIN: Liners won't?

Mr. HARLING: No.

The CHAIRMAN: And they have to come empty to get that grain?

Mr. HARLING: Yes. They are coming now, as a matter of fact; there is a demand for them to-day.

Hon. Mr. WILLOUGHBY: Do you want the mixed cargo because the rate is more profitable than on cargoes of grain?

Mr. HARLING: Yes, the general cargo pays a slightly higher rate. Of course if you take the rough freight—lumber and grain—you might get a higher rate of freight for lumber than grain, but the expense in handling, and the space occupied by lumber, is so great that the grain would probably pay you just as well. But if you go into the high class of freights, such as butter, cheese and provisions, you get a much higher rate.

Hon. Mr. CASGRAIN: And agricultural implements.

Hon. Mr. BENNETT: Now, if I may resume, in your opinion as a shipping man do you consider that the rate will be paid to-day to tramp ships to carry a complete cargo, of, say, 200,000 bushels of wheat.

Mr. HARLING: There are ten of them fixed already from Montreal for the month of May, and there is a demand for more.

Hon. Mr. BENNETT: About what is the capacity of those vessels, in bushels?

Mr. HARLING: They generally run 4,000, 5,000, 6,000-tons, up to 8,000-tons, some of them. They run anywhere from 150,000 to 250,000 bushels. It is not profitable to have a vessel too small, neither is it always possible to secure a large quantity for one steamer. If you say round 150,000 to 250,000 you take in the minimum and the maximum of the general type of vessel.

Hon. Mr. BENNETT: Where would that ship be going?

Mr. HARLING: Direct to the United Kingdom or the continent. At present the demand is for Great Britain, for our English ports, but there is a demand at present for Rotterdam, Hamburg, Antwerp, Spain—a small quantity, Italy and Greece. We never did export to those latter ports before the war.

Hon. Mr. BENNETT: Now, coming to the big, vital question on which everybody differs, and what the Committee wants to know about, will the ocean line vessel, which has its passenger rates, its mail subventions, and its high-class freight such as cheese, bacon, and stuff that must go rapidly—can that class of vessel carry grain in competition with the so-called tramp steamer?

Mr. HARLING: Yes sir.

Hon. Mr. BENNETT: Approximately what quantity of grain, in bushels, will ships of that kind carry?

Mr. HARLING: You take the modern type of vessel that is being operated by the C.P.R. to-day, or by the Allan Line, or the Cunard Line out of Montreal—those are large cargo boats, what we call two-class passenger boats—the *Metagama* of the C.P.R. and the *Ansonia* of the Cunard Line—those vessels are bound to have a certain quantity of grain, because they cannot get a full general cargo. They will probably take anywhere from 100,000 to 150,000 bushels, seldom less than 100,000.

Hon. Mr. BENNETT: Can the complete grain-carrier—by that I mean a vessel carrying nothing but grain—compete in point of rates with that liner, that assorted ship, as we might term it?

Mr. HARLING: Yes, and no. I will have to qualify my answer. The regular line steamer is bound to sail and take a cargo, whether it pays her or not, because she is engaged in that service, and they have to take the rough and the smooth together. Sometimes she may go short of cargo; other times they may have more than they can carry; but that vessel is advertised by the line as a regular line steamer, and she has engaged passengers, and it does not matter whether she gets her grain or not, she has to fill the duty of sailing. Consequently the regular line steamer is in an entirely different position from the tramp steamer, which is not obliged to come for its cargo to Canada, even though the rate may be attractive, if she can get a better freight some where else. In that sense the attraction of the tramp steamer as against the regular line steamer is that the latter is a fixture; she has to take the current rate whatever it is.

Hon. Mr. BENNETT: And go on the date she is advertised.

Mr. HARLING: She is advertised, and she has got her passengers and her cargo, and she takes the business offered for the whole season or the part of the year in that particular line, whereas the tramp steamer comes to-day and goes to-morrow.

Hon. Mr. BENNETT: So that the rates of the two vessels will practically be the same on wheat, or any other kind of grain?

Mr. HARLING: As a rule the rate on the tramp steamer has to be a shade less, because the insurance is greater on the tramp steamer than on the other. The tramp steamer is in favour especially because it ships in parcel lots, and of course the shipper pays the ship more. That steamer can come into Montreal and take a cargo, and in one day can go away, while the regular line steamers take five or six days.

Hon. Mr. BENNETT: What return cargo would they have?

Mr. HARLING: As a rule they have no return cargo. They come out light, as a rule, to American ports as well as to Canadian ports. That single cargo one way is the whole of their revenue.

Hon. Mr. BENNETT: Can they compete with vessels that will be leaving New York or any American port loaded with grain one way and perhaps coming back with a cargo to American ports?

Mr. HARLING: Of course the vessels are not as costly to begin with, and naturally they can run at a less cost per ton, while the regular line steamer is more expensive.

Hon. Mr. BENNETT: What is the respective advantage of a boat trading from England to a United States port, for return cargoes, as against one going from New York, of the tramp class?

Mr. HARLING: I say that we have got to pay an extra rate on freight to come to Canada at any of our Canadian ports. The disadvantages are what I have stated before—the extra insurance, and the extra risk of the St. Lawrence. But it is not a question of choice; the owner has not got the choice. For instance, to-day there is such competition that the question is not whether the vessel can afford to run or not afford to run; the owner has got to get the best rate he can in any part of the world for tramp steamers, and there are hundreds and thousands of them available. If they cannot get enough to pay expenses they are laid up; and they are laid up by hundreds now in the American and English ports, because they cannot pay. How can you compete with a vessel costing \$200 a ton against another that cost \$50 a ton? Naturally the man that is running the vessel costing \$50 a ton can compete and take a lower rate than the man with the expensive vessel. That is the problem we have to settle. There are lots of ships running now and making money because the valuations have been written down, and they are going to succeed where the other man failed.

Hon. Mr. WEBSTER: It is also true, isn't it, that the liners have the advantage of a subsidy? When you are making comparisons between liners taking grain at a low freight and running on a regular schedule of service, even if they do take it lower there is the subsidy or something else to fall back upon?

Mr. HARLING: The subsidy given by the Canadian Government to the lines of steamers are a disadvantage rather than an advantage, absolutely. The money spent in Canada during the last 25 years in subsidizing steamers was simply money thrown away. The idea of subsidizing a steamer or a service was in order to given enough to open the service and develop the trade; but after the trade is developed there is no use continuing that subsidy. I have had this question up a dozen times with Sir George Foster and other Ministers. You pay a line of steamers \$200,000 a year to operate a line, say, to the West Indies. Now, I know for a fact that those steamers that we run to the West Indies and give \$200,000 to could have been bought for \$100,000 a piece—those three steamers that were put into the trade in the West Indies, and they were no good; they were obsolete steamers, and the operating expenses of those steamers have been paid by the Canadian Government ever since. They have got the benefit of a service, such as it is, to the West Indies. The service to South Africa, by Elder-Dempster, was paid something like \$120,000 a year; they maintain

a service once a month, but the rates of freight that they have obtained would leave them a sufficiently large profit to operate the steamer without that subsidy at all. The disadvantage of that subsidy is this, that the Elder-Dempster line—I am not speaking of any particular line—has advantage of \$100,000 against any competitor, and the result is that no other line will compete for South African service; but if the subsidy was withdrawn you would have half a dozen lines competing for the service if it was worth competing for. It has been operating for twenty years, and because it has a subsidy everybody will avoid the service. The same thing applies to Australia; you gave a subsidy of \$240,000 a year, I think. The service to France has never been any good either east or west; the boat simply goes to Havre, reports to the Custom House, comes out, and takes the balance of her cargo to London. That service has never been of any advantage to Canada or to France. There is not sufficient cargo available, either east or west, but for sentimental purposes you have spent \$200,000 for the subsidy, if you offered a cargo to those steamers for Havre they would refuse it and take it to London instead; but the advantage to the line is that it has that amount of money provided for the cargo service, and of course there is no competition.

By Hon. Mr. Willoughby:

Q. Would you have this service to the West Indies by the Elder-Dempster line if you had not the subsidy? Would the trade warrant it?—A. Yes, now that the trade is established. At the early stages the correct way would be to give them \$100,000 and say, "You will have to take \$90,000 next year, and \$80,000 the next year," and so the subsidy would gradually eliminate itself. After the service had made good they could run on their own rates without spending this \$100,000 on those steamers. During the war, and even to-day, I believe if the subsidy was withdrawn you would have three lines competing for that business, because they would all be on even terms, and it would be a case of the survival of the fittest.

By the Chairman:

Q. Is there enough business to justify it?—A. In South Africa there is, for a service about once a month, and Australia about the same. I don't say they were not justified, but the continuation of a subsidy prevents open competition.

By the Hon. Mr. Webster:

Q. Getting back to the grain traffic, is it safe to say that practically the same class of cargoes are available at Canadian ports as at American ports, provided they are solicited and put at one of our sea ports?—A. Yes.

Q. There should not be any difficulty in getting cargoes of the same class of goods as are exported?—A. The conditions of trade do not alter at all; there is exactly the same condition of trade to-day as there was 25 years ago. If you go out you get your business; if you sit in your office you cannot get it.

By Hon. Mr. Thompson:

Q. Could you get your rate?—A. You have to have the conditions. All I ask for is to get the preference on even terms; if my customer can get a share of grain from somebody else I could not ask him. You can go into Minneapolis or Milwaukee or Chicago, and if you can show them that they can save a shilling or a few cents a ton, the cargo will come your way, and if it is not cheaper it won't come your way.

By Hon. Mr. Bennett:

Q. Speaking in round figures, 56,000,000 bushels were shipped from Fort William and Port Arthur to Canadian ports last year, and 58,000,000 to American ports; of that 56,000,000, about 15,000,000 went to Port Colborne, the rest went to Georgian Bay ports; now, the Canadian Northern formerly carried about 35 per cent of all the grain in the Northwest to the head of the lakes; after that it was free to go where

it could, because they had no lake port on this side; now it is the intention of the Government to have the railways control that Canadian Northern trade as far as they can by shipping it first to Depot Harbour, which is one of their ports, and to Midland, and to Tiffin, which is practically Midland; now can you suggest any means the Government could devise to try and carry the bulk of all that trade through to Montreal by those Georgian Bay ports until Montreal port closed, and then carry it to Portland for the winter, and then with their Government ships carry it where it could find a market?—A. If you will take this year as an example, the Canadian Government have now got 40 or 50 steamers available.

Q. A serious matter?—A. A serious matter. Those steamers are coming in and taking the place of tramp steamers, and they are loading in Montreal, and you will have so much more tonnage available, and the 8-000-ton steamers of the Government could be employed in Canadian trade exclusively. I say 8,000 tons because the smaller ones are not much good for cross-Atlantic business, and they have to find their trade somewhere else. They are bringing those steamers to Montreal for grain, and you will have that additional quantity of tonnage, apart from any tramp steamers that will come. They are an addition in that way, but you cannot bring your grain to Montreal after the end of October, for practical purposes. One of the principal reasons why the grain goes to Buffalo is because we close in November, and by shipping it to Buffalo it is distributed through the American ports and is shipped all the year round, at least all the nine months.

Q. You say you close in Montreal about 27th of November, but cannot they carry grain from the lake ports to Montreal, say, till the 20th November, and then have ships placed to take it out by the 27th?—A. The grain had got to leave Fort William by the end of October to reach the steamers in time to sail by the 20th November, and it always slacks off after the 1st of November, because each line may have one or two sailings in November, if they have the trade, but the sailings are always less in November than in October, so for practical purposes we have to stop the shipment of grain to Montreal after the 31st of October.

By Hon. Mr. Webster:

Q. I think you said that the Harbour of Quebec could be kept open for a month later?—A. Yes, but if you bring your grain down by water to Quebec, the condition is that you can ship it down to Quebec by water probably for a week or two later. If you take it down by rail you can ship it down to the end of November, and get a full month or probably five or six weeks more by rail.

By Hon. Mr. Bennett:

Q. I did not just catch that?—A. I said that the export of grain by water from Fort William to Montreal for practical purposes closes about the 31st of October, but it has dribbled down a few weeks after that, and it finally closes in Fort William about the 6th of December, but the bulk of the grain they ship after the 1st November goes to Buffalo, because the port of Montreal is practically closed, or is closed absolutely by the end of November. If that same grain were shipped to Quebec from Winnipeg it could be shipped up to the middle of December, and you would have six weeks longer navigation but the shipper of grain does not want to send his grain to Montreal, because he knows that that port is going to be closed, and he does not want to have any surplus grain in the elevator, so of course it is rather difficult to get what we call "spot" grain unless the man brings the grain down. Of course, in recent years they are bringing it down and leaving it in the elevator, and if it is not shipped from Montreal they can ship it to St. John or Portland.

By Hon. Mr. Tessier:

Q. It would be well if it could be arranged to ship it to Quebec?—A. They could certainly ship for six weeks longer if they shipped to Quebec, and that is the time

when the grain is running most freely—October, November and December—more freely than any other portion of the year.

By Hon. Mr. Webster:

Q. Would what you said about sending steamers to Montreal apply during winter months to St. John and Halifax, as far as the tonnage is available? I realize that the question of rail would come in, but steamers might be provided in Halifax and St. John in winter for the export of our Canadian wheat.—A. The winter service is quite a difficult problem. We now close navigation in Montreal about 25th November, and in Quebec the 5th of December. The regular lines then send their steamers to St. John, Halifax or Portland. There has always been a great deal of competition between St. John and Halifax as the winter ports. St. John has been extremely active in obtaining for themselves a share of the winter business, and they have been very aggressive. They have succeeded in building up the port and getting lines of steamers, and doing a considerable amount of business for the last twenty years, and they deserve a great deal of credit, because the disadvantage of the port of St. John from a shipping standpoint is a very serious one. Halifax is a good port at any time; it is easy of access and it is a shorter distance; but any vessel coming up the Bay of Fundy, with its extreme rises and falls, and the fog and ice, is much more dangerous, to my mind, than navigating the St. Lawrence at certain seasons of the year.

By Hon. Mr. Thompson:

Q. But very seldom accident happens?—A. We have had a great many accidents in the past, but navigation has improved, and it is a great deal better now, and St. John is handling a great deal of business; in fact the bulk of the grain in winter time is at St. John. You can count out Halifax altogether as a port, as every bushel of grain they try to ship by Halifax is going to lose a lot of money to the railroads. The rate of freight is based on the shorter distance to Portland. At St. John you have to haul it 200 miles further for the same cost. From Halifax you have to haul it twice as far.

By Hon. Mr. Webster:

Q. You would save that, as between Portland and St. John, by the Transcontinental?—A. It should be shipped via Winnipeg, to Quebec from Winnipeg down to St. John. I believe every bushel of grain that is carried through to Montreal for St. John is carried at a loss by the railway.

Q. As between Portland and St. John, is it not reasonable to suggest that this grain could go via St. John in preference to going via Portland?—A. Yes; I have always said that St. John has always got the amount of grain it could take care of; but Portland is a convenient port, it is a Canadian terminal, it is owned by the Grand Trunk, it is 297 miles from Montreal, and it is a good port.

By Hon. Mr. Bennett:

Q. What is St. John?—A. I think it is 440 or 450 miles.

By the Chairman:

Q. You have to bring it over the Transcontinental at present; it goes down to St. John via Montreal, and it goes to Portland via Montreal. As a matter of fact, the grain could be sent to Quebec, across the bridge, and down to St. John, which would be a considerably shorter distance; and when it comes to a question of all-rail, which it does in the winter, it is a matter of competitive rates, which makes a vast difference; the shorter route is operated for so much less.

By Hon. Mr. Webster:

Q. Going back to where the wheat comes from, say Winnipeg, the distance over the Transcontinental—a Government-owned railway—to St. John, N.B., should not

be any more expensive than taking that same wheat to Portland?—A. It is a much shorter distance; it is a question of cost of railway transportation.

By Hon. Mr. Turriff:

Q. Take our steamers now, that are not exactly tramp steamers, if they were put into the grain trade they would be practically tramp steamers; take those 8,000-ton boats, can they haul wheat from Quebec or Montreal to the European ports at the prices paid to the tramp steamers and cover expenses? Of course our ships are expensive ships, having cost about \$200 per ton dead-weight; but could they haul this wheat at tramp steamer prices and not lost money?—A. Of course the question of the rate of freight comes in; six and sixpence a quarter is the ruling rate to-day. Those Canadian Government steamers can be operated as cheap as a tramp steamer, apart from the question of marine insurance, which is a very large item. That is the point I have advocated from the very commencement that the Government should not pay a single dollar to any Marine Insurance Company for marine insurance; it is foolish for them to be insuring their boats and paying 6 or 7 per cent to an underwriter in London when they have a sufficiently large fleet to cover their own insurance. If they had a certain amount passed to an insurance fund they could pay all their losses out of that and not take any money out of the country at all. Anyhow, with ports all over, and with more than 20 or 30 steamers, they would invariably cover their own insurance and cover any tonnage loss. I heard that last year they paid several millions of dollars for marine insurance.

Hon. Mr. Tessier:

Q. Who paid that?—A. The Government paid Lloyds in London when they should have debited the steamers with the insurance. They lost one boat, but the underwriters, I believe, got as much again. The insurance ought to be eliminated altogether, and written down to a point where they can compete. Suppose you have your boats at \$200 a ton, and write down the valuation to \$100, which more nearly approaches their value to-day; insure those boats on that basis of valuation, and do the insurance yourselves. You could thus cover your losses, and pay your losses out of any premium you now pay, by debiting each boat with the proportion of insurance from the fund. Those boats come into competition with other boats at about that valuation. Your cost then would be the same. I don't believe the statement that was made by the department—that they can operate Canadian Government steamers cheaper than British steamers, although that has been repeated over and over again. I happen to own British steamers myself, which I am operating in Canada, and I know that my costs are more than if they were under the British flag. Where they get it, they probably forgot some accounts. If you take a certain proportion of the expenses and forget the other, you have not concluded anything. They should be complete; they should give reasons for it. There is only one disadvantage that those steamers burn more coal in proportion to their size than a good modern tramp steamer does. They are a little more expensive, consequently their earning capacity is not so good.

Q. That is, they are cheap?—A. Ours are cheap as far as that goes. They are good boats; lots of the boats are good types of boats, and others are bad; in fact, they are ridiculous.

By Hon. Mr. Webster:

Q. The large ones are good?—A. The large boats are good boats and can do good service. I believe those boats could be of great service to Canada but you cannot run steamers with a railway man. I don't know anything about running railways, but I have been in steamers all my life, and I would not undertake to run a railway.

By Hon. Mr. Turriff:

Q. Isn't the position this—that they cannot expect to pay on the high cost?—
A. Yes.

Q. And they have to come in competition with the tramp steamers?—A. Sure. Why shouldn't they come in competition with tramp steamers in Canada, instead of chasing all over for trade?

By Hon. Mr. Todd:

Q. There are a good many of them tied up?—A. As far as the operation of Government steamers is concerned, you can give a great deal of credit to the people that are running them. You cannot put your finger on anything very gross; they don't make many mistakes such as anybody would that runs a line of steamers, but taking it as a whole I would say that the department have run their steamers very successfully. I think the Government steamers compare very favourably with the run of the American steamers, but what I do say more than anything else, and what I told Mr. Borden, was that to build little steamers when we have no trade for them, when other lines have ships to suit their trade, is throwing money away. They are sending those boats on the Atlantic. I think they should be employed on our regular trades. They are being put on the line from Montreal to Vancouver, but I don't think it is good policy to send them all over the world—to Australia and India—and take six months to take the round voyage. I think their costs are greater than they should be unless they could get good cargoes.

By Hon. Mr. Bennett:

Q. Assuming that this boat is carrying grain to England with a complete cargo, two hundred thousand bushels, would it be profitable for her on coming back to load with coal at Sydney for Montreal?—A. You have asked me a question now that goes right down to it. I carried a cargo of coal from Sydney at 60 cents a ton on a ten-thousand ton boat, and did not get my expenses out of it. It came from England, went into Louisburg last week, carried ten thousand tons and delivered it to Montreal at 60 cents a ton; the shipper paid loading expenses, and I could barely get expenses out of it. If it is a question of filling up time I would say yes.

Q. But on the question of making money so as to help the wretched outgoing?—
A. I don't think that she would make any money, because the type of boat that is required for the coal trade is the single-deck boat, and not double-deck. If you have 'tween-deck boats it means your coal is going to cost you a great deal more to handle in and out. Single-deck boats can carry coal up to Quebec and Montreal and probably pay their expenses, but they require a larger revenue, because they cannot be run so cheaply as a large boat.

By Hon. Mr. Webster:

Q. A boat of that kind, with its easy trimming and easy discharge, can carry coal cheaper from Sydney or Louisburg to Montreal than a tramp steamer or an outside steamer such as you have described?—A. Yes.

Q. That is the whole story?—A. There is not the revenue.

Q. And therefore there are steamers that are especially built in England for that trade?—A. Yes, coal companies can charter at very low rates, that probably do not return the owners much more than bare interest on the cost or on their value in competition with me and others. I might explain that matter a little further. If you take a cargo of coal, it means that you have to clean your ship out. Now in carrying grain you have to have what is called grain fittings, to prevent the cargo from shifting. If you put a cargo of coal into that vessel you will destroy your grain fittings to some extent, at any rate you will soil them, and the time lost in cleaning and preparing for grain will take away whatever profit you make, so I don't think it is a profitable proposition.

Q. Is it not a fact that to your knowledge to-day there are many steamers that are not making money, and in fact many that are in financial difficulties, so that the fact that the Canadian Merchant Marine is making no money to-day does not necessarily mean that the steamers have not been properly operated, but that they are up against a condition of trade to-day that is general all over the world?—A. They are no exception; it is the general rule. In the shipping trade all over the world you cannot find any trade that is profitable.

By Hon. Mr. Tanner:

Q. Did I understand you to say that you thought the extra railway rate eliminated Halifax for grain shipment?—A. Yes, the extra distance from Halifax to Montreal as compared with Portland, with which they have to compete on even terms, will result in every bushel of grain losing money heavily to the railway on account of the long distance it has to be carried.

By the Chairman:

Q. I notice you are always referring to cargoes from Montreal; what about the Transcontinental from Winnipeg?—A. The Transcontinental from Winnipeg is a direct line to Quebec which is much shorter than it is to Montreal. I do not see why the grain should not be shipped by rail from Winnipeg to Quebec, but there is this difficulty to overcome; the grain is shipped, first of all, from the farms to the elevators, and it is bought by the millers or by the exporters, and as soon as it goes into the elevator the farmer invariably loses his interest in the grain, having sold it to someone else. The farmer is interested in getting the largest amount he can for his grain, and he may hold it for a while, but he must sell it to somebody else while it is in Canada. Probably the farthest it will get from the farmer's interest will be in the Fort William elevators. There is an elevator capacity at Fort William and Port Arthur for 40,000,000 to 50,000,000 bushels. The grain accumulates there in the winter months, and the elevators are very full at present because the grain has been coming down during the winter, and it is being distributed now—the grain that was gathered last fall. Whether it is wise to keep it over is a question, but the shipper of the grain, that is, the exporter, buys the grain at Fort William. He gets the quotation at Winnipeg, probably, or at the Fort William price. He can buy it at Fort William for that price, or at Winnipeg for that price. Now, he has the privilege of shipping that grain either to Montreal or Portland or St. John or Halifax, or he can send it down to Buffalo. When navigation is closed we eliminate Montreal and Quebec altogether. He has certain lines of steamers that are available from St. John and Portland; he has certain lines of steamers that are available from New York. Now, there are three times as many steamers available from New York or Baltimore—and Philadelphia to some extent—than there are from Portland and St. John. At St. John we are limited to what lines? The Cunard line, the C.P.R., the Furness line to Manchester, the Donaldson line to Glasgow—only four services out of St. John, and there are practically four similar services out of Portland. He has to send his grain to those particular ports if he is going to ship it via St. John or Portland. If he ships it to Buffalo the grain ceases to be Canadian grain altogether; it loses its identity; it can be sold in the United States for milling purposes; it can be ground into flour, or it can be exported; but it is never exported from a United States port as the identical grain. It is shipped as Canadian grain, and they call it Canadian grain, but they don't get a Canadian grain certificate with every bushel of it that goes abroad.

By Hon. Mr. Bennett:

Q. Is it shipped from Buffalo to New York in bond—the Canadian grain?—A. Yes.

Q. Then how does it lose its identity?—A. Because it goes from one elevator to another and is mixed with American grain. The grain that is in an elevator in Buffalo is not all Canadian grain, but all the grain in Fort William and Port Arthur is Canadian grain. There is no American grain in those elevators, but when you get to Buffalo you get it mixed with American grain, and it goes down in bond, say, to Philadelphia, but it does not come out as the identical grain.

Q. Would the Canadian shipper guarantee in Buffalo that his grain was maintaining its identity as Canadian grain?—A. No.

Q. Why so?—A. Because he cannot guarantee that he will have the identical grain in New York; it may be somebody else's grain.

By Hon. Mr. Webster:

Q. We have a certain grade?—A. Yes; but the American grades are different; but the grade of our own is given.

Q. In Fort William the identical grain goes into the vessel?—A. Yes, but the grades you have in Canada are higher than they are in the United States. I have seen grain shipped from New York that was supposed to be first class grain, that was in the most disgraceful condition. I don't wonder at the people objecting to grain, because it was full of dust and all kinds of stuff, and that was American grain that had passed inspection, but it would never pass in Montreal or St. John. What I say is that every bushel of grain, when it goes to America, loses its identity as Canadian grain; and that is a detriment to Canada, because the American mixes it with American grain. That is what the Government should impress upon the farmer—that while he gets the price in Canada, and won't get any better price than the current price from day to day—where the farmer can benefit is to have the grain sent to our Canadian ports, and carrying the grain as Canadian grain from our Canadian ports.

By Hon. Mr. Bennett:

Q. Can you make any suggestions how Canada should endeavour, in the winter months, after Montreal port is closed, to consolidate as much of the north west grain trade as possible through Portland—because if it goes through Portland it is going over a Government railway?—A. That is a point I have advocated from the very commencement. I say you should use Portland, because it is the cheapest port, its terminals belong to the Grand Trunk a Canadian railroad, and ninety-nine per cent of the export of Portland is Canadian, the terminals are under the control of the Grand Trunk, it is just as much a Canadian port, from an export standpoint, as St. John and Halifax. It is simply losing money for sentimental reasons when we do not use Portland as our best port, where we can compete with any other port and make money for the railways. No money is to be made in carrying grain by endeavouring to run it uphill a few miles further. Portland is the best port on the Atlantic, bar none, for export of grain. I have operated personally from Portland for a number of years. I have elected to run from Portland without a subsidy rather than go to St. John with a subsidy on account of the danger of navigation.

By Hon. Mr. Webster:

Q. But if all our exports were taken away from St. John, it would seriously affect Portland?—A. No; I maintain that we are not developing our ports to the maximum of their capacity. St. John gets nothing in the summer time, and Portland gets nothing in the summer time. It would be infinitely better to allow our western grain to go to Portland rather than New York and Baltimore and Philadelphia—I am only specifying the particular port we are interested in.

Q. But if the same effort that was used to build up Portland was expended on the St. John and Halifax in the winter months could we not build up St. John considerably, and have the circulation of money and the disbursements of the steamers

and everything else that goes with it, in a Canadian port rather than an American port?—A. Certainly. You are putting as much business over that road as your facilities will allow. You could increase your business in St. John, but you are not going to get the same effectiveness as you would in Portland.

Q. Effectiveness in what way?—A. The spending of money is a matter of the ocean steamers. Of course, in operating our own Canadian steamers, you would not run them from Portland if you could run them from St. John; but if I could run a steamer and get better facilities I would rather run from Portland than St. John.

Q. But we must patriotically look to the building up of our Canadian ports?—A. Oh, decidedly.

Q. Is it not our duty to find out the reasons, and build up the Canadian ports both in summer and winter, rather than encourage the traffic to the American ports?—A. I agree with you.

By Hon. Mr. Todd:

Q. If you speak of American ports, Portland is a natural shipping point for all western grain. Let us send it to Montreal; St. John has done two or three times as much steamship business as Portland?—A. That is not in grain. I was specially comparing grain. St. John is doing a good business, and of course we are getting over the difficulties we had twenty years ago. Your rails are better, your facilities for getting in and out of port are considerably better. I remember when there were no lights efficient out of St. John, N.B., and when there were no good lights on the St. Lawrence.

By Hon. Mr. Webster:

Q. Would it not be possible for the railways to give a through bill of lading for a parcel of wheat to Winnipeg or Fort William, so that the farmers would know that it would be their identical wheat that would be delivered in Winnipeg, then the railways would take care of that over Canadian railways and Canadian elevators and terminals, and shipping by enlisting lines or the Canadian Merchant Marine, for whatever tonnage was available, would it not be possible to put that identical Canadian wheat right from Winnipeg to Liverpool on a through Bill of lading?—A. The system of through Bills of lading have never been extended to grain shipments. I have never known any grain to be shipped on a through bill of lading; but when we were operating at Quebec and wanted to get grain to Quebec one of my stock arguments was that I would guarantee the identity of the grain from the west as being the same grain, and when they asked me how I could do it, I said, "simply because we have only one shipment going through that elevator, and it cannot be any other." So I got some people in Duluth to ship a large quantity of grain because they knew that it was going down to Quebec and had to go into my steamer because there was no other steamer and no other grain in the elevator. So it was not difficult to guarantee the identity. From the standpoint of importer that was a very important point, because he buys his grain by a sample or by grade, but he wants his grain kept separate from somebody else's grain. If a man buys his grain in Winnipeg instead of Fort William, naturally he would get a local bill of lading. I don't know that he could get a through bill of lading unless he puts the name of the steamer that it is going to; but then he presumes that it is going to be carried to Quebec by rail, and you could put a through bill of lading by the Canadian Government Merchant Marine if you issued to a shipper in Fort William a through bill of lading per C. G. M. M. to its destination. I don't mean as a local shipment only, but the C. G. M. M. can make that through if it is an object for a man in Winnipeg or Fort William to have a through bill of lading. The Canadian Government line steamer will lift that from Quebec to its destination. In that way it will be an advantage to the steamer to have a through bill of lading.

Q. In other words, the railway or steamship company can grant you a rate through from Winnipeg to Liverpool at 50 cents or 55 cents a bushel, assuming that the rate from Winnipeg to Quebec is 30 cents, including terminal charges, and 20 cents a bushel from there.—A. If the shipper would realize the advantage that he would gain by that it would be tremendous.

Q. Can you suggest why they won't do that?—A. The reason is this. The man buying his grain in Winnipeg applies for a through bill of lading, making it payable in Liverpool, and instead of paying his freight to Quebec and then the freight to Liverpool he would calculate and collect freight in Liverpool. If he would make the through bill of lading the payment would be made in Liverpool for freight against the payment of his grain, and he would not be out the cost of transportation from Winnipeg to Quebec.

Q. Why will they make a through bill of lading from Liverpool to Winnipeg going west, and not grant a through bill of lading going in the opposite direction?—There must be some reason?—A. It is rather complicated, but I think I can explain it in a few words. Our regular line steamers from Liverpool have always been under the regulations of the North Atlantic Steamship Conference; and as long as I can remember, 30 or 40 years, all the lines of steamers have been taking their freight from Liverpool, London, Glasgow or the continent, and the freight has been fixed by the North Atlantic Conference. That Conference consists not only of the steamers coming to Canada but the steamers coming to all the American ports, I might say all the west coast ports—that is to the east coast of America, and competing ports. Naturally the terms and the rates are fixed by the people who have the biggest pull. Now, take the Cunards with all their ramifications, or the International Mercantile Marine naturally the officials of that line will say, "we want a rate of freight to so and so," and they fix that rate of freight not in the interest of their lines that operates to Canada, but in the interest of their lines that run to the United States—because where they run one steamer to Canada they run three or four to the United States. That has always been the case and the Conference rates have always been fixed on the other side, and the shipper can either pay that rate because he cannot do anything else; there is no question of competition. These rates are always fixed on the basis of the North Atlantic Conference. When the C.P.R. came into existence and took over the line that I was operating they said, "we are not going into the North Atlantic Conference," but inside of twelve months they were in the Conference, and they have been in it ever since. We used to call the rates, as fixed by the Conference, the "Conference Bible," because the rates are fixed. That tariff naturally does not favour Montreal as a terminal port, if the intersets of New York or Boston or Philadelphia are paramount. The lines never have recognized Montreal if the interests of the ports of New York were paramount. Now, it must be paramount, because you have the Reford line to-day—which is the Agency of the Cunard line—that has only one or two lines out of Montreal, but they are subservient to New York and Boston, which are infinitely more important to the Cunard Line. Take the C.P.R., which made an arrangement with the Conference whereby they obtained a certain guaranteed number of passengers from the Continent at a fixed rate rather than compete. Now, in order that they could get 1,000 passengers at the then going rate, they said, "Alright, the other is subservient, and this is more important to us, we will agree to whatever the Conference fixes." They did not fix the rate, but they fixed their own through rates to western points, which was far more important. If they had a cargo for Toronto or Hamilton or Winnipeg they would take that cargo and give the western men the rate of freight in competition, because they wanted the long haul, and the western people have benefited to some extent on that basis. It is not all a disadvantage, but sometimes—and very often—it works against a competition for New York or Boston; but the rates are always fixed on the Conference basis.

The same thing applies to-day. It is a foolish thing that our own Canadian Government, instead of getting their own agents or independent agents on the other side, confine their steamers to the "Cunard Lines" in Liverpool, and the Cunard Line are the agents. How are you going to get western-bound cargo if your agents are agents for the competing line, and own the competing line?

By Hon. Mr. Turiff:

Q. Are not the Canadian Government steamers also in the North Atlantic Conference?—A. I would not like to say they are.

Q. I have been told they are?—A. I believe the rates agree, but there has been some dispute about rates. I think I broke the rate last year, because I went to the agent in London and said, "it is ridiculous, you asking 80 shillings a ton for that cargo; it won't stand the trade; but if you bring it right down to a reasonable figure I think I can get you the business," and they brought the rate down. But it was infinitely better to get that cargo rather than block the business, and get a good revenue out of it. A great deal of our west-bound business coming from England has been prevented by the higher rates of freight, comparatively, that have been charged by the Atlantic Conference. A man in New York that has fine goods to bring out can afford to pay a higher rate for his fine goods; in fact he does not care what he pays so long as he can get the service; but that is not just, why we should be obliged to charge our people the same rate to bring this freight going to New York and thence to Montreal. There was a time when all the fine goods to Toronto came out by New York; we could not get a ton of that because they wanted the fine goods, and wanted them in a certain time, and they paid the extra cost.

By Hon. Mr. Bennett:

Q. Assuming that agents from Chicago should go to a market and buy one or two millions of bushels of grain, are there men in England who have the grain in lots of one, two and five million bushels and take it over there at any time they can place it there?—A. The shippers now are invariably the agents of London concerns. We have very few grain exporters in Canada. There are in Winnipeg agents of big firms that will buy 50 million bushels over the year if they can get it.

Q. Would it be possible, now that Canada owns the Canadian Northern Railway and a line of steamers, to give a through rate to Great Britain either from Montreal or Quebec or Portland, so that there would be no loss of identity of the grain?—A. Yes; I think they would prefer it as a matter of fact. It is a singular fact that years ago we had in Montreal ten or twelve shippers, but to-day we have only one or two, and in fact those are in and out—they are not in very often—but they come in occasionally and bill a few loads of grain; but if we want to buy grain to-day we go down to New York and get the agent of one of the big English companies. Nearly all the grain is picked up by the representatives, not in Montreal, but in New York, of those companies, who telephone to one firm, and one firm has booked up 75 per cent of all the grain that is exported and gets a small percentage, but he is not an exporter.

Q. Then Canada, owning those railways in the west, and being able to fix a low rate to the head of the lakes, and get what available shipping there is, if they get it at lake ports on the Georgian Bay during the operating season, let it freeze in, and let the vessels there hold it, which would dispense with the elevators, then, having their lines to Montreal and Quebec until navigation is closed, could they help to get a really close-cut rate for shipping from Portland, which has a Canadian railway, too?—it may be sentiment, but Canada owns the Portland division, the same as the Canals?—A. It does not make any difference so long as you can make it attractive to the shipper. He is the importer both in England and on the continent, and they have representatives that buy the grain, and when they buy the grain they get instructions whether it is to go to London, Liverpool, Glasgow, or wherever else it is to go.

Q. Then, take the big buyer in England of from one to five million bushels of grain, can he hope to get as close a rate from the head of the lake, or from any point west, through to England by a thoroughly Canadian system as if he took it to Buffalo and then over different railways and ship companies?—A. I think he would prefer it every time.

By Hon. Mr. Webster:

Q. Would it not be to the advantage of the farmer as well as to the people of Canada that a system of through rates might be arranged and enforced so that Canada would benefit by the through railways, through their harbours and through their steamers, for the carrying of this grain?—A. Yes; I think that every fraction of a cent that you can save in the cost of transportation, either on the railways or on the ocean, is going to benefit the Canadian farmer, because it comes right back to him. It is a question of the cost of transportation, and that of course affects the amount that he is to receive. I maintain that even a cent a bushel or half a cent a bushel saving by making our Canadian routes the cheapest would not only make it cheapest to maintain them, but if we can handle this grain in Canada why should we let it go down to the States? I think we can handle a great deal more, and I don't think it would be detrimental to the country even if we lose a little by the railway and by having the steamers on both sides of the Atlantic. If you want to ship the grain you can ship it not only from St. John and Halifax, but also Vancouver. I have always been a very strong advocate of the shipment of grain to Vancouver. Ten years ago I wanted to go to Vancouver to start business there, because it was only 700 miles to the west, and all the year round, and having the advantage of the Panama Canal, but they would not build an elevator.

By Hon. Mr. Bennett:

Q. Assume that two boats are put in commission for the whole season for carrying grain from the head of the lake, one carrying grain for export to England all summer through, or when it is available, and then by rail; the other one being placed for shipment to Georgian Bay ports; the one that plies between Fort William and Georgian Bay ports will make two trips in comparison with those at Buffalo, on account of the detour?—A. Yes, I remember it quite well.

Q. In the fall of the year not only is there a delay to the boat for Buffalo on account of the slowing down from Sarnia to Detroit by the narrow channel, but by reason of fogs and all that sort of thing, big fleets are held up there altogether?—A. Yes.

Q. Have you ever heard the difference—I think they make three trips as against two?—A. Yes, I have not only heard it but I have done it myself, because I started a line of lake steamers one season that ran from Depot Harbour to Fort William in preference to running to Montreal and Quebec on those steamers.

Q. And it proved itself?—A. Well, it stands to reason; it is very simple for you or anyone else; you have the distance from Fort William to the Soo and from the Soo to Midland or Depot Harbour, which is a fixed distance, and which can be made, say, within 24 and 48 hours; and you have only to go through one lock, and you have the open lake from Fort William to the Soo, and the open lake—except the St. Mary River—from the Soo to the Georgian Bay port. A boat that comes down to Port Colbourne has got to come through the Detroit River. Now, the delay and the danger of coming through there lengthens the time of the boat; she cannot go full speed; the result is that the time is longer in making that voyage. If she wants to make the maximum number of voyages she will naturally go where there is the least resistance. The boat that comes through to Montreal, when she leaves Port Colbourne, comes through the Canals, which takes her nearly as long to come down to Montreal from Port Colbourne as it does to come down to Port Colbourne, because she is canalling nearly all the time.

By Hon. Mr. Willoughby:

Q. How would the rates compare?—A. The rate from Port Colbourne and Georgian Bay route ports are generally about the same; it used to be one and a half cents to Depot Harbour and to Midland and one and a half cents to Buffalo. The reason why it was profitable to ship to Buffalo instead of to Depot Harbour was that you had a west-bound cargo of coal on the inland route from Buffalo and New York to Depot Harbour to Montreal, or practically the same, so they had to compete, and the same rate on freight or corn, it used to be one and a half or two cents to Depot Harbour, and a very much larger boat can discharge there.

By Hon. Mr. Bennett:

Q. Assuming that a month later than now we were at Detroit, what proportion of the vessels going up would be carrying coal?—A. I could not answer that question at all; I am not sufficiently acquainted with the export.

Q. Is it a fact that the big fellows of the steel trusts do not hold back at all, so that there is not much with return freight?—A. I don't think so.

Q. Has it not been a reason that they can make three trips from a given point in Lake Huron as against Buffalo?—A. I think it is quite feasible, quite practicable.

Q. I noticed in a clipping on Saturday that a ship went down from Fort William to Port Colbourne in 29 hours; figuring it to Midland it would be very much less?—A. Yes.

By Hon. Mr. Willoughby:

Q. I would like to hear about the Panama route?—A. I am very strongly in favour of the Panama route from the west, and always have been. I believe that the Panama Canal is going to open up our West, and that we have not taken advantage of it. Unfortunately the war came on just at the time that the Canal was developed; but I went out to the far east for the Grand Trunk in 1910 and made a report on the Pacific trade, and also the progress of navigation via the Panama Canal. I think that if Prince Rupert were developed and had elevator facilities, and Vancouver, that we would be able to handle a large portion of our grain, particularly in the winter months, via that route, that now goes via Buffalo, as cheaply. It has to be as cheap, otherwise the business would not go that way.

By Hon. Mr. Turriff:

Q. I understand that a large cargo of wheat was shipped via the Panama Canal from Vancouver quite lately, contrary to the views of many that wheat could not be shipped in bulk on account of the warm water affecting it?—A. Yes, there was an account of a steamer that left Vancouver and delivered a cargo in London in five or six weeks, and there was a splendid lunch given on the steamer, and they were congratulating themselves on having carried grain from Vancouver via the Panama Canal in forty or fifty days. It reminded me of my first day in business in 1873, when a sailing vessel came from San Francisco with a cargo of grain in 120 days and delivered it in Liverpool; that was over forty years ago. We are somewhat behind the times when we question the feasibility of shipping grain via Panama, when forty years ago we were shipping grain in sailing vessels around the Cape.

Q. Was that grain in bulk?—A. In bags, and there is more heat in bags than in bulk grain. That vessel came around Cape Horn, I remember; it was my first recollection, of the *Glory of the Seas* coming in. I saw that vessel discharge her cargo in 1873; and yet it took us till last year to decide whether it was possible to ship grain via Vancouver. But, mind you, that vessel not only went to Vancouver, but from Vancouver to San Francisco, and from San Francisco to New York and some other ports, instead of making a direct passage in thirty days; I think she was thirty-five or forty days on the passage. It is possible to make our voyage in thirty days, and the longer the voyage the better the shipowner likes it, because we can

carry freight cheaper, in proportion, for 6,000 miles than for 3,000 miles. We have a fleet of Canadian steamers that are technically adapted for west coast shipping via Panama Canal, and there is no reason why our grain should come 1,500 miles when it can go 700 miles west and be carried across by our own steamers. Someone may ask what would be the advantage of service from Vancouver. They say you cannot move trade. As a matter of fact, if you can cheapen trade, reduce the cost of shipping, the shipper does not care whether it is Vancouver or New York or Hudson Bay. If there is any one scheme on which the Canadian Government have wasted money it is the Hudson Bay. I had something to do with that, too.

By Hon. Mr. Willoughby:

Q. Suppose a cargo were shipped by the Panama route, what would be the prospect of return cargoes?—A. There would not be very much return cargoes, but if you could ship your cargo from Montreal to Edmonton all-rail, charging a very high rate for that long haul, you could surely send it from Vancouver to Edmonton on the short haul and deliver it at Edmonton at a less price than you could via Montreal.

By Hon. Mr. Bennett:

Q. What is your knowledge of movement of grain where the Grand Trunk and C.P.R. brought grain from the upper lakes—the volume in bushels? When the Kansas wheat comes in, and the corn is moving rapidly, the Grand Trunk and C.P.R. could give a better rate to bring it through the lake ports to Chicago and then distribute it to the eastern states.—A. The Grand Trunk always had the advantage over the C.P.R. in that respect.

Q. Did that mean a large volume of trade?—A. Yes, but then they distributed it over their own lines; they have the Central Vermont and lines in the east, so that they were a favourable factor in that business.

Q. Were they in a favourable position for Buffalo?—A. Yes.

Q. In view of the statement that one-fifth of the labouring men in Canada are employed on the railways that trade would be advantageous in that respect, even if we lose it in Montreal?—A. Yes.

By Hon. Mr. Watson:

Q. At the risk of repeating the question, can you give us an idea of what the Canadian wheat shipped by all-Canadian route is worth at a premium in Liverpool compared with grain shipped through American ports?—A. I made that point very strong, that by retaining the Canadian grain through Canadian ports the shippers, the importers, always prefer our routes, and will give our wheat the preference, and in time I believe even pay more.

Q. Will you say how much?—A. I won't say how much, but he will take it on even terms at any time.

Q. Some years ago I found that the Liverpool grain exchange would accept Canadian grading, and was told by one of the largest shippers in England, "You have a man in Canada named Davie Horn, and his certificate is A-1 in Lloyds."—A. Absolutely

Q. And this man added, "We will buy Canadian grain on Canadian grain certificate, and we never have had any trouble, but we have to inspect grain routed through American ports?"—A. They know what they are getting when they buy on Canadian inspection, but they don't know what they are getting when they buy on American inspection.

After discussion, it was decided to investigate railway rates on freight, calling Mr. Hayes, Mr. Vaughan, both of the Canadian National Railways, Mr. Scott and others.

The Committee adjourned at 1 o'clock until 8 o'clock p.m.

EVENING SESSION

The Committee resumed at 8 p.m. on Wednesday, April 27th, in Room 368.

The CHAIRMAN: Mr. Hayes, Traffic Manager of the Canadian National Railway, will be here next week, and he would prefer to wait till next week, when he will have perhaps better information to give us. He suggests that we should also invite a man from the Canadian Pacific Railway and one from the Grand Trunk; he mentioned Mr. McInnes of the Canadian Pacific Railway and Mr. Dalrymple of the Grand Trunk.

HON. MR. MCCOLL: Mr. Hayes suggested that we call Mr. Crerar, who had perhaps more knowledge of western conditions.

The CHAIRMAN: That is about transportation. Mr. Crerar might be very valuable. I was speaking of rates, and Mr. Hayes suggested those names on that subject.

HON. MR. MCCOLL: I think we should have a grain expert—a man who is dealing with grain every day in the grain markets of the world—if such a man could be found.

The CHAIRMAN: I think we will get those three railway men on Wednesday of next week at 10.30, then you might call whoever you wish. On the request of Mr. Tessier, I intend to get Mr. J. G. Scott, of Quebec, as he is very well versed in harbour and railway matters. Now I suppose you will all like to hear Mr. Harling further on this question.

THOMAS HARLING, recalled.

By Hon. Mr. Webster:

Q. We deferred the question of Marine insurance, and you were to give us some information on that; then there was the question of grain elevators and terminal facilities generally, whether they were sufficient for handling ocean steamers. Perhaps you might deal with insurance first?—A. The question of Marine Insurance has always been a very sore point in the St. Lawrence shipping trade, and for quite a number of years agitations have been started in favour of obtaining a reduction in the rates from Lloyds, in London, who control the Marine Insurance practically of the world. All our steamers belonging to the different lines are insured either at Lloyds at London or by the Marine Insurance Companies. There is a distinction between them and Lloyds. Lloyds are private underwriters, individual underwriters, and the companies are doing the same business, but as companies. They insure the vessels and the cargoes practically all over the world, and their rates are the basis of Marine Insurance rates everywhere. In New York during the last few years quite a number of new companies were formed and they are insuring American ships and American cargoes. Their rates are based upon Lloyds rates. As I explained this morning, while the Marine Insurance on the steamers themselves are what are called annual policies, that is to say, the ship is insured from a specific date for the whole year round—usually from the 18th February to the 18th February of the following year—the rate on the steamer is fixed from a base rate which includes all the world over in what we might call favoured localities, that is, ports that are well known and considered to be safe for navigation purposes of the ordinary type of vessels. Then there are exceptions. For instance, in the St. Lawrence a higher rate is charged on every vessel trading through the St. Lawrence, because it is considered an undesirable risk. In Montreal we have always endeavoured to prove that we ought not to be outside of the range of the ordinary policy. We have made that point, and the reply of the underwriters has invariably been, "When you can show us that the accidents in the St. Lawrence prove that the navigation is safe, then we will reduce our rates of insurance." As a matter of fact, during the last 20 or 25 years we have spent, I suppose,

\$20,000,000 or \$25,000,000 in improving the navigation of the St. Lawrence; and every recommendation made by the underwriters has been carried out by the Canadian Government at their own expense; yet the underwriters have never made any substantial concession off the extra rates which they charge for the St. Lawrence, even up to the present time.

By Hon. Mr. Bostock:

Q. How do they explain that?—A. They claim that the risk of fogs and ice in the early part of the year and also in the late fall makes navigation dangerous. Now, we have not lost a steamer in the St. Lawrence limits—total loss—for some time; but unfortunately there have been losses outside of Halifax and outside of St. John. But the navigation of the St. Lawrence from Father Point to Montreal has been made as safe as it is possible to make it.

By Hon. Mr. Bennett:

Q. What about the collision of the *Empress of Ireland*?—A. That was below Quebec. That was a pure accident—an accident that might have occurred anywhere.

Q. Has there been any since then?—A. Practically none. There have been minor accidents, but no serious accidents. The suggestion made by the underwriters in the early days—I am going back now quite a number of years—was that our lighting was insufficient. It was; but that has been absolutely remedied. Our buoing system was inferior; that has been remedied. Night navigation between Montreal and Quebec, which was considered impracticable 20 years ago, is now in full use, and ship captains will navigate the river between Montreal and Quebec by night as well as by day. All that has been done at the expense of the country, without any corresponding reduction in insurance rates. Some ten years ago when Mr. Brodeur was Minister of Marine, and Mr. George Washington Stephens was the Chairman of the Harbour Board, an effort was made to induce the underwriters to make some concession. Mr. Stephens spent some considerable time in London, and Mr. Brodeur was in London at the same time. We interviewed the Committee of Lloyds, but we were never able to make any progress. However, I think the blame is our own rather than the underwriters' because if you tackle a subject and then drop it of course naturally the underwriters are not going to make any move. The move should have been made on this side, but no continuous effort has ever been made. Naturally it is a technical subject, and there are very few professional shipping men, even, who understand the Marine Insurance question and who can answer the questions put to them by Lloyds. Mr. Brodeur and Mr. Stephens and I thought that question out, and I made this suggestion: I claimed that the extra Marine Insurance rates charged upon Canadian shipping and Canadian cargo was more than sufficient to pay the losses at any time during the season of navigation, and that they were really making a profit of the excess rates. It was a very difficult thing to estimate what those premiums of insurance amounted to, because it is not a fixed rate; the rate varies according to the commodity and according to the time of year; but I took a valuation of all the steamers in the regular line and put down what I considered would be the amount to cover the premiums that the steamship owners themselves paid. Then I took the value of the export cargo as a basis of the rate that would be paid on the cargo—of course the valuation for insurance is based upon that value—and I took the average rate on that cargo as a basis for calculating what premium that cargo represented would cost. Allowing an ample margin, I figured out that we were at that time paying something like \$1,500,000 more than the losses amounted to in a year. Naturally the underwriters would not accept my figures, but there were no other figures available, and I don't know that anybody else ever tackled the subject from that standpoint. It is a question of payment for services, mainly. The underwriters say, "We are entitled to 2 per cent or more on the steamers, and we are entitled to a fluctuating rate." The

issue was this—that where they would charge a rate to a merchant all the year round from New York, Boston, Philadelphia or any port, and give them a floating policy, and permission to ship by any steamer or line of steamers, that policy was good for all the cargo that was shipped at any time, almost to any value, whereas in Canada there are very few companies that have got the rate even for the whole season. For instance, they may have a rate that will run from May to the end of July or August, or they may have an average rate over the season; but if they take the average rate over the season I think I am within the mark if I say that the premium is 50 per cent more, on the average, than it is out of New York under the most favourable conditions.

By Hon. Mr. Bennett:

Q. What is the percentage of increase over what we call the normal rate when the vessel plies up the St. Lawrence?—A. When we pay the base rate out of the syndicate, of 6 per cent, we pay 2 per cent more if we exclusively deal in St. Lawrence. I am now paying 9 per cent insurance on a steamer trading between Sydney and Montreal because she makes two or three voyages a month when she is running in that trade. That vessel alone pays on her valuation \$20,000 or \$30,000 for the season's navigation, extra insurance.

By the Chairman:

Q. Extra?—A. Extra.

By Hon. Mr. Bostock:

Q. What do you mean by extra insurance?—A. The extra premium that is charged over the base. Take a steamer that wants to travel all over the world. We will insure that vessel for 6 per cent; but if that vessel enters the St. Lawrence or any Canadian port, she is entitled to pay an extra rate. If she makes one voyage to the St. Lawrence and does not come again they will probably charge her one-half of one per cent for that special trip. If she makes a voyage after the 1st of October it will be one per cent for one single trip. If she is trading during the whole season up to the close of navigation, it is two per cent on her value. That is quite a large amount, for of course the value of a steamer is very considerable.

By Hon. Mr. Webster:

Q. Is there any reason why there is no united effort to get our basic insurance on a more equitable footing?—A. It is a question of effort. No one has ever tackled the subject with a view to securing it. We have all kinds of plans from shippers and merchants, and I have had them from shipowners, and have thought this question out myself, but there has never been any decided effort to abate the disadvantages.

Q. In the interests of the Canadian trade could not the Government be asked to co-operate, take some part?—A. Yes. Mr. Brodeur at that time went with us to Lloyds, and he naturally had not studied the subject and could not discuss it very well. They told him, "When your accidents are reduced, then we will reduce the insurance." We said, "But, gentlemen, we have done exactly what you have asked us to do in the way of buoying and lighting; is there anything else you can suggest that we should do?"—and they had to admit there was nothing to suggest whereby we could improve the navigation. The only thing they suggested we might do was to dispel the fog and the ice, and thus make the navigation safe.

Q. From your experience the record of the Canadian traffic is fairly free to-day from those difficulties that may have existed some years ago?—A. Oh, yes, absolutely.

Q. Therefore the matter ought to be taken up?—A. 25 years ago, when I made three total losses in one year in Canada, there was some justification for it, but at that time our lighting system was inefficient, and our buoying system was very inefficient, whereas now it is as good as it can be made.

Q. The Government has subsidized a wrecking plant and company on the St. Lawrence; now, with that efficient method which they have for raising steamers to-day, should not that assist?—A. Absolutely, yes.

Q. As I understand it, there are no serious black marks against the St. Lawrence route for the last few years?—A. Actually you can go back nearly ten years.

Q. The old steamers that got on the rocks were all successfully floated and brought in to the harbour?—A. There was a complaint made years ago that we had no efficient appliances for handling a vessel when she went ashore. Now, the plant that was available was Davies' plant in Quebec. Davies' had a very good wrecking steamer called the "Lord Stanley", and she went down to any vessel that was in trouble, but it took a week to get the vessel down to the wrecked steamer from Quebec, say, to the Straits of Belle Isle, or the steamer that was ashore in Nova Scotia and New Brunswick. There were no wrecking appliances below Quebec. It was suggested that we should have one at Gaspé. There is another wrecking plant now at Sydney, that serves the Nova Scotia and New Brunswick coast. I always held in the early days that those salvage vessels should have been maintained entirely at the expense of the Government; that we should not be compelled to make a bargain with them for \$500 a day when they were working and \$250 a day when they were not working, and so on; it was a private interest.

By Hon. Mr. BENNETT: Where is the plant kept?—A. Two at Quebec, and one at Sydney.

Q. That is a subsidized company?—A. One is subsidized.

By Hon. Mr. Tanner:

Q. Have the shipping men or the Government presented this matter to Lloyds since the occasion you referred to?—A. No, I don't think it has been actively discussed since about ten years ago—I cannot give you off-hand just the year we were over, but there was a record at that time, when Mr. Stephens and Mr. Brodeur and I were in London and discussed the matter fully.

By Hon. Mr. Willoughby:

Q. Is the cargo rate the same as the rate on the hull?—A. No, the cargo rate is so many cents per \$100. The insurance on the steamer is valued at pounds sterling, that is the English boats. The theory is the same, that is, the rate per cent, but on the English vessels it is per cent on the 100 pounds, whereas in Canada the insurance is per cent on the \$100.

By Hon. Mr. McColl:

Q. How much will the extra insurance cost on a bushel of wheat, based on the annual premium and the average number of trips the vessels would make each season?—A. It is only a fraction.

Q. How much does it add to the cost of transportation per bushel of wheat?—A. It is only a fraction of a cent per bushel, if you take it down to a bushel, because it is \$100 worth. If you take grain at \$100, at a dollar a bushel, that would be in round numbers 100 bushels, and the extra rate on a bushel would be a very small fraction of a cent; I could not say what it would amount to without figuring it out.

Q. Then the extra insurance is not a difficulty in developing more business down the St. Lawrence?—A. Not to any extent. It is one of the difficulties, and the money has to be paid, but it is spread over such a large amount of cargo and a number of steamers that it does not, except in the individual cases I quote, of full cargo, affected much; but in the work of an extra boat, that is where it taxes us. The owner who will insure his vessel for a year outside of the St. Lawrence will not come through the

St. Lawrence for a single voyage, because he has to go to his Underwriter and say, "can I go to the St. Lawrence, and how much will you charge?" He would rather go to Portland or to an American port, where the extra insurance does not arise at all. Dozens of times I have met English ship owners who said, "count me out of the Canadian trade; my vessels are not insured to go to Canada, and I won't go there."

By Hon. Mr. Bennett:

Q. How many miles down the river is the dredged channel?—A. I suppose 50 miles below Quebec.

By Hon. Mr. Tanner:

Q. I would understand you have a good case now to go to Lloyds?—A. I have always thought so, but it is no use my going to Lloyds unless I have the backing. I have taken this personally because it affected us in this way: as shipping brokers, anxious to get tonnage to come to Canada, we wanted all possible impediments to a free trade in vessels removed.

By Hon. Mr. Willoughby:

Q. I think it might be well to put on our record just what insurance at Lloyds means?—A. The insurance is the Underwriting of the risk on a cargo from the time it is shipped to the time it is delivered.

Q. Who constitute the insurers?—A. Individuals at Lloyds. Individual gentlemen insure, say, 100 pounds on a risk; one man will have 50 names on his list, which means that he has, say, 5,000 pounds; another man has a list of names, and they insure for so many, and in the aggregate they can insure an unlimited amount.

Q. Just fellows who assume so much of the risk?—A. Yes. They report to Lloyd, who underwrites everything, and he takes all kinds of risks, but his risk is generally limited to 100 pounds.

By Hon. Mr. Webster:

Q. Those gentlemen never go near Lloyds?—A. No, never go near at all. The chairman of Lloyds ten years ago took a great deal of interest in this. I was on the council of the Board of Trade in Montreal in 1897-1898 when the question was first mooted, and I went over every year to England, and I met several of the Lloyds people and know something of them personally, and frequently discussed the matter. In fact, as soon as they saw me they knew I was going to discuss the disadvantage of the St. Lawrence rate as against something else, but the chairman of Lloyds said, "Why don't you suggest something to us yourself, if you represent the Government?" I said, "I don't represent the Government; I am a transportation man, and I have some interest in transportation, but the Government of Canada have done and are doing everything they possibly can to reduce the risks in the St. Lawrence, and I think they are entitled to more consideration from Lloyds than they have received." The question was this: We wanted to get an equal rate; we wanted a rate of insurance from Montreal equal to New York, so that our trade would not be at any disadvantage, either the imports or the export business, because on the high-valued articles naturally the insurance adds considerable to the cost. I made this suggestion at that time: If Lloyds and the companies will quote the same rate on insurance of hulls and cargoes, and free the St. Lawrence as against competing ports of New York, Boston and Philadelphia, that the Government of Canada should undertake to underwrite the risk on the St. Lawrence. They did not want that at all. They were not as confident as I was that the cost of those accidents could be reduced to an amount that we would be justified in paying them as a country. As we have spent \$20,000,000 in improving the navigation of the St. Lawrence, I think we could afford the risk of a total loss per annum—which would probably be the extreme of our loss—and that would probably be \$1,000,000; but instead of paying the under-

writers to insure that \$1,000,000, the Canadian Government should assume and pay for the repairs or the loss of that particular vessel. Then their risk would commence outside of Cape Race. We would practically be insuring the vessels within our own limits, and I believe the country would be saved a great deal of money had they done so. Now, we wanted to find out what those repairs would cost, because the claim was that the vessels damaged by grounding in the St. Lawrence, and their repairs were made in England, and they had very large claims made. Well, I know that they did occur; we have had vessels, but we never found out how much they cost, or how much the underwriters paid. But if we paid for the repairs, even over one year, we would then know what it cost; and over an average number of years we would save a great deal of money, because we would have equal rates with competing points. Mr. Brodeur and Mr. Stephens at that time, while at first they didn't understand, said, "If your figures are correct"—I said I would not guarantee them, but I think they are as good as can be made—"I think we pay them \$3,000,000, and they are making \$1,500,000 profit out of their extra insurance, and I don't think they are justified."

By Hon. Mr. Willoughby:

Q. I suppose there is no commercial possibility of Canadian companies undertaking that insurance?—A. It would be too large. It must be spread over a large number of people. Attempts have been made to do an underwriting business in Canada, but unless the risk is taken on a large amount, say up to \$1,000,000 on a ship and cargo, and that is covered, there is no reason at all why the country or the individuals could not establish a Lloyds in Canada and do the business; but whether it would be a commercial success or not would be a question.

Q. The difficulty would be to spread it over a wide enough field?—A. Yes.

Q. Do you know anything about the insurance on the lakes?—A. They pay a large premium, but the risks have been very considerable on the lakes, and the losses pretty considerable in previous years, although to-day they are not anything like they were years ago.

By Hon. Mr. Bennett:

Q. It is covered from the United States?—A. No; it is written in the United States, but for English accounts. Nearly all the insurance on the Great Lakes, while it is written in Cleveland and New York, 90 per cent of the insurance is covered by Lloyds, as I know.

By Hon. Mr. Bostock:

Q. How do you account for that?—A. Well, there are companies, the largest being in London, and they have had the marine insurance of the world in their hands for years, and they are likely to continue it, because they are best equipped, and they know what their losses and risks are, and they make the rates very low in comparison. The premium percentage is very low. Taking a boat like the Mauritania or the Lusitania, or a big boat like that, it was a very small fraction because the amounts they were writing were so large and the risk of accidents so small. Up to a few years ago those boats like the Titanic were considered good insurance risks, but they always gave us a black eye in the St. Lawrence.

By Hon. Mr. Bennett:

Q. Is that old channel of a uniform width?—A. Yes.

Q. About what is that width?—A. 400 or 500 feet. And there were very bad wide curves in the St. Lawrence which it was not possible for a boat over 400 feet to manoeuvre around, but those curves have been straightened.

Q. I was referring to where there was a dredged channel 50 miles below Quebec?—A. It is only in spots.

Q. The other side of Montreal, down about Three Rivers, it is all a dredged channel that far, anyway; what would be the width of that?—A. 400 or 500 feet is practically sufficient for two vessels to pass in the narrowest part. In the most dangerous part we have, which is on the Richelieu rapids, the steamers can pass there conveniently; we have never had any accidents in that channel for a number of years.

By Hon. Mr. Webster:

Q. What would you say regarding the facilities at the various harbours, such as elevators and other appliances?—A. Montreal is thoroughly well equipped. When I came to Montreal they had not a single elevator; that work was all done by floating barges. Then in the time of J. Israel Tarte, he build the first elevator in the harbour, and this was immediately followed by the Grand Trunk building an elevator, and both of those have been increased and extended, and a second elevator has been built in the harbour. We have now elevating facilities for about 10,000,000 or 11,000,000 bushels.

By Hon. Mr. Bennett:

Q. For storage?—A. They are not intended for storage; they are transfer elevators, but we can get the grain out of those elevators into a matter of sixteen or eighteen different berths. The grain is taken out on a belt and carried to the steamers at the rate of 25,000 or 30,000 bushels an hour. There is no port in the world that has better facilities for the handling of bulk grain than Montreal.

Q. Are floating elevators discarded altogether now?—A. Yes; Quebec has a permanent elevator now of 2,000,000 bushels.

By the Chairman:

Q. And an elevator capacity of 60,000 bushels per hour, through four spouts taking 15,000 an hour each?—A. Yes.

By Hon. Mr. Willoughby:

Q. What about harbour dues?—A. There are no harbour dues in Montreal. There is a small amount charged in Quebec.

Q. In dollars and cents, how would it translate itself into wheat?—A. We have had charges in Quebec, and about the same as Montreal; they are based on the Montreal rate. In Montreal they do not charge on grain, but there is a wharfage on general cargoes, imports and exports.

Q. There is wharfage with berths for the largest steamers?—A. In Montreal, 27 to 28 feet; in Quebec, over 30 feet. That is the maximum draught that is necessary for a steamer to go. I represent steamers in Quebec drawing over 30 feet. We never have been able to do that in Montreal. The dredged channel is supposed to have 30 feet of water, but you must allow 2 feet 6 inches under a vessel for safe navigation; in fact that is a narrow margin.

By Hon. Mr. Tanner:

Q. What accommodation is there in St. John?—A. They have a Government elevator in St. John and a C.P.R. elevator over at West St. John. I think they have about 2,000,000 or 3,000,000 bushel capacity between the two.

By Hon. Mr. Webster:

Q. Who owns those elevators at St. John?—A. I think it is a private corporation under the C.P.R. They are operated by the C.P.R. system.

By Hon. Mr. Willoughby:

Q. What about Portland?—A. Portland is the Grand Trunk entirely, about 2,500,000, and absolutely up-to-date.

By Hon. Mr. Webster:

Q. What about Halifax?—A. No; they have an elevator of half a million bushels, but it does not connect with the wharves, and consequently is not available for export.

By Hon. Mr. Willoughby:

Q. Would flour come under the same category as wheat with regards to wharfing charges?—A. No; there is a charge on flour because that goes through sheds and has to be individually handled; it is not like grain going through a free port.

Q. What do you mean by a free port?—A. The words "free port," have been mistranslated by a good many people. There are practically only one or two free ports in the world.

By Hon. Mr. Tessier:

Q. Hamburg—A. Hamburg is one of the free ports; Hong Kong you might call another free port. A great many people have discussed the advantage of a free port. In the proper acceptance of the term a free port is a place where cargo can be received and held in bond for the benefit of the importers or the exporters, and distributed either with or without duty, either into the interior portion of the country or re-exported to some other country. Now let me explain what I mean. Hamburg is a free city in Germany; it is an old Hanse city, and imports into Hamburg can be retained there and shipped from Hamburg to Norway, to Sweden, or to Russia without paying duty. If a cargo stored in Hamburg is for the use of Germany, then when it goes outside of the limits of the city it becomes liable for the duty or the dues that the country attaches to it.

By Hon. Mr. Willoughby:

Q. Following that, would this North American triangle—New York, Portland and other ones—be charged for wharfage dues on flour?—A. No, Portland does not; Portland absorbs the dues both on import and export cargoes, including grain.

Q. What about New York?—A. New York has free grain elevation. The elevators charge is absorbed by the shipper.

Q. I am speaking of flour now?—A. Flour is handled on the wharves. If it is handled by a barge and goes on to the wharf and thence to the ship it pays wharfage. If it is handled from the barge direct into the ship, which is the usual system in New York, then it does not come on the wharf and consequently does not pay wharfage.

Q. Suppose it went from Buffalo to New York by rail?—A. It is not transported to New York city; it goes over to Hoboken or New Jersey, and it is carried by cars on what they call floats.

Q. There would be no wharfage charge then?—A. No, because the car does not go on to the wharf; but if the track comes down the shed and the cargo is transferred into the ship through the sheds there is a wharfage charge. Wharfage is charged on all imports and exports passing the quays in New York.

By Hon. Mr. Bennett:

Q. Assume that a train of cars were standing at one of those elevators at Montreal, what would be the charge per bushel for taking it into the harbour through the elevator and placing it in the ship?—A. I think it is about five-eighths of a cent per bushel for receiving and delivering.

Q. That includes dropping it into the car and putting it into the ship, too?—A. Yes.

Q. You spoke this morning about there being a demand for a number of vessels to carry wheat or other grain; is there a demand for vessels of that class to carry flour?—A. No, not in full cargoes. It is very seldom that a full cargo of flour is shipped anywhere. It is shipped in parcel lots. As a rule flour is sold by the hundred bags, or a thousand bags, or two thousand or five thousand bags, but it is

very seldom that it is shipped or sold in more than those quantities. To accumulate a full cargo of 50,000 or 60,000 bags is quite an unusual thing; in fact we have never shipped a full cargo before the war. During the war we did ship full cargoes of flour, because there was a demand by the cargo; but the last cars of flour shipped last year were three full cargoes to South Africa to meet special demand.

By Hon. Mr. Willoughby:

Q. Is there a differential in rates as between wheat and flour?—A. There is, because of handling. Differential is hardly the word to use. The commodity is so absolutely different that you have to treat it as package freight.

By Hon. Mr. Webster:

Q. Wheat is always carried cheaper than flour?—A. You can afford to carry it cheaper because your cost of handling is so much less per ton, and there are no claims for damages, but flour is a very perishable cargo.

By Hon. Mr. Willoughby:

Q. It is based on the service then?—A. Yes.

Q. I know that some of our millers claim they were discriminated against in favour of wheat shipped in bulk?—A. They may claim it is a discrimination, but that is scarcely the correct word. If you were the owner of a vessel and were offered a full cargo of wheat and a full cargo of flour you would naturally accept the cargo of wheat, because you know you are liable to damage and claims for shortage and stained bags, and the cost of handling a ton of flour into a ship to-day is something like seventy cents or eighty cents.

By Hon. Mr. Webster:

Q. Is it not also understood in the trade that a steamer, when she is short of cargo, can get grain in a hurry and fill up with that grain, whereas it is impossible to get flour just when you want it?—A. Yes.

By Hon. Mr. Willoughby:

Q. I have heard where grain was shipped to New York without any charge, just for ballast?—A. Yes, and they have taken it back again; I have brought it back before now as ballast—both ways.

By Hon. Mr. Bennett:

Q. The Canadian Pacific Railway people on the lakes call bran and shorts and that kind of stuff mill stuff; is there much of that exported?—A. No, but it is somewhat in this country. We used to ship bran, but it is not a regular commodity. There may be a demand in England. For instance, to-day when shorts and bran are cheap in Canada they can pay the freight across the Atlantic and compete with the feed across the ocean; the man will buy bran when he would sooner buy oats, or buy a condensed form of food such as oil-cake, etc. They don't use bran or export it as a commercial product regularly every week in and out, the same as they do flour and grain.

By Hon. Mr. Willoughby:

Q. You spoke this morning about bringing flour or grain from Minneapolis; the charge has been made in the West, to my knowledge, that there has been a discrimination in the United States, on the upper lakes; that is, the common carrier was given a lower rate by the railway company than some of the other vessels if it is engaged in the traffic; has that come under your notice?—A. No. The real difficulty in the export of flour is the fact that it comes into competition with the flour miller on the other side of the Atlantic. Twenty-five years ago there were com-

paratively few flour millers on the other side grinding all kinds of grain, and at that period Minneapolis flour was shipped in immense quantities to England, particularly London. That business has practically ceased. To-day there is not a fractional portion of the Minneapolis flour shipped. Our Canadian flour is being shipped in moderate quantities, and there is a good demand for it, as it is a high-class flour, but, if anything, it is too good for the markets on the other side, because those markets do not grind Canadian grain and make it into flour from purely Canadian grain, but it is mixed with inferior grades, and they get just as good a loaf of bread, though probably not quite so white, by mixing the lower grades, and they can sell it cheaper.

By Hon. Mr. Webster:

Q. Do you know any reason why the Government railway from Winnipeg, say, to Quebec—because that happens to be a direct line—should charge say 36 cents a bushel for freight as compared with 33 odd to New York as charged by the other railways?—A. Well, I am not aware of costs of railway transportation, and cannot answer as to whether it would pay to-day to carry grain at 36 cents or 33 cents or any figure. I don't know, from my own experience, what it would cost to handle; but I know that for quite a number of years before the war they carried grain at very low rates. The cost of operation at that time was considerably less than it is to-day, but grain was carried from Depot Harbour to Portland for years around five cents or 5½ cents a bushel. It was around four and three quarter cents to 5 cents to Montreal.

By Hon. Mr. Tessier:

Q. But not from Winnipeg to Quebec?—A. No, that is entirely different.

By Hon. Mr. Bennett:

Q. One and a half cents to the lake at that time?—A. Yes. 7 cents through was the rate that was in full vogue for a number of years, say from 1903 to 1912, probably. It very seldom varied, during the season of navigation, more than one or two cents. The present rate is double that, approximately, over the lake-and-rail basis. From Winnipeg to Quebec by rail via Transcontinental before the war we figured that it could be carried for about 15 cents a bushel, and it was a question whether 15 cents to Quebec could compete with the rate from Fort William to Montreal, and at that time it was a matter of four or five cents a bushel differential.

By Hon. Mr. Tessier:

Q. In favour of Quebec?—A. Then the grain went down to Quebec by water. A certain amount of it went by barges and steamers through Montreal into Quebec from Chicago and was exported in Quebec. The water rate to Quebec was practically the same as to Montreal, the reason being that at that particular time there were cargoes available for the return of those vessels carrying pulp-wood up to Oswego and Cleveland and different places in the west, and they were justified in accepting the same rate of freight; but as a commercial proposition it is not practicable to ship grain by water from Fort William to Quebec as compared with Montreal. When you come to an all-rail basis, if the grain is available and can be bought in Winnipeg, I should say it is cheaper to ship it all-rail to Quebec than to ship it to Fort William, then hold it in the elevators, then ship it down to Montreal or Quebec. There is but one transfer, and the saving of the elevation. But that is a grain merchant's question; it is a matter of getting the grain merchant interested in saving half a cent or a cent a bushel in favour of another route. The grain is invariably sold for export in the elevators at Fort William.

By Hon. Mr. Webster:

Q. You spoke of that rate of 15 cents; do you know what is the average increase on railway rates to-day?—A. 50 per cent, they say.

Q. That will be 22 cent rate?—A. I have seen figures quoted—I cannot vouch for the figures, as I am not a railway man—but I understand they figure an increase of fifty per cent to fifty-five per cent over the pre-war figures.

By Hon. Mr. Bennett:

Q. Are there steamers up to Montreal yet?—A. Yes.

Q. Assuming the rate was 2 cents from Fort William to a Georgian Bay port, what would be the rail haul from that port to Montreal?—A. I think it is about 10 cents.

Q. I never heard rates like that quoted for that distance?—A. No, not before the war, but you have not heard a quotation this year for less. I understand the quotation last year was 12 cents. I was asking an inland man what he expected to make on his grain for Montreal, and he said he expected to get 10 cents to Montreal; that is by all-water.

By Hon. Mr. Webster:

Q. Is there anybody who is actively taking up the matter of shipments from Moosejaw, say, to Quebec or Montreal and using our Canadian ports?—A. I don't think there has been any demand from the importer, from the farmers. The farmer does not ship the grain; he sells it either to the millers or the exporters.

Q. So, as far as you know, nobody seems interested to join up those disconnected links in the traffic machine, in order to get the wheat from Manitoba to Liverpool at the lowest possible price?—A. No; the shipper has to take advantage of the routes that are available. If you could show him where he can save a half a cent he would be interested in some other route.

Q. So it requires someone to take the whole traffic arrangements in hand from the time the grain leaves the elevator?—A. Yes, in fact you must go to the fountain head and find out whether it is to his interest. In the old days we operated a line of steamers with the Quebec terminal for a whole season. We got our grain from Chicago; that grain was shipped to Depot Harbour; from Depot Harbour it was shipped by rail to Quebec, and we obtained it there. We had to have a through rate from Chicago to Quebec and Quebec to London or Liverpool as cheap as by the American ports. If we could not do the business as cheap as the other ports we did not get the business.

Q. Do you think if the rate was published and remained just as a paper rate there would be a possibility of business resulting from it?—A. No; you have got to go out to make the business.

Q. What effect would a special rate, say from Manitoba to Quebec have as regards other railways carrying freight to American ports? Would they immediately cut down?—A. If you opened the road to Quebec by the northern route the chances are that any competitive line that could reach the same terminal would break to the same rates in order to obtain the traffic.

Q. They are nearly three cents lower than the Canadian rate now; if our rate was lowered those three cents would the American railroad still go three cents below again?—A. If they needed the business they would; if they did not think it worth while they would not.

Q. So they don't hesitate to reduce the rates in order to get the business?—A. Not if the competition becomes serious. If you are not doing much business they let it go and say it is not worth while to compete against you, so that a railway would lower the rate unless it needs the freight for its own revenue.

Q. Would the reduction of rate affect the shipments of flour?—A. I think so long as you can give them the facilities of export any reduction would be sought by the shippers. You take the position of a shipper to-day, if he is shipping grain via Montreal, and the standard rate, delivered, is so much, if he could ship that grain via Quebec and Quebec could give him all the facilities for the tonnage, and he could deliver that cargo a half cent cheaper, he is going to take the port that has the cheapest rate, provided that there are no blocks in the way, and that he is not going to have his cargo tied up, and is sure of getting his ocean tonnage. When we guaranteed that we would have a service from Quebec we guaranteed that we would take that cargo, and the shipper sold it on the assurance we gave him that there would be steamers, and he sought that route because it was a little to his advantage to do it. But they won't do it, naturally, unless it is to their interest, commercially and otherwise, because they don't want to split their shipments. A man will not go down to Quebec if he can ship from Montreal without splitting his own stuff. Then there is the question of grain inspection. Of course you could establish it there. You could have a grain inspector at Quebec the same as we have in Montreal. There has never been sufficient to justify the placing of an inspector there, but you could have an inspection of the grain in the elevator at Quebec just as we do in Montreal.

By Hon. Mr. Willoughby:

Q. Is the grain from the west shipped by certificate?—A. Yes.

Q. Is that re-inspected at Montreal?—A. Yes.

Q. Merely for condition when it reached there; not for grade?—A. Not for grade, but the inspection certainly is passed through, and it has to be endorsed before it is exported. The exporter gets a certificate that it is grain of the grade mentioned in the bill of lading.

Q. And it is a certificate as to condition also?—A. Sometimes he examines it in the car before it goes into the elevator, or sometimes he examines it in the ship; but he must be satisfied that it is the identical grain mentioned in the certificate.

Q. The maximum rate payable on the other side is fixed by the interstate Commerce Commission?—A. The railway traffic is under the interstate commission.

Q. But they can reduce it as much as they like?—A. Their rates are governed by the interstate commission, but the commission have to confirm the rates. The railway companies have to submit their rates to the commission, and they cannot cut those rates without the consent of the interstate Commerce Commission.

By the Chairman:

Q. I thought it was the increase, not cutting?—A. You don't hear of cutting in rates now; it increases.

By Hon. Mr. Tanner:

Q. How does the shipment of grain from Montreal compare with shipments through American ports?—A. Last year about 54,000,000 bushels went from Montreal; I think 60,000,000, 70,000,000 or 80,000,000 went from American ports.

Q. Was that business at Montreal due largely to the enterprise of those gentlemen who, like yourself, went after business?—A. No; unfortunately the exporters are now nearly all in the United States, and there are American shippers and American exporters and British exporters shipping grain bought in Canada. Twenty years ago we had in Montreal at least ten firms, and we never thought of going outside to New York for our grain. Now our shippers are in Winnipeg or Chicago or New York, but very largely in New York, and I would say that the bulk of grain that is being booked through Canada to-day is being shipped by American firms who are doing the business.

Q. Does all the grain, whether it goes by Montreal or from New York, all sell at the same price when it reaches the other side?—A. No; our Canadian grain

shipped at the Canadian ports is actually a Canadian grown grain, while the grain that is exported from the United States ports may be Canadian or may be United States, or may be Canadian and United States mixed.

Q. And the Canadian gets the better price?—A. The Canadian grain improves the grain of the United States when it is mixed. Their grades are not as good as our grades; their inspection is not as severe as ours; and a man buying grain from the United States cannot guarantee that the grain is grown either in the United States or any particular part of the United States, and it may be grown and mixed in Canada.

By Hon. Mr. Bennett:

Q. What would they blend it with—Kansas or Minnesota?—A. Probably Minnesota.

Q. And Dakota?—A. They are not supposed to. If you were to ask a grain shipper he would declare there was nothing of the kind, but if you put two kinds of grain in the same elevator there is a great deal of danger of the two grains being mixed, especially if one is inferior to the other and can be graded on a higher basis. Of course it may be, by mistake, put into the wrong bin, but you could never guarantee that American grown grain is Canadian grain; its identity cannot be preserved; and that is one of the strongest reasons why our Canadian grains will command a higher price, and the buyer will know that he got what he bought if it is shipped at Canadian ports.

By Hon. Mr. Willoughby:

Q. That is the reason why many people in the north-west believe in the sample market for grain in the west as they have in the United States; they say it is the grade, and you would get the premium, then if it were mixed with American grain you would not lose anything. I would like to ask, if we reduced our rates to Quebec by three cents a bushel, and brought it to a competitive rate, would it lead to a corresponding reduction being made on the American side? A. No, but you would have very strong objection from other roads. Our own Canadian roads would strongly object if you made that reduction. In fact if you asked the Grand Trunk or C.P.R. if they were favourable with a rate to Quebec three cents less than the current rates, they would immediately say no, they don't want the rates reduced at all.

Q. How about American rates? A. The American rates are not affected. If you ask Mr. McInnes if he will ship goods to Quebec at the same rate as Montreal he will immediately say no; but if you force him down there and show that you can take it to Portland at the same rate he will ship it to Quebec. That is an illustration of the whole problem of Canadian port and American port. I will explain it this way. Years ago we had a line of steamers from Quebec. We wanted to get American produce. We were shipping flour from Minneapolis and provisions from Chicago, the export rate from Chicago to New York, Baltimore, Philadelphia, Portland and Montreal was the same; the inland rate is the same to the export point. Naturally the nearest point has the advantage in mileage, but the rate of freight is the same. We wanted that cargo delivered at Quebec. Neither the C.P.R. nor the Grand Trunk would agree to haul the freight the extra distance of 150 miles. They said no. Well, then, we would require to pay them the extra cost of hauling the 150 miles. But I went to the Grand Trunk and I said, "I want you to give me the same rate of freight to Quebec as you are giving to Portland. Now, it is only 150 miles from Montreal to Quebec; in round figures it is 300 miles to Portland, and you cannot object to give me the same rate to Quebec, at Levis, if I am willing to go over to Levis and take it, as you are willing to give to Portland." They flatly refused to carry that cargo to Quebec. Then I said, "Well if I refer to the Quebec Board of Trade—that you object to carry cargo those 150 miles, but you are willing to take it 300 miles to an American port, you are going to get into trouble in Ottawa." He said, "Well, you won't do

that will you?" I said, "No, I won't unless I am obliged,"—but they put the rate into Quebec, and I got it by simply forcing it, by saying, "Well, you will carry it to Boston or Portland, and you must carry it to Quebec at the same rate of freight, otherwise you are discriminating from Quebec." Then when the Grand Trunk delivered that cargo to Quebec the C.P.R. said, "You are going to Levis?" and I said, "Yes." They said, "We will give you a freight rate to Quebec," and we got dead meat and provisions and cattle through at the same rate as for Montreal, but it was a question of fight, and they were glad to get the freight.

Q. The C.P.R., or any company that owned a line of boats could make a competing rate on the ocean, but they were not allowed to cut on their railway rates?—A. They could absorb the rate.

Hon. Mr. WEBSTER: That is where the Canadian shipper could get a through rate from the C.G.M.M. to Liverpool, and absorb the difference.

By the Chairman:

Q. Of course the C.P.R. is not in a position to bring down wheat to Quebec as the Transcontinental is, because Winnipeg is 240 miles nearer to Quebec over the Transcontinental than it is to Montreal?—A. That is entirely in the hands of the Canadian Government.

By Hon. Mr. Bennett:

Q. As a result of your observation, do you think there will be a pronounced increase of wheat going over, and less flour?—A. There should be. I think and have always thought that we ought to export the largest possible quantity of grain as grain, and not as flour. The millers are perfectly justified in manufacturing flour in Canada for Canada and export, but the price they get for the export flour is very much less than what is charged the consumer in Canada.

Q. Then they want the offal over there, too, for the cattle?—A. Yes, they get the benefit of the offal by taking it in the form of wheat. Besides, they cannot mix flour one grade of flour, very well, but they can mix grain before it is made into flour.

By Hon. Mr. Willoughby:

Q. There is a bigger percentage, relatively, of American flour exported, to their whole growth of grain, than here?—A. Yes, because they have been willing to take the price. It is question of competition in price; it is a question of competition on the other side as compared with this.

Q. One of the exporting millers told me that London was going to be the great flour-milling city of the world, on account of the ease of mixing grain.—A. There are now a large number of millers established in Birkenhead, and they get their grain from different parts of the world, and they buy all kinds of grains, grades and quantities of grain, and they can produce a cheap form of flour. You never get bread quite as white, but it is a great deal cheaper than in Canada.

Q. What will be the future of wheat as against flour in the next five years?—A. I have said we could increase our capacity on grain, 100 per cent more grain to England. England will always buy our grain—England and the continent now—but they will not buy our flour unless the price is down to competition.

By Hon. Mr. Willoughby:

Q. They don't export very high-grade flour now, virtually?—A. No, they ship their seconds.

Q. What is the rate on grain this year?—A. We are getting seven shillings by the quarter; that is \$1.75 for 480 pounds—8 bushels.

By Hon. Mr. Tanner:

Q. If the freight rate were the same last year to Montreal and American ports, in your judgment would all the Canadian grain come to the Canadian ports?—A. It has always been governed by the amount of tonnage available to carry it out. If we have tonnage available in Montreal it will go to Montreal or Quebec through the summer months.

Q. I understood you to say there will be no difficulty about shipping?—A. As far as shipping, we have hundreds and thousands of ships laid up for employment. If we can find employment for these vessels they will come, no matter in what part of the world they are. You have hundreds of steamers lined up in England and in the United States for want of employment. The cost of operation to-day is so high that they cannot afford to operate those vessels except at a heavy loss. The rate of freight we are getting to-day is three times the normal rate. It was practically two shillings a quarter, whereas to-day it is over six shillings a quarter, and yet there is very little money to be made; I think you can just about pay expenses, perhaps a little more.

By Hon. Mr. Willoughby:

Q. Will that rate tend downwards?—A. I am sure the rate will tend downwards. The rates of freight are going down still further. The cost of handling our ships, the rates on coal and wages, must go down. I am satisfied we are not down to the bottom of the rate, although I don't think the rates will go down to what we had before the war.

By Hon. Mr. McMeans:

Q. Under that American Fordney Bill, if it goes through, in case the export of wheat to the United States is stopped, will that have any effect upon the railway rate from Winnipeg to Quebec on wheat?—A. I do not see that it would have any effect at all, because I think, our grain could go through in bond to Portland for export to England, the same as it does to-day. It can go through Portland, but it cannot go through New York; but of course they have never withdrawn their bonding privileges, and they are not likely to.

Q. Why could it not go via Buffalo in bond?—A. It cannot very well go through in bond.

Q. The idea I had was that the American roads would not have so much wheat to carry?—A. They would have their own grain.

Q. There would not be any for export?—A. I do not think there would, but they would either have to pay the price or keep their own grain in their own country for their own people.

By Hon. Mr. McColl:

Q. They will have an export surplus; it has been estimated that 100,000,000 people provide a market for about 600,000,000 bushels of wheat. They had 900,000,000 last year. Of course provision must be made for seed, and then reserves, but I think they have always had a surplus unless in very poor years.—A. We have now for years past figured on either the export of grain from the United States via Montreal or American ports. Years ago there used to be a very large export of corn and of oats. During the war there was a very large export of both, because the countries on the other side needed it. Now there is no demand for oats, and very little demand for maize, although the prices now are less than half what they were two years ago. In Canada the oats are very cheap, and it is wonderful that there never has been any demand; we are not shipping oats. We are shipping grain to England again now, because the price has got down to a figure that the British Government really thinks it is time to buy some more grain.

By Hon. Mr. Bennett:

Q. No oats going over now?—A. No.

Q. 40 cents a bushel?—A. Yes; you would think they should be going now.

By Hon. Mr. Webster:

Q. Any reason for that?—A. No, I can't account for it. It is an open market. I think it is really that the people can't afford to buy, rather than anything else. They must have flour, but they don't need to import oats, and they are not buying the oats.

Q. How do they feed their horses?—A. I suppose they have enough hay of their own. They don't import our hay now.

By Hon. Mr. Bostock:

Q. What about barley?—A. Barley is going through in moderate quantities. Mixed grains are going steadily there all winter. In fact it is barley and mixed grains we have shipped from St. John.

The CHAIRMAN: I desire to express the thanks of the committee to Mr. Harling for coming here and giving us the benefit of his valuable experience. (Hear, hear).

THE SENATE,

COMMITTEE ROOM No. 368,

May 4, 1921.

The Committee met at 10.30 a.m.

Mr. CARLOS A. HAYES, Vice-President in Charge of Traffic and Mr. D. O. Wood, Traffic Department, Canadian National Railways, appeared as witnesses and testified as follows:

By the CHAIRMAN: This committee has been charged with trying to find out how it is that so much of our products, from the west especially, are routed via American ports instead of Canadian ports, and also how the rates conflict with those given to American ports by rail and water and over American roads. Would you please tell this committee how you arrive at the rate of 36 cents on grain—on wheat, for instance—per bushel from, say, Winnipeg to Quebec over the Transcontinental railway? If I understand aright, in 1916, after many appeals from the Quebec Board of Trade, you quoted a rate from Armstrong to Quebec on grain for export at the rate of six cents a bushel, which of course was a very low rate, I admit; but since then this rate has been withdrawn, and a rate of 25 cents a bushel has been quoted instead, making an increase of over 400 per cent; and in that part of the Dominion around Quebec this rate is considered exorbitant, and precludes any grain from coming to Quebec at the present time. While the rate from Winnipeg to Quebec was about 11 cents the flow of grain came to Quebec. Of course we understand that rates have gone up, and conditions are not the same as they were then, but it is felt down there that a rate of 25 cents from Armstrong to Quebec in place of 6 cents four years ago is beyond all reason?—A. Well, if I may attempt to answer that enquiry, in the first place I would suggest a slight correction in your statement—that the rate of 6 cents from Armstrong was made as a result of appeals from the Quebec Board of Trade. That is hardly the case. If you wish, I will give you a history of the making of that 6-cent rate. It was more of an emergency rate at the time. You will recollect that Canada had the largest grain crop in 1915 that has been produced. I think the wheat production of 1915 was approximately 360,000,000 bushels, and the production of all cereals was something like 680,000,000 bushels.

By Hon. Mr. Bennett:

Q. Was that the west alone?—A. That was the west alone. Now, the crop last year is estimated, for wheat, about 234,000,000 bushels. I do not know what the estimate is for cereals other than wheat, but I think about 370,000,000 bushels. Now, in 1915 the Government had just started the operation of the Transcontinental from Winnipeg to Quebec. We started there in the early part of June, 1915. We were dependent on our traffic east from Winnipeg on that originating in the Grand Trunk Pacific territory. The grain from that territory, prior to the close of navigation on the lakes, we took from the Grand Trunk Pacific at Winnipeg, carried it east over the Transcontinental, and down over what is known as the Lake Superior Branch to Fort William and Port Arthur. At that point the Government really had only one elevator that it reached directly with its own tracks—that is, only one public elevator; that was the elevator that was built by the Grand Trunk Pacific at the Mission Terminal, so-called, with a capacity of 5,750,000 bushels. As the season progressed towards the close of navigation we endeavoured to get our grain delivered to elevators on the tracks for railways at that point.

Q. What was about the rate from Winnipeg to Fort William over that system then?—A. I think the rate was ten cents a hundred, or six cents a bushel, at that time. But we were unable to get access to the elevators on the tracks of the other railways, as they, foreseeing the conditions that were going to confront them, promptly placed an embargo on grain from other railways, reserving the space that was in the elevators on their tracks for their own use. At the conclusion we wound up with 3,600 cars of grain on tracks in transit to Fort William or at Fort William or Port Arthur waiting to get into an elevator, with every elevator at the head of the lakes and at Duluth jammed to capacity. So we thought every effort should be made to relieve those cars, as with those cars unloaded we had no more equipment to send back into the grain fields to keep additional grain moving. Looking around, we found elevator space available at Montreal and at Quebec. I think at that time there was about 5,000,000 bushel space available at Montreal and 2,000,000 space available at Quebec. With the close of navigation that season, as I recall it, the water-rate from Fort William to Montreal had closed at about 6 cents a bushel; and we, in this emergency, in order to release that equipment, made an effort, and offered the trade this rate of 6 cents a bushel, with the idea that they would take the grain on and get it under cover at Montreal or Quebec.

Q. Where was the 6-cent water-rate—to Georgian Bay ports?—A. No, it was through to Montreal. Well, we succeeded fairly well, I think we moved about 3,500,000 bushels all told, to Montreal and Quebec—something over 2,000,000 at the 6 cent rate and at the corresponding rate on oats and barley; the oat rate of 4 cents corresponding with the wheat rate. In addition we moved about 5,500,000 bushels that season all-rail through to St. John, Halifax, Portland, and Boston under the ordinary rates. I am making that statement, Senator, to rather correct the impression you had that the rate of 6 cents was made as a result of the appeal of the Quebec Board of Trade.

Q. Was that 6 cents from Winnipeg or Fort William?—A. That 6 cents was from Armstrong. You see, by the 6 cent a bushel from Armstrong we had the division rates from the West. You see, a rate from Winnipeg does not amount to anything; there is no grain at Winnipeg; you have got to go back onto the prairies. On all the through rates from the west to Fort William the Canadian Government railways had agreed with the Grand Trunk Pacific, to accept, as their proportion from Winnipeg to Fort William, 8 cents a hundred, equal to $4\frac{1}{2}$ cents a bushel. Armstrong is the rate-breaking point on the Transcontinental that corresponds with Fort William at the head of the lakes; so that in addition to the 6 cents a bushel from Armstrong to Quebec we had $4\frac{1}{2}$ cents a bushel between Winnipeg and Armstrong, making a total of $10\frac{1}{2}$ cents a bushel—Winnipeg to Quebec and Montreal, to both places. The Grand Trunk joined us that winter and the Temiskaming and Northern Ontario joined us in protecting this emergency rate to Montreal.

By Hon. Mr. Webster:

Q. That rate is still cancelled?—A. Oh yes, it was cancelled.

By the Chairman:

Q. The rate has been made to-day between Armstrong and Quebec, 25 cents; now, how did you come out on that rate? Did you lose any money on that?—A. Well, I would say that we did. The only excuse for the making of that rate was to try to relieve those 3,600 cars that we had under load, that would probably have stayed there all winter.

By Hon. Mr. Bennett:

Q. As an emergency?—A. As an emergency. It was an emergency crop and an emergency condition.

By Hon. Mr. Thompson:

Q. I understand it is now 25 cents from Armstrong to Quebec?—A. It is 40½ cents a hundred at the present time; it is 24⅔ cents a bushel.

Q. And you moved it at one time at 6 cents?—A. Yes.

Q. There is a very great difference between 6 cents and 24 cents, but of course there has been no statement of the loss you sustained on the 6 cent rate or as to how much profit on the 24 cents.—A. Of course at that time the operating costs were not so high as they are to-day, and there was the further consideration that we had to take a loss in order to get the equipment released.

By Hon. Mr. Webster:

Q. How is the present rate of 25 cents based, from Armstrong to Quebec?—A. It is the same as Fort William to Quebec.

Q. Is there any basis on which you work in formulating the rate of 25 cents?—A. These rates are usually adjusted in accordance with the Minneapolis to New York combination.

Q. What this committee is most anxious to secure, if possible, is some reason or explanation why the rate, say from Fort William to New York is 33·96, if our figures are right, and why the rate to carry the same grain out of the country by Canadian ports is 36 cents. We are told by some previous witness that one-eighth of a cent difference in the price of wheat is enough to divert it in one direction or another; yet here is a difference of 2 cents and a fraction over our own Canadian railways and Canadian ports and Canadian elevators; and I think the committee feel that the whole country starting from Fort William,—the railways, the ports, the elevators, labour, the steamships—would all benefit by getting the grain over Canadian ports even if we had to lower the rate in order to do so; that we would more than make up the difference by the circulation of money and the disbursements of it, rather than that we should be at the disadvantage to-day with a large portion, shall I say the major portion, of our western wheat crop going out through American ports. That is what we are trying to get at.—A. I don't know but the best way to answer that inquiry, and to save time, and to do so in as comprehensive a manner as possible, would be to read a memorandum that our General Foreign Freight Agent, Mr. Wood, has furnished. Mr. Wood is General Foreign Freight Agent for both the Canadian National and the Grand Trunk. The rate via Montreal has been lower all this season so far than the rate to New York, still the grain is going to New York. There has been a rate of a cent a bushel in favour of Montreal, and the grain goes to New York.

By Hon. Mr. Waston:

Q. Is it a fact that they have better shipping facilities in New York to take care of cargo?—A. I think if you will let me read this memorandum it will summarize the the whole situation for you.

By Hon. Mr. Webster:

Q. When you say the rate to Montreal, has Quebec been given the same rate as Montreal?—A. No, there is half a cent a bushel difference. It costs from \$6.00 to \$7.00 a car more from the Bay ports to Quebec than to Montreal.

Q. Does it cost that, or is that the rate that has been put in force?—A. That is the rate that is put in force.

Q. It does not necessarily mean an increase in cost?—A. Well, there is several hundred miles additional hauling.

By Hon. Mr. Bennett:

Q. What would be the cost from Winnipeg to Quebec at your present rate, all-rail?—A. It would be practically 35.1 cents a bushel, but, as I said before, you will appreciate that the rate from Winnipeg means nothing; there is no wheat at Winnipeg.

Q. The people usually quote that?—A. I know they do.

By Hon. Mr. Webster:

Q. Could we route it from some points that would mean something—either Fort William or Moosejaw or Calgary, somewhere?—A. Take Moosejaw.

Q. Get some rate that would compare with New York—we don't really mind which place as long as it is a fair comparison?—A. Moosejaw, I think; 31 cents a hundred to Fort William, as against 18 from Winnipeg; that would be 18-6/10 cents a bushel.

Q. From Fort William to Quebec or Montreal would be what?—A. 24.3, that is by all-rail.

Q. It would be 55.3 from Moosejaw?—A. No, 42.9.

Q. And from Fort William to Quebec or Montreal?—A. It is 18-6/10 cents a bushel from Moosejaw to Fort William, and it is 24.3 from Fort William to Montreal or Quebec.

Q. Could you give us the same rate from Moosejaw via New York?—A. The rate to Duluth is 2 or 3 cents higher than to Fort William, but by way of Fort William it is the same, 18.6; and our rate from Fort William to New York is 28-8/10 cents a bushel; 47-4/10 cents a bushel from Moosejaw to New York as against 42.9 to Montreal or Quebec.

Q. Does the same rate apply via Buffalo as via Duluth?—A. I am quoting via Buffalo.

Q. I thought you said via Duluth?—A. I did start to make the comparison that way, but the rate would be higher by way of Duluth than by Fort William and Buffalo.

Q. Then the Moosejaw rate, or the rate on grain from the north-west to New York via American roads is 47.4 as against 42.9 for Canadian roads?—A. 4½ cents a bushel higher to New York by rail than to either Quebec or Montreal by rail.

Q. That was not the information the committee had before?—A. But you understand that those roads are used only for a limited amount of grain during the winter months when lake navigation is not possible.

By Hon. Mr. Bennett:

Q. This is all-rail?—A. All-rail. Now, if you wish the lake and rail I will give you the comparison from the head of the lakes.

By Hon. Mr. Watson:

Q. What rate do you give going by New York?—A. I was going to read this memorandum.

By the Chairman:

Q. Please proceed with the memorandum?—A. It is rather lengthy, but it will summarize the situation, as quickly as anything, I think.

Mr. Hayes then proceeded to read the memorandum compiled by Mr. D. O. Wood. (Vide Schedule W).

By Hon. Mr. Bennett:

Q. Hampton Roads is old Point Comfort, or Fortress Monroe, Virginia?—A. Yes.

By Hon. Mr. Watson:

Q. That is an average differential?—A. Yes.

Q. What about insurance from the time it leaves Fort William?—A. The insurance is included in these figures.

By Hon. Mr. Bennett:

Q. Buffalo to New York would be all-rail—they would not use the Canal?—A. It would be all-rail; they would not use the Canal.

By Hon. Mr. Watson:

Q. As to the time of delivery between Fort William and New York, there is better despatch than from Quebec and Montreal?—A. No, I don't think so. These rates are made up of the freight rates from Fort William to the Georgian Bay ports as against Fort William to Buffalo.

Q. Take the shipper disposing of his grain, who wants to deliver his grain from Fort William to Liverpool, he could deliver it quicker by New York on account of getting it transshipped?—A. Yes. There is something in that, too; take the movement from Fort William to Liverpool, it can be moved as quickly to Liverpool through Montreal as through New York.

By Hon. Mr. Thompson:

Q. There is a rate in favour of Montreal of how much?—A. 1-3/10 cents.

By Hon. Mr. Webster:

Q. Is that a through rate, f.o.b. steamer in New York, as compared with f.o.b. Montreal?—A. Yes.

Q. Including everything?—A. Yes.

Q. I understood the charges were heavier in New York than in Montreal?—A. 1 cent a bushel, and there is the elevation in New York, and that is in addition to the railway. That is where we gain a cent a bushel in Montreal. We are three cents down on the rate, and a cent for delivery to the shipper, a total of 1-3/10 cents.

Q. All charges included?—A. All charges included.

Q. On both sides?—A. On both sides.

Mr. HAYES: (reading):

You will therefore see that with the difference of 1-3/10 cents per bushel in favour of Montreal we were unable to secure a very large volume of the grain via that port, and for the reasons I have mentioned in the first part of this memorandum.

By Hon. Mr. Bennett:

Q. You mean, in the fall or at the opening?—A. Or at the opening.

Q. That was referred to opening and closing?—A. Yes.

Referring to the return loads of coal to the head of the lakes, Mr. Hayes said: That is one situation where our Georgian Bay ports are somewhat at a disadvantage on the making of rates by the lake carriers compared to Buffalo, because with the grain delivered at Buffalo or the Lake Erie ports it is very handy for them to pick up a return cargo of coal to carry back to Fort William, and they will take that

into consideration on their rate down, but with the grain if they have to go to the Georgian Bay ports they have to go back light.

Referring to the composition from Buffalo, and the loss of revenue, Mr. Hayes said: We are not making statements here with the idea of being controversial; we are just developing the facts. This memorandum was prepared on April 25th, so that the figures apply to that date.

Mr. WOOD: The rate used was 2.4 cents to Bay ports and 2 cents to Buffalo.

Hon. Mr. BENNETT: Fort William to Montreal, what?

Mr. WOOD: 14.10; that does not include the elevator and insurance charges.

Mr. BENNETT: Does that include the lake and rail haul both?

Mr. HAYES: Yes, combined.

Mr. BENNETT: How has the grain from Montreal this season gone?

Mr. WOOD: Principally by liners. There has not been much yet. We got 1,500,000 bushels at Bay ports by Grand Trunk.

By Hon. Mr. Webster:

Q. I notice that you mentioned several disadvantages which Canadian ports have. Now, is there any way that you can suggest to the Committee whereby those disadvantages could be overcome, knowing our purpose, to get all the traffic possible via Canadian ports? You mention about getting bunkers at Hampton Road; could not those steamers get coal at Sydney, on the way in, just as advantageously going to Montreal as going to Hampton Road? Can you suggest any method by which more of this business can be got for our Canadian enterprises?—A. Well, there was an urgent situation on last fall, as indicated in that memorandum with a difference in favour of Montreal of 1-3/10 cents a bushel.

Q. If one eighth or even a sixty-fourth of a cent would bring it to Montreal, why should not 1-3/10?—A. There were probably some conditions connected with the merchandising of the grain. As the memorandum points out, a large proportion of the grain last year was sent to the continent. Now, what chance would there be of our getting enough tramp tonnage into the St. Lawrence to enable the people who are financing that grain to be assured that there would be enough tonnage in the St. Lawrence to meet their requirements before the close of navigation?

Q. Mr. Harling stated last week that he could supply tramp tonnage for all the grain that might be offered at Quebec or Montreal, which the liners did not take.—A. Yes, but the St. Lawrence freezes up.

The CHAIRMAN: To Montreal; not to Quebec.

By Hon. Mr. Webster:

Q. It does not freeze up before December?—A. No, but I don't imagine all this grain goes forward from New York. It is in the elevators at Buffalo or the seaboard, and it can go forward any month during the winter. We have a short season; that is one handicap.

Mr. CHAIRMAN: It is short, I admit, but Quebec is open at least 5 or 6 weeks longer than Montreal.

By Hon. Mr. Webster:

Q. We have not touched at all on St. John with regard to shipments from Canadian ports in winter. Of course I realize the extra haul of the grain, which cannot be attractive, but we have our Canadian ports to develop and maintain; we have Halifax and St. John, and have not touched on the question of winter export.—A. I referred to it incidentally—that it is more difficult, or was last year, to get tramp tonnage to St. John by reason of the countries to which this grain had been sold, and the method

in which the ship was being supplied. It was more difficult to get that tramp tonnage to St. John than to the American port.

By the Chairman:

Q. But those were special conditions?—A. Those were special conditions last year. If Great Britain was in the market buying very extensively we would probably be able to control a larger proportion of that grain to our Canadian ports.

Mr. WOOD: We would, because of its final destination.

By Hon. Mr. Watson.

Q. Is not the routing of grain, as far as the boards are concerned, affected to some extent by the grading? I mean in Buffalo and New York our Canadian inspection does not go through intact, but by the Canadian route it does, and I understand the Canadian inspection is worth three or four cents a bushel more in Liverpool.

Mr. HAYES: Did you ever hear that used as an argument, Mr. Wood?

Mr. WOOD: No.

By Hon. Mr. Webster:

Q. Are there any suggestions you can offer whereby this business can be handled through Canadian ports more largely than it has been in the past? I take it that the railways are anxious to have the business through Canadian ports?—A. Yes, we are.

Q. That is, generally speaking, the railways make as much out of the haul to Montreal and Quebec as they do if it is hauled a certain distance and goes to New York afterwards?—A. Now, you are talking of the Quebec situation?

Q. Or Montreal; I am taking summer shipments?—A. We are watching the competition of the Buffalo route very keenly, Senator, and taking measures to protect ourselves to the greatest possible extent consistent with good judgment in meeting that competition.

Q. Still, you raised the question that if your rates are lowered, serious competition might arise, that might affect the railways generally?—A. Yes.

Q. That might have a varying as to just how far you want to reduce the Canadian rates in order to offer Canadian ports and Canadian people the benefit?—A. I said, consistent with good judgment.

By Hon. Mr. Bennett:

Q. Mr. Wood has told me that those tramps that arrive at Hampton Roads run about 300,000 bushels capacity; now, do they come over light?—A. I think they do, largely.

Q. So that there is no advantage in a tramp ship coming west and going to Hampton Roads as against going to Montreal?

Mr. WOOD: With the present condition of shipping, with a plethora of steamships in the world tied up, a tramp steamer coming to the Atlantic has more chance at Hampton Roads than at Sydney; he has innumerable chances to get a charter in the American ports.

Q. Is it correct, as stated in the morning papers, that 46 per cent of the grain grown in our three western provinces is brought to the head of the lakes or carried on further by the National system?—A. Our last figures show about 48 per cent of the total crop was handled at the head of the lakes. It was brought down by the former Canadian Northern and the former Grand Trunk Pacific. As far as the movement east of Fort William is concerned, both roads are used.

Q. The position of the country, then, is to divert as much as you can of that 46 per cent through Canadian territory?—A. Yes.

Q. In view of the combination of the Grand Trunk and the Canadian Northern, what will your present position be as compared with prior years in reference to the lake ports?—A. I don't know that the situation will be materially changed as the result.

Q. Now you have three lines; one system will have two lines—the line to Depot Harbour and the one at Midland—to get it away to Montreal?—A. And Port Colbourne and Goderich.

Q. Would you carry anything from Goderich to Montreal, as compared with Depot Harbour?—A. No, but the local milling.

Q. So that if it were a question of making big contracts for carriage direct from the west over to England or to any European country you are in a better position by having the two systems co-ordinated?—A. If it was possible to make through contracts. That has not been the method of merchandising heretofore.

Q. Mr. Harling told us the other day of large buyers of grain in the old country who buy enormous amounts, up in the millions, who have their men on the board at Winnipeg or somewhere else; have you ever seen anything of that sort of trade? Of course on the Canadian Northern you did not, because you had no charge of the grain after it left Fort William?—A. Your question was that there were representatives of British grain firms on the Winnipeg Board of Trade?

Mr. STEPHENS: He might be located in Winnipeg, but he would have to have his grain stored at the head of the lakes. The Scottish Co-operative Company have an office in Winipeg.

Mr. HAYES: The farmer delivers the grain at the head of the lakes?

Mr. STEPHENS: Yes, that is where it is taken delivery of by the exporter.

By Hon. Mr. Bennett:

Q. As to the coal at Buffalo, is that a serious competition? As a matter of fact, in the fall of the year, when the big American steel trust steamers which had been in the ore business all summer, when they go into grain at the tail end of the season, most of them do not carry coal up?—A. That may be true, but at certain seasons of the year the reverse is true. At the present time coal is a desirable cargo for those boats.

Q. What is the rate up from Erie ports now?—A. I don't know.

Mr. WOOD: Thirty cents.

Q. At 30 cents would it be considered a desirable cargo to carry?—A. Oh yes.

Q. Have you ever heard the question discussed, that three trips can be made to the Georgian Bay ports—Midland and Depot Harbour—as against two to Buffalo?—A. No, I have not.

Mr. STEPHENS: I fancy it would be so.

Q. Have you ever heard it discussed that a drawback, particularly in the fall of the year when the rush of grain is on, was on account of the congested condition from Sarnia to Detroit, requiring ships to slow down in fogs, and that there were great deviations there?—A. I have heard of deviations, but I don't know that that works to a serious handicap, or to such a handicap as to throw very much business to the Bay ports.

Q. If a vessel at a 4-cent rate was carrying, say, 500,000 bushels, and was held up for 24 hours, she would lose that much money?—A. It would cost her some money, yes.

Q. Has Buffalo a very decided advantage—the Buffalo to New York Railway—over the railway between, say, Midland or Depot Harbour and Montreal, in regard to well-equipped roads and roadbeds?—A. The Grand Trunk has pretty tough grades to contend with between Midland and Montreal, or even Parry Sound and Montreal, whereas the New York Central is a low-grade line, between Buffalo and New York.

Q. I have heard the question discussed before, and I am going to read from the Scientific American of April 30th, 1921, because I think this article is very interesting to the committee:—

“Train Speeds and Track Costs.

“Apropos of the question of impact effects of motor-truck wheels on highways, we note that the American Railway Engineering Association has issued a report on the effect of increased speed in raising the cost of track maintenance, in which the fact is brought out that there is an increase in the cost of maintaining the track of 0.5 per cent for each increase of a mile per hour in the speed of freight trains.

“No doubt, it is popularly supposed that because the steel rails of a well-laid track present such a smooth even surface to the eye, impact effects due to irregularities of surface are unknown. As a matter of fact, the average railroad track is not as perfectly true in surface as it would appear to be, and because of the varying degree of elasticity in the ties and roadbed, there are frequent relatively hard spots which have the effect of inducing heavy vertical impacts from the concentrated wheel loads of the train. Furthermore, there are the lateral impacts, due to the nosing of the engine and cars and to the surging of the train on passing around curves that are not of perfectly even curvature.

“In a general way it may be said that impact effects will vary as the square of the velocity, and hence will produce a proportional increase in the wear of the track and the cost of the labour, tools and materials necessary to keep the track up to a given standard. An analysis as given in the Engineering News-Record, supposes an increase in the average speed of freight trains from 20 to 25 miles per hour over a road of 75 per cent tangent and 25 per cent curves. The increase in maintenance expenses in such a case works out at about 2.4 per cent, which for freight service gives a rate of 0.5 per cent per mile per hour increases.”

By Hon. Mr. Bennett:

Q. Now, if the road-bed of the Grand Trunk between Depot Harbour or Midland and Montreal were on a par with the New York Central or any of those roads between the two points, what would be the effect upon your road?—A. I think the rates of the Grand Trunk, so far as I know—I am speaking now without actual knowledge—have been made to meet competition, regardless of their road-bed.

Q. Then what effect would that have on their receipts and expenditures if they were trying to keep up competition and running on an inferior line?—A. It is not operated to benefit of their net revenue.

Q. A Grand Trunk man told me that on the Midland division running out of Belleville they might have 30 or 40 leaves of springs break, where they would have practically not a leaf break on the main line of the Grand Trunk. Those breaks would involve expenses of taking the locomotive or car in, the division would pay the crew while they were waiting the return of the engine, etc.—A. Well, I simply want to make the general statement, so far as the Grand Trunk's attempt to retain that business through Canadian ports, that in years past I believe they have sacrificed their net earnings to a large extent in helping to retain the freight through Canadian ports, and that they would have been better off had they not sported the business.

Q. And that would be due, to a certain extent, to the inability of their system there?—A. Well, of course they can't get the same net results from a line with high grades as from a low-grade line well equipped, and track well maintained.

By Hon. Mr. Webster:

Q. How is the National Transcontinental roadbed from Armstrong to Quebec?—A. It is in very good condition.

Q. Then in view of the absence of curves and also of heavy grade, it is not reasonable to expect that money could be made from the hauling of grain over that section? Should it not be profitable?—A. There is a line on which grain could be run at a rate almost as low as any other line in the country, having regard to its construction.

Q. Would the trade from Armstrong to Quebec be based in any way on the road-bed you may have in that part of the country, or are you basing your rates on the whole, perhaps in competition generally?—A. They are largely based upon competition. It is a question what a reduced rate to Quebec would produce in the way of an increase traffic—Armstrong to Quebec.

Q. If Quebec were to have the same rate given them as New York, do you consider they would get the business out of Quebec?—A. Montreal has a lower rate than to New York, and is not getting the business.

Q. Still, Quebec is 160 miles nearer the sea than Montreal?—A. I don't believe that that would be a sufficient inducement to vessel tonnage.

Q. Tramp steamers would, as I know them, rather go to Quebec than Montreal, and save that extra 160 miles up and back, which includes the consuming of coal, insurance, time, etc.?—A. A reasonable thing to do, it would seem to me, would be for the vessel to take it out of its rate. They are performing a shorter service, while the railway is performing the longer service. Why doesn't the vessel take it out of its rate?

Q. Is any effort being made in order that this business could be secured on a c.i.f. rate through Fort Wiliam to Liverpool or some other place, so that the Canadian port or ports might benefit?—A. I would like to have Mr. Wood listen to that and answer that question.

Q. In other words, could not some inducement be granted from some junction point in the west to Liverpool, that would protect our Canadian grain so that the Manitoba hard wheat would be delivered in Great Britain as such, and not mixed with American wheat, and at the same time so that the carriage and all the benefits resulting therefrom could accrue to Canada rather than go through American ports?

Mr. WOOD: I had a discussion on that point recently with the export and import traders in Montreal. Some of them thought that a through bill of lading around, say, Port Arthur to a British port at least would conserve a certain amount of that business. Others seemed to think it would not. The difficulty of getting a through bill of lading from Port Arthur to Liverpool is that you have to take so many things into consideration—insurance on the lakes, and the railway would have to assume responsibility for that through bill of lading, part of which should be assumed by the lake carriers; and you have got your insurance and your elevators at the bay ports to consider, your elevation at Montreal or Quebec, as the case may be, and insurance again. It is a rather complicated matter.

By Hon. Mr. Watson:

Q. Lack of guarantee, and risks?—A. Of course we would have to guarantee our terms; and the out-turn weights; it is a very difficult thing to do.

By Hon. Mr. Webster:

Q. If it is for the general good of Canada, could not a department be organized in connection with the Canadian Merchant Marine—which perhaps alters the situation somewhat, and meets some of the objections that have been raised—or we will say, with the Canadian Pacific Ocean Steamship service, because they are performing some of these features that you think are a serious objection? What we desire is that some of them recognize what has been done in the past, but we feel that our railways are in such a position, and our Merchant Marine is not making too much money, so there ought to be some effort, some organization, some department created whereby benefits would accrue to Canada, rather than 50 per cent of our wheat crop

should go out through American ports, and that they should get the benefit of all the expenditures of those steamers. The trouble is not an insurmountable obstacle, is it? The question of insurance would be covered there, if that is a matter that the Government has to take up, you gentlemen come back and say to the Government, "It costs 10 per cent for insurance in Montreal or Quebec"; then the Government's duty, through the Department of Commerce, should be to relieve you of that 10 per cent of insurance? I think the country would be with you if you came back and fixed the rate to Quebec at 30 cents instead of 36 cents?

Mr. WOOD: We endeavoured to do that once before, years ago, when I was in the Allan Steamship Company. Mr. Andrew Allan made a proposition to Sir George Foster to establish a Canadian Lloyds, but after considerable discussion I think the Government decided that they did not want to assume the responsibility, because there would have to be a guarantee given by the Government; nobody else would undertake it. However, it is not insurmountable. I believe, personally, there could be a Canadian Lloyds.

Q. We understood from one witness that the eighth of a cent would divert some business; surely some of those difficulties you speak about could be absorbed between all the different interests that would be desirous of getting the business. The Quebec Harbour Commissioners, when Senator L'Espérance was president and I was a commissioner, agreed to waive the wharfage charge on grain, which I think was six or eight cents per ton, provided that business would come through Canadian ports; and I am satisfied many other parties, as interested as we were, could suggest the same allowance, or absorbance of something, in order that we should keep that business in Canada?—A. I think the suggestion of the gentleman the other day was that the Quebec Harbour Commissioners should absorb the charge for their elevation. Of course at Montreal the ships participate in that, and they do also in Quebec, so there is no difference in that.

By the Chairman:

Q. A cent a bushel is the charge for elevation?—A. Yes.

Mr. WOOD: My vice-president has read the brief which he said I prepared on the question as a whole, therefore that is really my evidence, so to speak, as well as that of the vice-president; but any questions I may be able to answer I will be very glad to do so. Getting back to that through bill of lading from Port Arthur, it seems to me there would have to be a railway to command or to control lake tonnage. If now, for example, the Canadian National Government Merchant Marine had vessels on those lakes capable of carrying a reasonable quantity of grain, and a rate were made which would be a through rate to Montreal, and it was a rate made by the Canadian National Railway or the Canadian Pacific interests, and no question of what the rate is to the bay ports, and what the rate would be from the head of the lake to Montreal or Quebec, that might possibly help the situation; but with outside interests, of course you will have to pay them what they want.

By Hon. Mr. Webster:

Q. To what ports do you refer on the lake to which it would be advisable to have steamers go?—A. I would say to the Bay ports, from the head of the lakes.

Q. From the head of the lakes to the Bay ports?—A. I would say so.

Q. From Mr. Hayes' remark, or your remark, that rate is only 2¼ or 2½ cents a bushel?—A. Yes.

Q. Does the mere fact of two cents or two and a half cents on a through rate from the West to Liverpool really seriously affect the situation? That is, they cannot cut that rate down very much to compete at Buffalo with what you may be operating?—A. Of course they could give a lower rate against that.

By Hon. Mr. Watson:

Q. You suggest that the Government have a line of steamers?—A. I don't suggest it.

By the Chairman:

Q. Do you think that would really affect it?—A. It might affect it.

By Hon. Mr. Watson:

Q. Wouldn't it drive the other steamers off the line?—A. It probably would.

By Hon. Mr. Webster:

Q. If the water-rate involved is only two cents, I do not see that it is a very serious matter one way or the other whether the Government own those lake steamers or not, because you will always get them, and you can get them at one cent or two and a half?

Mr. HAYES: I think Mr. Wood had possibly in mind not so much the rate, or what it would cost, as the assured delivery of the grain—the control of the grain.

Mr. WOOD: The control of the grain.

By Hon. Mr. Webster:

Q. The Government Merchant Marine have twenty-five small vessels that are not fitted for sea business, and of which a large number were built on the upper lakes; there is no reason why those boats could not go back again and do the trade you are speaking of.

Mr. HAYES: There would be no profit in operating that type of boat on the lakes.

Mr. WOOD: Those boats would carry possibly 120,000 bushels of wheat. They cannot fill them fully, because they are built for deep sea work, and when full they will draw 29 feet, and I am afraid there would be trouble in getting them through the Soo. They might possibly hold 130,000 to 135,000 bushels of grain, but to get through the locks they would have to reduce the load to 125,000. They are a little more difficult to load, and the engine is astern.

Q. You spoke of having some boats that might run to Montreal for the grain trade; I thought you referred to that?—A. No. Our boats coming through the lower reaches of the canal cannot carry more than twelve hundred tons. They are deep draft. We have sent some boats down and brought coal, but we cannot get more than twelve hundred ton.

Q. But boats like the McKee might be of sufficient capacity to meet the suggestion you made?—A. That type of boat is all right.

By Hon. Mr. Bennett:

Q. How is the elevator capacity at New York as compared with that at Montreal and Portland?—A. I have not the figures for New York, but they have immense space, because each railroad have their own elevator.

Mr. HAYES: I don't think the elevator capacity or space at New York is relatively large. They order the grain down from Buffalo, and they get quick handling from Buffalo.

Mr. WOOD: And they have floating elevators.

Q. So there is no particular advantage over Montreal?—A. No.

Mr. HAYES: I think we are better situated, relatively, than New York.

By Hon. Mr. Watson:

Q. What vessel is it that controls the ocean rates; is it the regular liner or the tramp?

Mr. WOOD: The liners have a specific rate that they agree on, but the tramp comes in and can do as he likes; and the tramp to-day is carrying grain at much less than the regular rates.

By the Chairman:

Q. The tramp is a free lance?—A. Free lance.

By Hon. Mr. Webster:

Q. If there was sufficient grain offering at our Canadian ports, do you think, with the present situation of tonnage, that there would be ample vessels procurable to carry this grain?—A. There is any amount of tonnage; no difficulty about that at all.

By Hon. Mr. Willoughby:

Q. If you admit that the rate from Fort William to Buffalo is only from two to two and a half cents per bushel, is it not reasonable to suppose that there is no serious feature affecting the handling of grain to Canadian ports?—that that will not vary more than a cent, perhaps a half cent, and that the rate from Port Arthur or Fort William to Buffalo can be usually calculated pretty closely?

Mr. HAYES: Yes, but the other fact, of the rail from Buffalo to New York, can be affected.

Hon. Mr. WEBSTER: But that is a fixed rate by the American Railway Board?

Mr. HAYES: They changed that.

Hon. Mr. WEBSTER: And why not do the same to meet competition?

Mr. HAYES: We do. We can reduce.

Mr. WOOD: We do.

Hon. Mr. WEBSTER: Then, if we can meet that competition at any time, we do not need to take seriously the rates quoted by our American friends?

Mr. HAYES: We are meeting that competition to-day, not by the rail route from Armstrong, but by the lake and rail to Georgian Bay.

Hon. Mr. THOMPSON: I understand it has been stated that Montreal has an advantage of 1½ cents now lower; why don't they get it?

Hon. Mr. WEBSTER: That is not the impression that many shippers have.

By Hon. Mr. Watson:

Q. Suppose you could double your tonnage via Montreal, how much cheaper could you carry your grain than you do at present?—A. You mean via Montreal, by Georgian Bay ports?

Q. If a larger tonnage could be carried at a profit?—A. That is a difficult question to answer. We can fix a certain limit below which it is not good judgment to go. We are meeting competition to-day at the somewhat higher limit. We could drop somewhat lower than that if we had the margin.

Q. If you had the margin of trade?—A. Yes.

By Hon. Mr. Webster:

Q. If a proposition was put up to you that they would give you 5,000,000 bushels if you gave them a certain rate, would that be considered?—A. Since the Transcontinental started operations I have been in charge of traffic, six years, and I have never had a bona fide exporter come and ask for the rail rate to Quebec on export grain—never had a shipper ask me for the rate. Now, why is it?

By the Chairman:

Q. Have you transported grain over the Transcontinental railway?—A. Yes; and I had to go to the trade in 1915; and it was one of the members of this august body, the late Senator Richardson, who was the only one who I could induce, of all the grain exporters at that time, to consider Quebec, and he tried it out.

By Hon. Mr. Webster:

Q. Given the same rate to Quebec as to New York, is it your view that it would only amount to a paper rate, and that business would not ensue?—A. That is my opinion.

Q. Unless something else is done at the shipping point?—A. You speak now of the rail rate. Now, you understand there is approximately 6,000,000 bushel storage capacity at the head of the lakes to-day. That investment has been made because Port Arthur and Fort William are the markets in which the grain is delivered by the western farmer. We cannot divert a car of grain to-day down over the Transcontinental—we cannot take it out and bodily send it to Quebec or any other place; it is assigned to Port Arthur and Fort William, and it has got to go there. Now, you take the farmers themselves, through their organization, the United Grain Growers and the Saskatchewan Co-operative Co. they have invested in an 8-million bushel elevator capacity at Fort William, or nearly one-sixth of the public terminal elevator storage capacity there. Would they be interested in sending their grain to Quebec, and diverting it from their investment there, that is, to Quebec all-rail? If not, you have got to get back, in the final analysis, to determine what is the proper thing to do, what can be done to perhaps minimize the cost of the railway—get back to the farmer, to the merchandiser, to find out what would be the result of making a lower rate in influencing business. You may have done so, but I think you have to start with the producer and the merchandiser.

Q. We are getting back to that; we are working from the other end, and we would like to get any suggestions from you that would help us in that direction; is there any consideration given to the question of empties returning from one part to another, in your calculations of freight?—A. When you are referring to the transportation itself, the grain commences to be harvested along about the 1st of September. The rush then is on for 90 days to get as much grain out of the farmers' hands, down to the head of the lakes, or to the nearest public delivery as possible before navigation closes. Now, from Winnipeg to the head of the lakes, in round figures, is 425 miles. It is 1,350 miles from Winnipeg to Quebec. If all of that grain was going to Quebec instead of Port Arthur and Fort William, how many more cars, how many more locomotives would we be obliged to have in order to relieve the farmer of as much grain before the close of navigation as we can do by the much shorter haul to Port Arthur and Fort William? The distance would be three times, that is a car, starting east from Winnipeg would take nearly three times as much equipment; and to-day, with a heavy crop, we are pressed to supply cars that are required even for the short turn round to Port Arthur.

Q. Then do the railways prefer the shorter haul?—A. Yes, under those circumstances, because we have the equipment.

Q. But 50 per cent of that is diverted for American railways?—A. Well, how much more could we earn for the additional 900-mile haul. With the water competition would we earn enough to justify the Government in investing in additional equipment sufficient to give that additional service?

Q. How much more will the country prosper by all that being handled in Canada rather than letting the Americans haul it from Buffalo, and letting their steamers, coal companies, stevedore companies and production companies and everything benefit?—A. That is a question of Government policy.

By the Chairman:

Q. When that Transcontinental railway was built, if you read the speeches made in 1904, it was to revolutionize the carrying of grain from the west to the Canadian tide-water ports, and it was claimed that while there was large storage capacity at the head of the lakes there was very little at the tide-water ports; yet this is the result of this grain being taken to Fort William and Port Arthur and then diverted, more than half of it, to American ports; now, if I understood your answer to Senator Webster, it is all a question of equipment?—A. Well, not necessarily all a question of equipment, but equipment would be one of the factors that would have to be considered if there was any particular movement of grain going to Quebec, that additional distance by rail, from Fort William.

By Hon. Mr. Webster:

Q. If that additional distance from Winnipeg is 240 miles shorter, is it not reasonable to expect that some arrangement ought to be made whereby the grain would go to Quebec?—A. Well, following up the previous remarks a little further, from the time the crop commences to be harvested there are about three months until navigation closes at Quebec. Who, financing the grain, is going to take a chance of his grain possibly not getting to Quebec in time to get out before the close of navigation?

By the Chairman:

Q. What do you consider the close of navigation at Quebec?—A. When did the *Recruit* get in the ice trouble?

The CHAIRMAN: That is a special case.

By Hon. Mr. Webster:

Q. The grain would not be blocked in Quebec; a portion could go on to St. John and be shipped there; it is no more serious risk than we are taking every day in commercial enterprises?—A. No; of course, as you say, you would have St. John and Halifax and possibly Portland ahead of you; but would that give the people who are financing that grain and merchandising that grain the same possible outlets as they have with the grain, say, at Fort William or at Buffalo?

Q. That would only apply to November shipments—one month out of twelve—and even with that objection, if railways were at fault in not having the grain in time at Quebec they could carry it to St. John, and if a through rate had been previously arranged the loss would not be very serious for the extra haul, Quebec to St. John?

By Hon. Mr. McCall:

Q. What would be the extra haul, say, on a shipment from Winnipeg to Quebec, to be sent on to St. John? What would be a reasonably fair addition to the charge while grain was still on the car?—A. Take the distance from Quebec to Halifax, about 675 miles.

Q. Is that nearer than St. John?—A. St. John is about the same distance with us; it would be about 90 miles shorter; it is about 585 miles to St. John.

Q. What would be the additional charge, then, to make a profitable rate?—A. I don't know as I would say.

Q. It has been said that winter charges on grain held in port could be made up by shipping it right off to our ocean ports and getting it in the market?—A. People have not appreciated the conditions under which the old Intercolonial has been able to handle its export business. Its export and import business has only been coming to it in the winter months, when the operating conditions are probably as difficult as they are in any section of the country during the winter months.

By the Chairman:

Q. You could use the Transcontinental for that purpose?—A. Yes, but the climatic conditions are very much the same there as on the Intercolonial. I would not undertake to say, Mr. McCall; perhaps 15 cents a hundred.

By Hon. Mr. McCall:

Q. Ten cents a bushel?—A. Yes.

Q. Will the consolidation of the Government railways facilitate the movement of rolling stock so that we may have some economies under one management, and moving the stock where it is needed at the time it is needed?—A. I have no doubt some economies can be effected, but not to such an extent as to materially increase the amount of equipment that will be available for the general public. To-day we have cars in large numbers standing idle simply because business is sick, business is not flourishing; but it is only a very few months ago when we were put to it to supply

cars for the traffic that was offered. I saw a statement in the papers the other day that some expert in the States had estimated that so far as transportation was concerned, the difference between good business for the American railways and a depression was only the difference between 85 per cent and 100 per cent, or 15 per cent. Business to-day is depressed, 85 per cent and when it increases 15 per cent they will be up against the same shortage as they were a year ago. Car supply is a fluctuating quantity.

By Hon. Mr. Bennett:

Q. Considering what has been coming down on the Canadian Northern, and knowing what your equipment is on the Grand Trunk, do you hope for an increase in trade by the lake ports to Montreal when the rush is on in the fall of the year?—
A. It will depend on the size of the crop each year.

Q. But the smaller it is, the greatest effort it must be on your part to get it out?—
A. But between the lake route and the rail route we do hope to better our condition.

Q. By that combination?—A. Yes.

Q. After you have got everything you can get out of Montreal, what about Portland for the winter months, because the Canadian Government will own that line too?—
A. Well, answering the question from a practical point of view, there is no question but what the transportation can be purchased cheaper to Portland than to St. John or Halifax, by reason of the shorter distance.

Q. Have you ever studied the movement of grain, both corn and summer wheat, from Chicago to lake ports, and then transportation from the eastern states?—A. No, I don't know as I have made a particular study of it.

Q. Of course you are aware that the Grand Trunk had a very considerable business in that in past years?—A. They have handled, in past years, large quantities of corn from the western states, that is, through Bay ports to New England.

Q. And wheat, too, the summer wheat?—A. Not much wheat.

By Hon. Mr. Webster:

Q. Why should we not get some of that western grain through our Canadian ports?—A. We do get some.

Mr. Wood: During the war we had a lot.

Q. But as a general rule you don't get it?—A. Quite a portion. There is corn coming now to Depot Harbour.

By Hon. Mr. Bennett:

Q. Have you ever studied the question of freezing in a vessel at the lake ports in the fall of the year when the elevators were filled, and then to have a fleet of vessels lying there, and from time to time move them up to the elevators and discharge them down to Portland?—A. That is done right along.

Mr. Wood: That was done very extensively during the war. I had about 20 vessels at Midland there.

By Hon. Mr. Bennett:

Q. Is there a prospect of that business being increased, and at the same time avoiding any expenditure on elevators?

Mr. Wood: A great deal depends on market conditions. Last fall both the C.P.R. and ourselves tried to canvas the business situation from one end to the other to tie up the trade at Midland, but we couldn't get any at all, the conditions were so abnormal by reason of the fact that the continental buyers were buying that wheat, instead of England.

Q. The Montreal *Gazette* published returns last year showing the biggest shipment to a foreign country, Italy, 8,300,000 bushels; Antwerp, 5,500,000, Gibraltar, 4,000,000, Greece, 3,600,000, Marseilles, 1,952,000, Bordeaux, 278,000; do you know

whether a great part of that grain came down on the Grand Trunk and C.P.R. to Montreal?

Mr. WOOD: It came to Montreal; we both had a share of it.

Q. Your namesake, C. M. Hays, was a great believer in the lake ports to Portland, and Montreal in the summer; do you agree with him, as in competition with Buffalo?

Mr. HAYES: Yes.

Q. Mr. Hayes used to base one of his strong grounds because the boat made three trips against two to Buffalo?

Mr. HAYES: Another interesting instance we have had this summer; it will not interest you so much as the Pacific coast. We had about 350,000 bushels of wheat out of Alberta this winter to Vancouver, which was sent around to Great Britain through the Panama Canal. I think the C.P.R. had about the same quantity. That is a Canadian port, but it is not an eastern Canadian port.

By Hon. Mr. McCall:

Q. Do you think that trade will continue?—A. I am inclined to think it will, because the out-turn of the cargoes reported is excellent.

Q. Some day you will develop the Trent Canal as a carrier?—A. Yes.

By Hon. Mr. Webster:

Q. You don't consider there is any preference given by the Canadian railways that enables the Buffalo railway people to get this business?—A. No; to the contrary.

Q. You think one suggestion might be to get right back to the shippers and merchandisers?—A. Yes.

Q. And getting them to route this business over the Canadian rails?—A. I do not want to suggest lese majesty, but why not take your friend, the Honourable Mr. Crerar? He would know more about merchandising and the shipping of grain.

By the Chairman:

Q. As a railway man, Mr. Hayes, do you not think that the Transcontinental between Winnipeg and Quebec should be used to better advantage for the hauling of grain, to the benefit of the Canadian National Railway situation, in our section?—A. If a practical scheme could be worked out that would mean the bringing of any grain totally over the Transcontinental, I can assure you we would like to see it done; but we don't want to make a paper route that means nothing so far as the actual moving of business is concerned.

Q. That is not exactly my question; I quite appreciate the answer from your point of view, but owing to the fact that the National Transcontinental is so built that an engine can haul almost double the load that can be hauled on the next best equipped road, and that it shortens the distance between Winnipeg and Quebec, as compared with Montreal, the nearest tide-water port, by 240 miles, are you not of opinion that this road is not being used to-day as it should be for the hauling of grain from the west?—A. I can say yes to that—as it should be; but I want to follow on—but will it be? Can it be, under the merchandising condition of to-day? Will the owners, the people who are financing that grain, use Quebec?

Q. That is alright; if you had the equipment would it not be to the benefit of the National railways to haul grain the longer distance and bring it to Quebec at the fairly paying rate which we all believe could be much below the rate that is presently quoted, about 36 cents a bushel? It has been figured by railroad experts that including the return of empties, supposing you haul a ton of freight west, the grain can be taken down from Winnipeg—I am using the word Winnipeg, but Fort William or Port Arthur—for about 17 cents a bushel as against 36 cents which is quoted to-day; now, would it not be in the interest of the National Railways to haul the longer distance as against the shorter distance, from Winnipeg to Fort William?—A. At a reasonably compensatory rate, yes.

Q. Of course if shippers will not use Quebec or any other ports the railways are not responsible for that, but suppose I said to you, "Mr. Hayes, I have arranged to sell 2,000,000 bushels of wheat in Liverpool, I am going to take that wheat, say, from Moosejaw or some other point in the west; will you please give me a through rate from Moosejaw to Quebec?" What will you charge to-day from Moosejaw to Quebec at a paying rate?—A. I have shown you; but you would first have to find the grain at Moosejaw.

Q. That is all right; I understand the conditions at the present time as you stated them, and I must say you have enlightened me a great deal; I never saw the question in the way that you have put it to me, which is the correct one; I understand now where the nigger is, as you say, which I never did before; you have put it at a glance before my eyes, and it is just as clear as the sunshine.

Hon. Mr. CHAPAIS: Yes, we can see it now.

By the Chairman:

Q. I want to put that question; supposing conditions exist to-day that I could go to Moosejaw or some other point west and buy 2,000,000 bushels of wheat and sell them in Liverpool, could you not quote me a through rate from Moosejaw to Quebec much lower than the one which exists to-day and still make money out of it?—A. We could quote you a rate considerably lower than the present rate, I think, or considerably lower than the present rate from Moosejaw to Quebec.

Q. And make money on it?—A. And still make a margin of profit.

Mr. W. B. LANIGAN, General Freight Traffic Manager, Canadian Pacific Railway, appeared as a witness, and testified as follows:—

By Hon. Mr. Webster:

Q. We might get some suggestions from Mr. Lanigan, who knows the conditions to be overcome, as he lived many years in the West and knows the situation there as well as in the East; he might make a statement, after what he has heard here, as to what relief he thinks might be obtained, or some way in which this export grain trade might be handled to advantage to his railway and also to the country?—A. Well, I think you should go back to the manner in which grain is bought and sold in the west, and how many years it took to build up the present method of handling grain. There are practically no grain exporters west of the Great Lakes, with the exception of the Scottish Co-operative Company, who buy grain for their own old country firms, and Richardson and Son, who are of course represented there. The eastern exporters, that is, the New York and Montreal firms, have their agencies there. The grain trade has grown up in this way. The grain is all shipped to Fort William, except what is used for domestic purposes or seed purposes, or is ground in transit. At Fort William the terminal elevator issues a warehouse receipt on arrival of that grain, and it is the warehouse receipt that is dealt with. I was for many years a member of the Winnipeg Board of Trade and was on the Council that evolved that system of handling grain. The exporter, naturally is some person who is either resident at one of the seaboard points or else is very close to it, so that he can make his arrangements about forwarding his grain. Having a representative on the Winnipeg Board of Trade, he simply informs him what character of grain he wishes purchased on his account. He makes his export contracts either with the vessel or the railway agents, and makes them entirely in the east. Now, the purchaser in the west is forced by circumstances to desire his money very early after he has harvested his crop, because that is the only time in the year that he has something to sell—only once a year. He is different from the eastern farmer in that respect. That is the time of the year when he had to pay for his labour, his binder twine, his notes on his agricultural implements, his store bills, in fact everything that comes to him has got to be paid at that time; and he must have money. The result is that he must market quite a large portion of his grain. The man that buys that grain at the

interior elevator, every bushel that he buys he must sell, and he must get that forwarded and into the hands of the ultimate user as quickly as possible. The longer it is delayed the more money it takes to finance the crop. Now, that is the necessity of the farmer; and consequently, the moment he ships his wheat, if it is an individual farmer, he forwards to his broker on Winnipeg Grain Exchange the bill of lading that he gets from the railway agent, and the broker on the Grain exchange at once gets the warehouse certificate covering the amount of grain, and the grade of grain, and its official weight, and the documents on that grain from the terminal warehousemen; and that document defines in amount the money up to its value that the broker agrees to advance on a transaction, selling it later on the farmer's account. So that you will see the necessity for the grain arriving at the terminal elevator at an early period, and the necessity for the farmer getting his money as quickly as possible. Now, all that has been evolutionary process—the Winnipeg Grain Exchange, the warehouse receipts, the clearing house for the boats at the Great Lakes—these have all grown up through the experience that the carrying companies, the banks, the farmers, the terminal elevators, and every interest connected therewith has gone through for a great many years. Therefore the grain is available only at the head of the lakes. That is the only place where it can be procured by the eastern exporter or the eastern dealer. And it must be available there—the only suitable point—because there are several markets for grain. There is the export market; there is the domestic milling market—because, as you will readily see, outside of the mills at Winnipeg and Keewatin, there are the domestic milling demands in Ontario and Quebec, which are quite large—and there is the American market. Besides that, there is all the seaboard available from Fort William, via the different routes. So that grain is really worth more at Fort William because of its availability for those different markets and for those different routes than it would be worth anywhere else. At Fort William it is carried by boat during the season of navigation to the Bay ports or to Buffalo, and from Buffalo or the Bay ports to the different destinations that the man that owns the grain desires it to travel. The carrying company has nothing to do with that part of it. A very large quantity of the grain—half, in fact, that has gone this year—has gone for domestic consumption in the United States; the other half probably available for export, that is, over our line. Toledo and Detroit and other ports beside Buffalo have taken it. Toledo and Detroit must have taken it purely for domestic purposes. I do not see any great harm to Canadian grain interests in finding that the American market was open to our grain, or that it was available for those domestic markets such as Duluth, Chicago, Toledo and Detroit, by boat, which of course is the cheaper way of sending it. Of course Canadian rails cannot compete, from Fort William to American destinations, with the water or the rail routes beyond that. That is, grain shipped to Detroit or Toledo for eventual consumption in the country could not be carried by the Canadian carrier in competition with the water route. Buffalo has the advantage of the water route plus the rail rate; and the effect, more or less, of the existence of a canal route from Buffalo to New York. As has been explained by Mr. Hayes, New York has a very commanding influence as far as the export of grain is concerned, not only because there is a larger tonnage available at New York for the export of grain—because she has a greater quantity of tramp sailings—but in addition to that, she has sailings to ports that neither Montreal, Quebec or St. John has, or has any possibility of having, because there are not sufficient tonnage to be gathered in Canada for those ports to make sailings to them possible or profitable. Now, if a man has his grain at Buffalo he has the opportunity of shipping it to New York, Baltimore, Philadelphia, Boston—half a dozen other places—summer or winter. And he has all the advantage of the foreign sailings that there may be from those Atlantic ports to destination—which, of course, unfortunately is not available to the Canadian routes. In other words, he can command more foreign markets from Buffalo than he can command from any other port. Our rates, however, our all-water route, which has not been mentioned, by Port Coulborne direct

to Montreal, is considerably cheaper than the route via Buffalo and Buffalo to New York.

By the Chairman:

Q. Even by the Canal?—A. Well, the canal is not a great factor; it is too slow.

Q. But it is lower?—A. Oh yes, I don't know what the Canal rate is; but it is not a factor, because a man holding his stock in Buffalo for export can get it down to New York as fast as he receives it, so the Canal would be too slow for him to use. It is a bearing factor on the rail rate from Buffalo to New York; that is, if you got a rate above a certain figure by rail the Canal would no doubt be brought into use. Now we have got an all-water route from Fort William to Montreal, transferring at Port Colborne, and that route has a certain amount of business and is a factor in making our rate by Tiffany, Midland or Port McNichol to Montreal. That is, we cannot go above a certain arbitrary over the all-water rate, and we must be as low as the rate to Buffalo or as the rate from Buffalo to New York. As Mr. Hayes pointed out, we are lower than that by about 1-3/10 cent. Now, Mr. Hayes has outlined this to you—that there is open to Montreal for the grain of the west to-day, by the water route, a still cheaper rate than exists to New York by any route—and it does not make any difference whether it is Montreal or any other port—and by the other water and rail route to Montreal the rate is cheaper by 1-3/10 cent per bushel than is available by Buffalo and New York. I want to emphasize that. It does not make any difference whether it is sent to Quebec or Montreal, but you have a Canadian route which is the cheapest route of all—a route over Canadian roads to Bay ports, and from Bay ports beyond. And still that American route, for the reason I have given you, is commanding a large share of the tonnage that goes from Fort William, and has always done so; and it has done so for the reasons that I have outlined.

By Hon. Mr. Webster:

Q. That rate exists to-day, 1-3/10 cent less via Montreal than via Buffalo?—A. Yes. Now, there is to-day a rate of 12 cents a bushel all-water from Fort William to Montreal, including the elevation at Montreal, which is 2-10 bushel.

Q. Cheaper than New York?—A. Cheaper than New York.

Q. Does that include the elevation charge?—A. Yes, it goes right through from Fort William on the boat. Now, I have shown you the very strong necessity on the part of the Canadian producer in the west for marketing quite a substantial proportion of what he has grown early in the season. That, of course is what causes the peak movement on October to the lake front. That is our big time, from September 15th to the close of navigation, about December 5th, to December 12th; and October is the peak of the movement. When navigation is closed there is practically nothing in the terminal elevators at Fort William; it has all gone over the cheapest possible route, that is, the route that requires no roadbed maintained, no overhead expenses, a comparatively small number of employees to handle the vast quantity of grain, and it is available at the Bay port elevators or at Buffalo for a free movement by any port during the winter time. Now, the rate from Port McNichol or Tiffany or Midland, even if it goes via St. John—you want to mark that particularly—has got to be the same as the rate from Buffalo to New York, although the distance from Port McNichol to West St. John—which is the only Canadian port which is open during the winter months—is a great deal longer. But in securing that grain for Midland or Tiffany or West St. John, it must be secured on a basis of what rate would be available from Buffalo to New York, the port that is open all the year round. Now, it comes to the grain that comes down after the close of navigation, or may be in transit to the head of the lakes but does not get there in time to go across the Bay.

By Hon. Mr. Watson:

Q. Is the water route open from Buffalo to New York all the year round?—A. No, it is not a factor as a grain carrier.

Q. How many months is that open?—A. About the same as the Great Lakes, I presume. Now, as I said, there is grain that is in transit to the head of the lakes, or that comes down after the close of navigation. That is the grain that is carried all-rail, either for domestic consumption in the east or for export. Necessarily the Canadian carrier has to carry that from Fort William to West St. John at no higher rates than are available at that season of the year from Duluth to New York; that is the limit of what he can charge for that movement.

Q. To what extent are the internal elevators in Saskatchewan and Alberta used?—A. It depends a good deal on the season, and the character of the grain. For instance, in the season when they have tough wheat, naturally you like to get it under treatment or elevated as quickly as possible.

Q. Do they treat tough wheat in those elevators?—A. Oh, yes, and sometimes if you have got a grain that is growing, for instance, rejected No. one northern with a large number of docks—and the docks is a good valuable cattle-feed—and you are short of feed, it may go through the Moose Jaw or Saskatoon elevators before being forwarded beyond.

Q. Are they used for storage capacity in rush seasons?—A. No; more by the interior milling trade than anything else.

Q. They are not used to take a great rush?—A. No; the only time they come into maximum use is a year like 1915 or 1916, when storage was at a premium and there was adjustment at the lake front. In the winter months they came in.

Q. They are not used for storage as long as you have capacity at the lake front?—A. No.

By Hon. Mr. Webster:

Q. How does that grain get to Duluth, that you referred to?—A. We have all rates to Duluth from the Canadian West—the Great Northern and Northern Pacific, of course, as well as the Great National Railways operate in Manitoba to Duluth.

Q. Hand it over to the American railways where?—A. The Great Northern Railway, for instance, runs it into Brandon and up into Portage la Prairie.

By Hon. Mr. Thompson:

Q. I understood you to say that the grain that arrives at Fort William in transit was then at Fort William?—A. Yes.

Q. And you had to make a price to compete with Duluth; now, that grain that is at Fort William cannot go through Duluth?—A. No, we cannot charge any more from Fort William to our Canadian shipper than our American shipper is charged from Duluth to New York, and the Canadian grain is so at Duluth.

By Hon. Mr. Bennett:

Q. Then it is the freezing up at Fort William that prevents you continuing all the time?—A. Oh, certainly.

Q. What has been your movement on your line that runs south from Weyburn and on to Duluth, the Soo line—have you had much of a movement of grain that way?—A. Not to Duluth. We have had in as far as we have supplied cars for it; we have had a domestic movement for Minneapolis for milling purposes, and this last year's has been a premium market, largely due to exchange and matters of that kind. But we have limited that movement via Portal, via Emerson, on our line, and I think the Canadian Nationals have done the same, to the extent that foreign cars returning from those routes could be supplied. We have both been taught a lesson, that if our cars drifted down into the United States, especially the last year or so, they wouldn't return with any great degree of promptness. The result is that in the fall of the

year, when the purchaser of Canadian wheat in the West wants cars, a great many thousands of them are tied up on American lines.

By Hon. Mr. Watson:

Q. And the American road will bring those cars back to furnish you the cars for this supply of freight?—A. Well, there is always a certain amount north bound freight coming up.

By the Chairman:

Q. Why do they hold those cars there?—A. They are short of cars, and when any person is short of cars and there is a car in sight, he perhaps doesn't live very strictly up to the ethics of things, and rather uses the cars.

Q. Cannot you make the charge high enough that there is no profit in using your cars—or I suppose you do the same with theirs?—A. We don't have so many to do with, that is the only difference.

By Hon. Mr. Watson:

Q. The demurrage rate is 50 cents a day?—A. Our per diem used to be 75 cents, now it is a dollar.

By Hon. Mr. Bennett:

Q. Is there any question of shortage of Canadian vessels on upper lakes from Fort William for lake points in the fall?—A. There has been, yes.

Q. If you were to divert trade down to Duluth, put American vessels in and carry from there, that would not be a contravention of coasting; you could put the grain down to Duluth if you brought it down on the Portal line?—A. We would not bring any grain down that way, because it costs the shipper more money to land it to Duluth than it does to Fort William.

Q. There is such a difference that there is no hope of the trade developing that way?—A. No. There is a difference of two or three cents a bushel higher rate to Duluth than Fort William.

Q. Do you mind telling us the rate from Port McNichol to Montreal to-day, per bushel?—A. 11.6 cents.

Q. What was it three years ago?—A. In 1917 it was 7 cents.

Q. Do you hope to return to 7 cents on that with the reduced costs of equipment and labour and everything else?—A. I expect, of course, that the rate will go down when the costs go down.

Q. Wages?—A. Wages is a very large factor in the cost of transportation.

Q. Then 11 cents, plus the lake rate of 2 cents, with a return of that you could carry from Port McNichol to Montreal at 9 cents a bushel; does that include elevator charges?—A. Yes, it includes Harbour Commissioner switching and delivery into Harbour Commissioners' elevators, and includes Montreal wharfage charge.

Q. What would you have to plus to that 9 cents for incidental charges, elevating and anything else?—A. Seven cents a bushel was the normal rate in 1917.

Q. Was it even lower than 7 cents?—A. Yes, I think it was.

By Hon. Mr. Webster:

Q. Would you say that the Canadian freight rates on grain have taken proportionately the same advances as the American rates?—A. Well, I think they have about the same.

Q. So the competition to-day would be about the same as in 1917?—A. Take, for instance, our rate of 11.6 per bushel including Montreal elevator charges; that is a rate that is forced on us in two directions—first, the Buffalo and New York competition, and, secondly, the all-water competition, which is 12 cents a bushel to-day from Fort William to Montreal, including elevation. Our rate from Port McNichol is 11.6 to Montreal, to which you can add 2½ cents to make the through rate from Fort

William. Well, that is about as close as we can come from Port McNichol to Montreal; with the present cost it is getting down pretty dangerously low.

Q. If the water-rate goes up would it be reasonable to expect that your rail rate would go up, too?—A. Well, the highest rail rate we ever got since 1917 was 13 cents a bushel.

By Hon. Mr. Watson:

Q. I suppose you can rely on the Chairman of the Railway Commission to see that you don't lose any money?—A. Well, he has not been particularly successful in preventing it.

By Hon. Mr. Bennett:

Q. Your rates and the Grand Trunk rates from Midland would be practically the same?—A. Yes.

Q. What has been the greatest amount of grain you have ever handled from Port McNichol in a season?—A. I couldn't tell without looking it up.

Q. Has it been as high as 40,000,000?—A. I don't think so.

By Hon. Mr. Webster:

Q. I think you stated that by reason of the methods which have been adopted for some years past, all the grain must be shipped to Fort William, and that the rates were based from Fort William on; now, is there any other method that could be suggested by which some other point further back—Moosejaw or other junctional point—could be selected so that we would not have to come into the same competition with the American railways, but get this haul all over the Canadian railways?—A. You would still have the competition of the American railways via Buffalo, no matter what you did, no matter where you put your terminal in the interior.

Q. According to the information you have been kind enough to give us, it is a sad tale for the Transcontinental railway, we will say, from Winnipeg down to Quebec, and would show that they cannot expect a very great flow of grain in that direction, after the country has spent \$170,000,000 odd on the Transcontinental railway?—A. Taking your argument, that we put up sufficient elevator facilities at Moosejaw to make that an interior collecting point for grain, at which the warehouse certificates would be issued, and the farmer would get the grain ready for market, as he does, say at Fort William, and we will say that you could make through contracts via the Transcontinental to Quebec, Montreal, or St. John from that point; of course Fort William will not go out of business; the rate via Fort William and water from Fort William is still available, and the rate from Moosejaw would have to be as low as the combination of all-water and rail to Fort William, and all-water beyond, or the competition rate via Buffalo, or the competition rate via Midland. Now, you could not get any more than that at Moosejaw. Say the grain came from Maple Creek, you couldn't get any more than the rate to Fort William plus the water rates beyond, say to Montreal or to Quebec—any part; it doesn't make any difference what part it is. You could not get any more than that because the man has still the water route before him. Now when you come to meet that competition, take your rate from any point in the west to Fort William, plus the rate available to-day of say 12 cents a bushel from Fort William to Montreal, and apply that from Moosejaw; the rate from Moosejaw to-day is 31 cents per 100 pounds, which is 18.6 a bushel; add to that the available rate of 12 cents—and in both cases we will leave out elevator charges—and you have a rate of 30.6 cents. So that the grain originated with 6 cents a bushel, and you would have to haul that from Moosejaw, say, to Montreal at 30 cents a bushel, and we will say there is an average of about 1,400 bushels in a car, that is approximately the weight, and you multiply that by 30½, and you are not getting very much more than you would get from Calgary to Fort William—half the distance.

Q. It would apparently be better to carry it half the distance and let some other organization take it the balance?—A. I would take that all-rail in competition from water route. From Fort William you have 900 some odd miles to Montreal, and you have the water route, and the water has been put there by God Almighty; there are no overhead charges on it, there are no section-men working on it; and the Government turns around and lights it and furnishes everything else of that kind.

By the Chairman:

Q. They supply the boats, too, I presume?—A. Perhaps they could, but you would take a railway that cost you \$75,000 a mile, or something like that, as the Transcontinental did, and attempt to run against that. Then there is another feature which we must not forget in carrying grain from Moosejaw to Quebec; you have a tremendously heavy west-bound movement. The amount of traffic which would originate in Quebec going back to the Canadian North West is necessarily very limited, because most of it goes from Montreal, in the first place. In the second place it is limited in any event; in the third place at the lake front you get through the summer months a tremendous amount of merchandise that is brought up by outside steamers, and a tremendous amount of coal both for your own use and for the public use which, to a very large extent, helps the west-bound empty movement from that point. But besides that, during the season of navigation a tremendous amount of paper, of barbed wire, of nails, of fittings, and a thousand other commodities are stored at Fort William and forwarded during the winter months, according to the requirements of the different commodities west of Fort William. That traffic helps to fill the empty cars that are brought down with grain. If we started to compete with the water route via all-rail we would have to remember that we have to compete in order to keep this up with the water route going back.

Q. Then, as a matter of export trade from Harbours, would it be better to expend more energy on water transport than on rail transport in order to get the business through our Canadian ports?—A. You mean, a water extension on the Great Lakes?

Q. Right through—water carriage; my thought is this; is the position so profitable with our Canadian-owned railways that we cannot expect that business from Canadian ports is going to be diverted from American ports, and that we ought to seek some other trade to Montreal and Quebec in the summer months?—A. To Montreal and Quebec to-day during the summer months the Canadian railways are carrying, against all competitors, the maximum amount of traffic that they can carry. During the winter we are carrying 100 per cent of it that is available for carrying. Now, supposing that you spent a great deal of money in developing the Georgian Bay, or any other water route; that route is only open for a certain portion of the year. You expend a great deal of money on capital account, and perhaps succeed in making that water route so efficient that you will abolish the traffic that we are carrying to-day, and which the Grand Trunk Railway and the Canadian National are carrying down to Quebec, or any other port, that is, you will decrease our tonnage. You must remember that to-day we are carrying from Port McNicoll or from Tiffany about as much of that traffic as can be sent over Canadian ports. We are just as anxious to get that tonnage as anybody else for Montreal or St. John or any other Canadian port, and we show our anxiety by making a differential rate via Canadian ports as against what is available via Buffalo. But at Buffalo you must remember there is to-day a domestic market that is a great big factor, especially with its rate of exchange. The Minneapolis miller has got a big mill there at Buffalo; there are a few big mills at Rochester; there are big mills between Buffalo and New York; there is a big demand for food, and there is a big demand for other grains down there, and of course the grain at Buffalo is available for that demand besides being available for export to 40 or 50 European ports from which we have no sailings from Montreal, Quebec, St. John, and don't produce to-day enough traffic to have any sailings.

Q. The sailings to the Mediterranean from American ports would be full cargoes; you could get steamers for full cargoes for Marseilles from Montreal as readily as you would from New York?—A. Perhaps some ports; but take, for instance, Norwegian ports, there is a lot of our flour goes up to them and to Swedish ports. Well, our steamers for those ports force the business very largely via New York.

Q. I think it was 22,000,000 bushels of grain went through Canadian ports, and 45,000,000 through American ports; how much of that 45,000,000 would be used for domestic consumption in the United States?

Mr. Wood: That 45,000,000 is export.

Q. And you can readily see that there is double the quantity going through American channels that there is going through Canadian—45 against 25?—A. Let us go back a few years. This is nothing new. The percentage of north west wheat going via Buffalo has been a little larger since the duty was taken off and the American market was open to the Canadian producer, but normally there is no greater quantity of grain going via Duluth to-day than there was years ago. Put that factor to one side; take your returns of shipments from Fort William to those various ports and Buffalo, it has always carried a larger quantity than the Canadian ports have for years.

Q. But why should not our Canadian ports be able, by some readjustment somewhere, to get this traffic that we are losing in Canada—losing with our merchandise; that is our problem?—A. It is a problem like making Niagara Falls run the other way.

By Hon. Mr. Watson:

Q. If you enlarged the volume of wheat from the west through Montreal or Quebec, could you carry that at a lower rate and make the same profits for your road? A. I could not answer you that, for this reason; you cannot segregate any one commodity in all the tonnage that you are carrying eastbound and westbound, and get even approximately the cost of carrying that particular commodity over the different sections of your line, and more than a nail manufacturer can pick one nail out of a keg and say, that nail cost me so much. It is lost, absolutely lost. We have certain statistics that show us our train mile statistics, but that isn't anything to integrating the accuracy as far as that traffic is concerned. It varies on every day of the year. It varies with every month of the year. It varies with the carriage of the tonnage. It varies with its volume. And to get down and say, could we reduce the rate, the rail rate, if we had a larger volume of tonnage?—I think we could, but we couldn't reduce it to the basis of the water route under any circumstances without increasing the deficit of the Canadian National Railways, I think, and probably of producing a very serious deficit if we were foolish enough to do it on our own line. I think that is about as close an answer as I could give to that.

By Hon. Mr. Bennett:

Q. What is your maximum capacity of cars which you haul from Port McNichol direct to Montreal?—A. I could not tell you that. I could get that information for you.

Q. I have heard the talk about running out 70 cars there, 1,500 bushel?—A. Well, we have a very good line from Port McNichol to Montreal, and a comparatively short mileage.

Q. Is it on a par as to road, equipment and carrying ability with your main line between Peterboro and Montreal?—A. Yes, I think there is very little difference.

By Hon. Mr. Webster:

Q. You had a large proportion of that wheat that went out last year that was water-hauled; is there not some method you could suggest whereby that quantity could be increased, and also the proportion carried over the railways also could be

increased? Do you think that 22,000,000 bushels is the maximum quantity that could be exported from Montreal?

Mr. HAYES: That was only the fall movement.

Hon. Mr. BENNETT: The year's quotation was 56,634,538 total bushels of all kinds of grain out of Montreal in 1920.

By Hon. Mr. Webster:

Q. Leaving aside the figures for the moment, is there any reason why those quantities should not be increased? Or is there anything you could suggest that ought to be done in the way of harbour adjustments by which larger quantities could be shipped?—A. Well, every year we have got to absorb a little more of the Montreal Harbour Commissioner's charges so that we can put ourselves on a level with what it costs to carry the grain from Buffalo to New York; and if they continue to increase, and we have to continue to absorb in order to keep our route on the same parity with other routes, there will certainly come a time when it won't be profitable to handle via Montreal at all. But in saying that I am making no reflection at all on the Montreal Harbour Commissioners, you understand. They are handling their business—

Q. Their desire should be to get the rates down as well as possible, so that we would get the benefit of the export trade?—A. We are to-day—and when I say we, I mean the carriers altogether—are endeavouring to get, and making considerable sacrifices in order to get as large a proportion as possible of the grain produced in the Canadian northwest over our eastern lines and through Canadian ports. There is no question that we have gone to a great deal of sacrifice. I think when it comes right down to the fine thing, the grain that we take from Fort William to West St. John over our route—and which is carried over a longer route, of course, by the Intercolonial—expresses what the Canadian carriers have done in order to keep the Canadian Atlantic port on its feet. The same way with the imports that come via West St. John in the winter time; it means a great additional haul to us as compared with it coming in via New York and Buffalo, and still for every bit of that export traffic that is handled along the St. Lawrence Valley or up along the Great Lakes and west of the Great Lakes, in order to keep the winter port moving, we are all of us obliged to make no higher rates than are available from New York to St. Paul and from St. Paul beyond; and it is the same way in the reverse direction. That is, as far as the winter port is concerned we could not do any more than we are doing to-day. As far as the summer ports are concerned we are held down by the all-water route, and we are carrying it all-rail from the Bay ports to Montreal, and sometimes beyond that to St. John, in competition with what was available to Montreal by water route which is entirely free to the carrier as far as roadbed, lighting and every other expense, as against the lower rates via Buffalo and New York. Now, no matter what we did, under the circumstances I have detailed, I don't think we could increase, by the Canadian routes, one more bushel of grain over what we do to-day. Certainly the Canadian National and the Canadian Pacific with all their empty cars, with business as full as it is to-day—the traffic departments of those two lines are not leaving one single stone unturned to secure traffic as against the American railways, and I think we can say fairly successfully, in keeping the traffic off the American rails.

Q. The fact that so much does go through the port of Montreal at present must indicate some merit or some advantages over the shipments going in other directions?—A. Seven and three-tenths a bushel is quite a consideration.

Q. You think it is that differential that gives Montreal even that trade, do you?—A. I think that Montreal gets, through that differential, just exactly all the trade that can be shipped in that direction; that what goes via Buffalo is available for their domestic milling; that what goes via New York is available for ports to which we don't have any sailings, and for markets that we can't reach.

By Hon. Mr. Watson:

Q. To what do you attribute the attractions via Buffalo to compensate for that 3 cents differential?—A. Just what I was explaining; you have got a big milling market at Buffalo; you have sailings and ocean rates from New York that are not available to Canadian ports.

By Hon. Mr. Bennett:

Q. Is it a fair comparison to say that your line from the Bay ports to Montreal is as well equipped a line as from Buffalo to New York?—A. Well, I wouldn't like to go that far. The New York Central have got a very fine four-track water-grade line from Buffalo to New York, and they have got, I suppose, ten or fifteen times the density of tonnage and settlement that we have; but I think that our road to Port McNichol to Montreal is about as good a road as is necessary for that purpose, or for ten times the tonnage that there is there to-day.

By Hon. Mr. Watson:

Q. It is really a water-grade road?—A. Yes.

THE SENATE,

COMMITTEE ROOM No. 368,

12th May, 1921.

The Committee met at 10.30 a.m.

Mr. JAMES GUTHRIE SCOTT, Quebec, Que., appeared as a witness and testified as follows:—

By Hon. Mr. Webster:

Q. We understand that you were General Manager for the Quebec & Lake St. John Railway at Quebec for a number of years?—A. Yes, also the Great Northern.

Q. During that time you had considerable experience in the freighting arrangements not only affecting local business but also export trade from the port of Quebec?—A. We carried grain, in conjunction with the Canada Atlantic Ry., from Parry Sound to Quebec during a period of three years. We built a million bushel elevator at Quebec. We had two steamship lines running in connection with the trade. We got large business from Chicago, and we handled as much as 3,000,000 bushels of grain in a year. I was the General Manager of the Great Northern, and of the Lake St. John, which was part of the link leading through. Mr. Chamberlin at that time was General Manager of the Canada Atlantic; he has since become General Manager of the Grand Trunk, and President. Mr. C. J. Smith was the Traffic Manager of the Canada Atlantic, and Mr. Guy Tombs, of Montreal, who is now Manager of the Paper Export Company, and who has for many years lately been Chief Traffic man with the Canadian Northern in Montreal, was at that time my General Freight Agent. That was the combination that handled that grain business during those three years.

Q. Since then there has not been very much grain exported from Quebec, has there?—A. Well, the railway came into possession of Mackenzie & Mann; the elevator was burned; the steamship lines that we had running in connection with those joint railways dissolved and went away; and the business stopped. But it was a very successful business while it was carried on.

Q. In what year was that?—A. In 1901, 1902, and 1903; that is 18 years ago.

Q. Perhaps you would intimate to the Committee how that export business was built up?—A. We carried that grain very cheaply. From Parry Sound to Quebec—550 miles—we carried wheat for 5 cents a bushel.

By Hon. Mr. Tanner:

Q. All by rail?—A. All rail.

By Hon. Mr. Willoughby:

Q. How did that correspond with the general rate for such a distance at that time?—A. I think it was rather lower. We were looking for the trade, and we got it.

By Hon. Mr. Tessier:

Q. How much did it cost you at that time from Winnipeg to Parry Sound?—A. This was principally Chicago wheat; it was not Canadian wheat.

Q. Do you know the rate from Winnipeg to Parry Sound for wheat at that time?—A. Mr. Hayes, the Traffic Manager of the Government Railways in 1916 made a rate from Armstrong to Quebec, a distance of about 900 miles, of 6 cents a bushel; that is on export grain alone, not on ordinary grain.

By Hon. Mr. Todd:

Q. That was rather an emergency rate, wasn't it, that Mr. Hayes spoke of?—A. It was the opening of the Transcontinental railway; it was the first year; and that railway had been built for the purpose of getting the grain trade, and Mr. Hayes as well as I can understand, had to compete with Fort William, and he assumed the rate from Winnipeg to an equal distance with Fort William on the main line of the Transcontinental at the full tariff rate, so he got the benefit of that full tariff rate as far as Armstrong, and that was 450 miles, and from there to Quebec he made an arbitrary rate of 6 cents. Well, the two rates combined made the through rate from Winnipeg to Quebec 11 cents. The result was that the wheat poured in in such volume that they could hardly handle it, and they loaded quite a number of steamships that year, and then all of a sudden it was put a stop to.

Hon. Mr. Tanner:

Q. How long did that rate continue in force?—A. It continued during that season of 1916; but since then not a bushel of wheat has come over the road.

By Hon. Mr. Thompson:

Q. Did they carry quite a large quantity that year?—A. Yes, they loaded quite a number of steamships. I think they must have handled about 3 or 4 million bushels that year.

By Hon. Mr. Willoughby:

Q. Had the war anything to do with that special rate from Armstrong—getting grain for shipping for war purposes?—A. I don't think so. I think Mr. Hayes was trying to make good; it was his first experiment with this new railway, which had been built for the purpose of handling grain. It has very low grades, it can handle 50 to 60 loads on a train and is capable of doing the business very economically.

Q. Would not that rate have to be approved by the Railway Commission?—A. I don't think so, because the Quebec Board of Trade applied to the Railway Commission last winter in connection with the Transcontinental Railway and we were told that they had no jurisdiction. Then we applied to the Government, and the Government said that they always took the advice of the Railway Commission—so that we were between the devil and the deep sea.

By Hon. Mr. Turriff:

Q. As a railway man you say that the rate in 1916 from Winnipeg to Quebec was 11 cents?—A. Yes.

Q. This was when the war was two years on the way; with your knowledge of railway matters how much more do you figure it would cost at the present time for the railway to haul wheat, with the increased cost of coal and labour, and everything

that goes to it, as compared with the price 5 or 6 years ago?—A. I should say 50 to 60 per cent on account of the increased cost of hauling as compared with five years ago.

By Hon. Mr. Tessier:

Q. I suppose it would cost less for transportation to Quebec by Transcontinental than by other railways?—A. That is the opinion of Major Leonard.

Q. Because the distance is shorter?—A. It is 214 miles shorter by Transcontinental, and the grades are so good that Major Leonard, the Government engineer who built the Transcontinental Railway claims that it would be possible to haul nearly double the tonnage over the Transcontinental that was hauled by the other roads.

By Hon. Mr. Willoughby:

Q. Was the rate charged in 1916 a reasonably profitable rate for the railway?—A. That question was brought up in Parliament, and Dr. Reid, the Minister of Railways, defended the rate of six cents which was made from Armstrong to Quebec—I think probably basing himself on having had a larger proportionate rate from Winnipeg to Armstrong. He defended that rate, and stated that it paid expenses. Since then—last year—when he was spoken to in the House on that question he said that he was mistaken in having said that; that it was not profitable at that time.

Q. Did he give what would be a proper rate?—A. He did not.

By Hon. Mr. Thompson:

Q. With your knowledge of railways, 6 cents from Armstrong for 900 miles would be an excessively low rate?—A. Oh yes, at the present time I would add 50 per cent or 60 per cent. It is a low rate.

By Hon. Mr. Turriff:

Q. Supposing that instead of the 6 cent rate from Armstrong to Quebec you increased it to 11 cents, i.e., the rate from Winnipeg to Quebec was 11 cents, and supposing you were below the actual figures in saying 50 per cent to 60 per cent and you doubled the rate, that would mean a rate of 22 cents between Winnipeg and Quebec?—A. Quite so.

Q. The fact that an engine can haul 60 carloads with 1,100 bushels to the car, from Winnipeg to Quebec at something around 22 cents or 25 cents ought to be a rate that would pay the Government for hauling that wheat; but instead of that they put a rate of 36 cents and close off the traffic from the railroads, close terminal facilities at Quebec, and a great deal of our grain that should go that way goes to the United States ports?—A. That is exactly the position, sir, and I claim that the Government management have been simply putting up a barrier of that tariff to prevent that grain going to Canadian seaports.

By Hon. Mr. Webster:

Q. Do you know the amount of freight that is going to American railroads that should come to the Canadian roads by the diversion you speak of?—A. Yes, I have a statement here. This is a memorial from the Quebec Board of Trade to the Railway Commission. I am not here to represent the Board of Trade. But the memorial exposed the situation very clearly.

By the Chairman:

Q. You might answer Senator Webster's question first before you read the Memorial?—A. This Memorial states that in six years the total quantity of grain shipped from Fort William was 1,096,651,336 bushels of grain, and of that total, 577 million bushels went to Canadian lake ports, and 518 million bushels went to Buffalo and other United States lake ports.

By Hon. Mr. Webster:

Q. Have you in dollars, just what that freight would amount to, that you say has been diverted from Canadian roads to American roads?—A. I figure that, roughly speaking, we have paid \$40,000,000 to \$50,000,000 to American railroads during that period that might have been kept in our own country.

By the Chairman:

Q. Does that refer only to wheat for export, or to all grains going to American ports for American use as well as for export?—A. The statistics of the Government Statistician shows that the quantity of grain going to the United States for consumption via Fort William is not very great. This is certainly all for export.

The CHAIRMAN: Do you wish Mr. Scott to read the Memorial that was presented by the Board of Trade?

Hon. Mr. WILLOUGHBY: I do not want to interfere with the reading of it, but it might be extended on the minutes and taken as read and put in the evidence, as we have had copies of it, and I have read it.

Hon. Mr. TURRIFF: I think it would be well to read it.

Mr. Scott then read the Memorial.

During the reading, referring to the elevator at Quebec, Mr. Scott stated that it was built by Sir William Price, and doubled in capacity by Honourable Mr. L'Espérance when he was President of the Quebec Harbour Board. The elevator, although in excellent condition, is now standing idle.

When Mr. Scott was reading the reference to the berthing of ships of the Canadian Merchant Marine at Montreal, and the statement that if the Government "offered a lower rate of ocean freight from Quebec than New York offers, Canada would get the business, and that was manifestly the intention of the agreement between the Government and the Grand Trunk in 1903."

By Hon. Mr. Thompson:

Q. Allow me a moment; Mr. Hayes said there was a cent and some odd cheaper rate to Montreal than to New York now, and yet the freight was going by New York.—A. Yes, it is quite a difficulty to overcome New York, and that is why we advocated making a radical cut in the rate, because you have the tools in your hands, gentlemen; you have a shorter railway from the prairies to the seaboard, and you have steamships of your own; why not combine the two, and get the freight into Canadian ports?

Q. The point I was trying to make was that there was a lower rate now at which shippers to Montreal can compete with New York, and yet whoever controls the shipment of trade was, for some reason or other, sending the largest portion of it to New York.—A. There is no doubt you have got to make a radical cut in the rate so as to get it, and the Government has to arrange the marine insurance, which jumps by leaps every two weeks in the fall of the year. That is a tradition of old days of sailing ships, when there was danger for such ships in the St. Lawrence, and the English Underwriters are pretty slow, as you know, and they stick to those traditions, and they are boycotting us. The Government should take this thing up with a firm hand and say to those underwriters, "Now, you make those rates the same as New York, and we will guarantee you against losses on the average," and I don't believe it would cost the country a cent.

By Hon. Mr. Turriff:

Q. The cheaper rate to Montreal from Winnipeg shuts off the Grand Trunk Pacific altogether, and the grain is being carried by the Canadian Northern over a longer route and a much poorer track.

Mr. THOMPSON: But I suppose it comes largely through canals to Montreal, doesn't it?

Hon. Mr. TESSIER: Perhaps we had better continue the reading of the Memorial, and have questions afterwards.

Mr. SCOTT then continued reading the Memorial to the end of page 16, adding, "17 cents a bushel has been confirmed by many authorities." The result of the submission of this Memorial by the Quebec Board of Trade was that Mr. Carvell, the Chairman of the Railway Commission—who, I may take the liberty of saying, is to my mind a very able man, and showed a marvellous handling of the subject when he was with us—Mr. Carvell said, "Gentlemen, that is all right; if we did what you ask for we would flood the eastern ports of Canada with western grain." We said, "Well, that is just what we want; we have had no flooding since 1916." Dr. Rutherford, who also showed a great knowledge of the question, said, "To handle this thing properly, and to accommodate the flood that Mr. Carvell says you are going to have, you need great storage facilities at seaports." We replied, "Well, Dr. Rutherford, that is what we have been asking for for eight years; we have asked the Government to put up storage at our seaports for 30,000,000 bushels, but instead of that there has been storage made in the west for 200,000,000 bushels, and 200 won't go into 20, and the consequence is it goes to New York."

The CHAIRMAN: I have an engagement which I must fill, and will ask Senator Webster to take the chair.

By Hon. Mr. Turriff:

Q. Mr. Scott, I was one of those who went down and saw the harbour improvements on Sunday, and it struck me that with the heavy storage we have in the west and the storage you have at present in Quebec Harbour, it would be possible to ship a tremendous quantity with the present storage of 2,000,000 bushels at the elevator there, and with the present harbour capacity?—A. Yes, a considerable quantity. The experience in Canadian ports is that an elevator capacity such as that of the C.P.R. in Montreal will handle from three to five times its normal capacity during the season of navigation. Now, the elevator at Quebec is 2,000,000 bushels capacity; if it handled five times its capacity it would handle 10,000,000 bushels in the season. The Harbour Commission think they would do more, but that is the experience of other ports.

Q. I notice that the Harbour Commission has asked for much larger storage, but in the present financial position of Canada it would be advisable to use the storage we have; that is, if we had a rate of freight that would enable us to use the storage we have in Montreal, Quebec, St. John and Halifax, it would be wise to use only that until we had tested it for two or three years to see how it would work out.—A. I think you are quite right there.

By Hon. Mr. Willoughby:

Q. I think Mr. Scott, in reading the Memorial, said there was a 10 per cent discrimination in Quebec over Montreal in insurance rates?

The Acting CHAIRMAN (Hon. Mr. Webster): No, not Quebec over Montreal, but the St. Lawrence over American ports.

Mr. SCOTT: No, I think you are mistaken, Senator Webster. The marine insurance rate is 10 per cent less than Montreal from Quebec.

Hon. Mr. WILLOUGHBY: That is what I understood. Mr. Harling, if my memory serves me right, gave the whole of the St. Lawrence rates at exactly the same.

The Acting CHAIRMAN: That is what I was going on.

Mr. SCOTT: He is mistaken there. I have it from Mr. Dale, who is the insurance representative at Montreal. The New York rates are very much cheaper, because the St. Lawrence rates go up progressively as you come on in the season.

By Hon. Mr. Willoughby:

Q. The great shipment that you are looking for is grain, with wood-pulp, etc., helping?—A. Yes.

Q. Would it be possible commercially for a boat to go to Montreal, where it might get a more general cargo than at Quebec, that being a bigger shipping point, and fill our grain cargo at Quebec, without any serious extra cost?

The Acting CHAIRMAN: No; the grain must go in first, in the bottom.

Mr. SCOTT: This is not a question of discrimination against Montreal, because the Transcontinental itself gives a short mileage to Montreal coming by Hervey Junction, that is behind Three Rivers. The mileage from Winnipeg to Montreal is only 1,387 miles by the Transcontinental. There is only a difference of 37 miles—a bagatelle—so that Montreal is just as much interested in this question as Quebec is.

By Hon. Mr. Bennett:

Q. Since the erection of your large elevator in Quebec have you had any of those large barges carrying about 90 thousand bushels which go from the head of the lakes, go down there and discharge into your elevator?—A. Very little.

Q. When the grain was in the vessel at Montreal, within a short run to Quebec, could not those barges discharge into your elevator and thus cater for the trade? What is the drawback to increasing that trade?—A. There would be no object in bringing the grain past Montreal by boat, because you get ocean tonnage in Montreal even to better advantage than you do in Quebec, so that we can have no hopes of getting grain by water.

Q. At present you have two of the largest C.P.R. vessels stopping at Quebec, and not going to Montreal?—A. Yes, three of them.

Q. Couldn't the grain be taken straight through?—A. Yes, of course it could, but the C.P.R. does not own the Transcontinental line.

The Acting CHAIRMAN: There is no scarcity of ocean tonnage; the difficulty is to get the grain to Quebec?

Mr. SCOTT: The difficulty is to get a rate to compete with New York; it is not a question of rivalry between Canadian seaports.

By Hon. Mr. Turriff:

Q. Does the C.P.R. bring down any wheat to Quebec to carry as ballast, as it were, in those two large vessels that only go to Quebec?—A. There are three of those vessels now; they bought one last week—a German boat of 24,000 tons, which will be the largest ship trading to Canadian ports. They are naming her the *Empress of Scotland* so that we will have the *Empress of France*, the *Empress of Scotland* and the *Empress of Britain* running practically a weekly line from Quebec.

Q. Do they bring any wheat to Quebec?

The Acting CHAIRMAN: Those boats do not carry grain.

Mr. SCOTT: They don't seem to carry grain, and they don't carry a large cargo. They are passenger boats, and although they are very large tonnage they only carry about 3,000 tons of cargo.

The Acting CHAIRMAN: They carry passengers, express, and high-class merchandise.

By Hon. Mr. Bennett:

Q. They do carry wheat?—A. When they are short of anything else.

Q. In your storehouses the other day there was a considerable quantity of pulp; did that come from the Transcontinental or by boat?—A. It may have come from Clark City by boat, or from La Tuque by Transcontinental over the railway.

Q. What is going to be the market for that?— places like Tonawanda, where there are large paper mills?—A. Nearly all the pulp and paper goes to the United States by rail. There is very little of it goes by water.

Q. Would that not be profitable freight for a vessel loading right there from the car, if it came down from the Transcontinental and took it up to Tonawanda or any place there?—A. You would think so.

Q. Then she would have the benefit of that return cargo, if she had taken grain down and loaded it in an ocean-going vessel?—A. The volume of trade from the city of Quebec and district of Quebec to the United States has increased in the most wonderful manner.

Q. By water?—A. No, by rail—almost altogether by rail. Ten years ago the exports from the city and district of Quebec to the United States were a little over \$4,000,000, and they have increased year after year until last year they were over \$40,000,000.

By Hon. Mr. Tessier:

Q. The exports of Quebec?—A. The exports of Quebec to the United States. That is development of the northern country—the pulp and paper business at Grand Mere and Shawinigan and La Tuque and Chicoutimi and Kenogami and Roberval, and so on. It is a perfect hive of industry there. When I started to build the railway there there was nothing but bush, and we built 500 miles of railway, and the result was that the industries on those two lines of railway to-day represent a capital of about \$80,000,000, and there are about 20,000 men employed. Well, it has transformed the whole of that northern district into an extremely prosperous country—so prosperous that it is reflected in agriculture. For instance, about three months ago a farm of 300 acres near Chicoutimi was sold for \$60,000. Another farm at St. Jerome, close by, in the Lake St. John district, was sold for \$46,000. Now that is a pretty astonishing state of affairs. Those people are very progressive; they are pioneers that have gone into the wilderness, had the courage to go in there; now they have their own electric light, telephone system, pulp mills and paper mills, and they are a self-sustaining people—one of the most progressive populations in Canada.

Hon. Mr. TESSIER: There is not a farm there that you could not have got for \$2,000 years ago.

By Hon. Mr. Bennett:

Q. Could you bring the freight down there by water completely and ship it into ocean vessels? Do you think there is a future for that?—A. I think that could be increased very much by encouragement, but I think our main dependence is on the railway.

Q. You have a longer season than they have in Montreal?—A. You know that a great many people say that in getting your grain down to Quebec, it is not a central point. People don't quite realize the geography. I have just compiled a few figures I would like to give you. As a matter of winter competition with Portland, the distance from Winnipeg to Montreal is 1,411 miles; from Montreal to Portland, 300 miles; making a total of 1,711 miles. The distance from Winnipeg to Quebec is 1,350 miles by the Transcontinental; and from Quebec to St. John, 500 miles, making a total of 1,850 miles. That is apparently a difference in favour of Portland of about 140 miles—not a very great thing. But if you want to compete in distances, and if distance is considered a matter of great importance, you could run a line from a point on the Transcontinental opposite Québec, a place called Frampton (St. Malachie) up the valley of the Etchemin, and down the valley of the Penobscot to St. Stephen and St. Andrews in New Brunswick; and that distance will be only 200 miles from Quebec to St. Stephen which is the shipping point adjacent to the Penobscot River.

Hon. Mr. BENNETT: Where you find the greatest harbour in the world?

Hon. Mr. TODD: Yes, the greatest harbour in the world. Of course the great objection to that is that it would run through the United States.

Mr. SCOTT: It would run through the State of Maine, so does the C.P.R. in running to St. John. So that on this question of mileage, as you will see we are not isolated, nor too far north as is pretended; we are on the shortest line between the prairies and the Atlantic. We have, from Winnipeg to Quebec, by the Transcontinental Railway, 1,350 miles, and Quebec to St. Stephen, 200 miles, making an air line of 1,550 miles, as compared with 1,711 miles to Portland via Montreal. The Americans have not got it on us at all, if we are only true to ourselves.

By Hon. Mr. Turriff:

Q. But would not that mean the building of 200 more miles of railway?—A. It would mean the building of about 150 miles, from Frampton on the Transcontinental Railway, with an easy country, and a summit 700 feet lower than the Grand Trunk.

By Hon. Mr. Bennett:

Q. The trend of trade in pulp is not through Europe at all now—there is no trade in pulp over there?—A. Oh yes, there is, the Chicoutimi Pulp Co. send nearly all their pulp to Europe.

Q. If you had pulp down on the Transcontinental and you had grain by barges you could get a composite load into Quebec, couldn't you?—A. I think the navigation business could be stimulated a great deal. Nobody can tell that better than the Chairman here, (Senator Webster); he knows all about that.

By Hon. Mr. Webster:

Q. Could you give the Committee some of the methods you used while you were Manager of the railway, to get that business through Quebec, and also what is necessary in the way of merchandising to have it shipped over our Canadian roads?—A. The methods that we used were methods that were used by smarter men than I—Mr. Harling, whom you have had before you, I think, is a very active steamship man, and I think he can walk round any other steamship man that I have met; and he went off to Chicago and engaged all that freight. Mr. C. J. Smith, of the Canada Atlantic, was also very active, and he was continually in Chicago loading boats with United States wheat and sending it to Parry Sound. That is the way that trade was brought about; it was brought into a trade of live meats, preserved meats, refrigerator stuff, all kinds of general goods came down, and it was a very active trade while it lasted.

Q. Was there a through rate granted to those Chicago shippers and others to a British port in order to get that traffic over by Canadian channels?—A. I think so on those general goods, yes; not so much on the grain.

Q. How was the grain?—A. The grain was handled at so much a bushel from Chicago to Parry Sound, and then we shared with the Canada Atlantic to Quebec, we shared 5 cents.

Q. You found that when there was a satisfactory rate given the business was there for Canadian ports?—A. The business was there.

Q. And you got it over Canadian ports?—A. Yes.

Q. With the facilities at Quebec and Montreal, you consider the facilities and harbour improvements are such that there is no trouble in handling any quantity of grain that is available?—A. The gentlemen of the Senate who were there last Sunday must have seen that. The facilities are excellent.

Hon. Mr. BENNETT: They are perfect; they are wonderful.

Mr. SCOTT: They are wonderful as far as they go. It is a marvellous thing to see one of those big steamers, and see the way the immigrants are handled. The train of cars is put along one side of the ship; there is a big covered shed, and the steamer lies on the other side, they just pass through there into those cars, and the trains are sent off in a wonderfully short space of time. The C.P.R. are so clever about the

handling of it; they send down Customs officers, and Inspectors, and all their staff, down to Rimouski, and from there to Quebec is 180 miles, and by the time the ship reaches Quebec, everything is fixed, where every man is to go, and those people are dumped off and sent west with the greatest expedition.

By Hon. Mr. Webster:

Q. From your experience, ocean vessels, either tramp or cargo boats, would be available provided there was cargo brought to our Canadian ports for export?—A. Why, sure; it all depends on the inland rate. If you can make the inland rate such as to make it pay the owner of the grain to send his grain that way you are going to get it.

Q. Then, to put it in concise form, you only see two reasons why Canadian ports do not get this traffic—one is the question of Marine Insurance, and the other the question of inland freight rates?—A. That is it.

Hon. Mr. TURRIFF: When we were in Montreal last Thursday I heard Mr. Ross, the Chairman of the Montreal Harbour Commissioners, state that they were doing a very large export business in carrying grain, I think from Minneapolis and Chicago, but from Chicago anyway.

Hon. Mr. BENNETT: It is more particularly Chicago; there has been quite a rush.

Hon. Mr. TURRIFF: I think I heard him say they handled last year 17,000,000 bushels of that grain. How can they handle American grain cheaper through Canadian ports?

Mr. SCOTT: It is very easy to answer that—because we have built up a wall against our own trade.

Hon. Mr. BENNETT: The American railways are bitterly complaining that there has been a conjunction between vessel owners, irrespective of whether they are Canadian or American, and Canadian railways, to give them a cut rate, and that is the reason they are bringing so much of that grain through.

Hon. Mr. TURRIFF: If either the C.P.R. or our Government railways are giving a cut rate for American wheat to come through our ports, and putting a double rate on our western grain coming through our Canadian ports, then the Government has to be taken hold of.

Hon. Mr. BENNETT: It is just on the principal that a fruit man sacrifices his peaches on Saturday night at less than cost lest they spoil on Sunday. The railways and vessels owners are getting some trade that they could not otherwise have. You have heard of that, Senator Webster?

The Acting CHAIRMAN: No, I have not.

By Hon. Mr. Todd:

Q. Is not the situation a little more favourable for freight to come to American ports rather than Canadian ports? Don't they have a longer rail haul to the American coast?—A. Well, of course the lake route is open from Chicago; you can send it all winter from Chicago to Montreal.

Son. Mr. BENNETT: I think this grain was not so much for export to Europe as for distribution through the eastern States.

Mr. SCOTT: But the Montreal grain trade is not the grain trade of the prairie provinces at all.

By Hon. Mr. Webster:

Q. Speaking specially in reference to Quebec, what have you to suggest in order that this grain export business can be handled through our Canadian ports, especially Quebec?—A. I would make two suggestions—cut the all-rail rate from Winnipeg to

Quebec down to 20 cents a bushel, and let the Government go into an active controversy with the marine underwriters to get our marine rates put on a favourable basis. Then you will get the tramps, and you will get all the ships you want.

Q. Mr. Hayes intimated that Winnipeg was not the point that was the real factor in the grain rate for export business; he said we had either to take Fort William or Moosejaw?—A. Yes, that is quite right, but we have taken Winnipeg because, in considering that from the railroad point of view, the railroad wants to get the benefit of the higher rate from Winnipeg to Fort William—or to Armstrong, which is an equidistant point—as being part of the whole general rate. Otherwise, if you make a low rate from Fort William or from Armstrong to your Canadian ports, you make it at a rate that will not be profitable; whereas, if you add the higher proportion of rate that you get on the shorter distance, the combined rate is a fair one for the total distance. I think that is a fair way to look at it.

By Hon. Mr. Turriff:

Q. There is one thing about Winnipeg as a point, that practically every bushel of wheat west of Winnipeg that is shipped by the Atlantic has to come through Winnipeg.

Q. I understand you have an elevator, and cleaning apparatus, and everything else, and you can put into force there the same system that you have at Fort William, of cleaning and grading of the grain, and everything else. It is only just for want of doing that that Winnipeg is not a distributing point.

Q. Is it possible to change the distributing point from Fort William back to Winnipeg?—A. I would not change it; but why wouldn't you have two points?

Hon. Mr. TURRIFF: I don't think it very material whether the rate is made from Winnipeg or Fort William.

Hon. Mr. WEBSTER: No, it should not be. Those railway experts we had here last week intimated that the rate from Moosejaw on Canadian grain to New York via American roads was 47.4, while the same haulage to Canadian ports was 42.9?

Mr. SCOTT: Yes, but that is all-rail, and that is a misleading calculation. What you have to compete with is not the all-rail haul; it is the lake-and-water; and the lake-and-water is taking it all away from you to-day because you put up this barrier—you won't carry it any cheaper. The Government railways are not in the same position as the C.P.R. and the Grand Trunk. The interests of the C.P.R. and the Grand Trunk are to feed those big elevators that they own in the Georgian Bay district, and to feed the boats which they run on the lakes; while the interest of the Government is to feed Canadian seaports, and if they allow the bigger railways to pull the wool over their eyes, and join them in a combine of rates which will force that trade into New York, they are hurting their own people.

Q. Mr. Hayes stated that there was a rate in favour of Montreal over New York of 1-3/10 cents.—A. And it produces no results. The trade does not go to Montreal; it goes to New York.

Hon. Mr. TANNER: I did not happen to hear Mr. Hayes; did he make any statement with respect to the possible minimum rate on the Transcontinental, from the point of view of the railway?

The Acting CHAIRMAN: No; I think he said that the rates were based on good judgement.

By Hon. Mr. Tanner:

Q. You said that 20 cents would bring the grain over the Transcontinental?—A. That is what we suggest.

Q. I would like to know what the railway view is in that regard; I presume they refused to come down?—A. The railways naturally don't like it, they want to take all they can out of the grain.

Q. Could they come down to 20 cents?—A. Certainly they could come down.

Q. Would that be a profitable rate?—A. I am sure it could be done. I will stake my reputation, whatever it is worth, that at 20 cents it can be done.

Hon. Mr. TURRIFF: We have spent hundreds of millions on our railroads, and tens of millions on our terminals for handling wheat, and we are losing hundreds of millions at present on them combined, and even if we lost a little by giving a special rate we would be gaining something by getting the trade through Canada.

Hon. Mr. BENNETT: Assume that the Government made a trial of it. They have this flotilla of ships, Government-owned, and a number of them are about 8,000 tons. If we could get a number of those 90,000 bushel lake barges that would unload into the elevators, and then load the grain into the Government vessels on which the Government practically carries the insurance, they might do a trade for one or two months later than it could be done out of Montreal.

Hon. Mr. THOMPSON: But I understand those Government vessels are not fitted for grain.

Hon. Mr. BENNETT: Those lake carriers are frozen in at the end of the season, and while those 90,000 bushel lake carriers could not go out on the ocean in the grain trade might not there be some line of business the Government ships could engage in, such as trading with the West Indies?

Mr. SCOTT: I think the Canadian ships might be used to promote Canadian trade; and I think the water trade could be increased, but I must say that I think you should devote your energies more to utilizing the railways which you have built at such enormous expense. The water is there, and always has been there.

By Hon. Mr. Bennett:

Q. The question is whether any business can be added for Quebec as well?—A. You have spent \$150,000,000 to \$160,000,000 on this Transcontinental railway, and you are not using it.

Hon. Mr. TESSIER: It is neglected.

By Hon. Mr. Willoughby:

Q. I presume your business proposition is one in which the whole country is interested; you do not ask the reduction of rates between Winnipeg and Armstrong as compared with Winnipeg and Parry Sound or Winnipeg and the head of the lakes, but you take your rate from Armstrong on, with better hauling facilities and bigger cargo, and you want a reduced rate from Armstrong to Quebec, and you are willing to make the rate to Armstrong fair to the other Companies to haul the other way, and put your rate from Cochrane to Quebec at such a figure that the two combined would be profitable to the railway: I think that is your view:—A. Yes, if you make it low enough; but I would take a very radical course if I had the say in the matter. I would make the rates on that railroad so low that the trade would have to come that way; and it is possible to do that, and make the railroad pay at the same time.

By Hon. Mr. McCall:

Q. It has been said that a reduction of rates on the Canadian railways would be followed by an equal reduction on the American lines?—A. What difference would that make to us?—A. That would not hurt us a bit.

Q. We would not have that percentage of advantage then; the American lines would put on the lower rate, and the traffic would go where it is now going?—A. I don't think we should conjure up ghosts like that. We have the tools in our own hands to handle our own business. We have the shortest railroad, and we have ships; now, let us use them.

By Hon. Mr. Willoughby:

Q. Would you put the rates so low to reach Quebec that you would ruin other industries of Canada, other routes?—A. Not a bit. You would not hurt anybody; would not hurt any Canadian interest. The only effect would be to divert that export traffic which goes to New York—which is our trade—and there is no harm in diverting it, to my mind. It would not affect the Georgian Bay ports or the lake trade of Canadian vessels in any way at all; but I would change that trade that is going to New York for export, and I think we can do it. You have the tools in your own hands.

By Hon. Mr. Thompson:

Q. We have heard that a very large quantity of that Canadian grain passed through the United States; but how much of it goes into consumption and use in the United States for their own purposes?—A. I have seen an estimate that 10,000,000 bushels of what went to the United States last year was used for mixing with American wheat, and the balance all went for export.

By Hon. Mr. Watson:

Q. A lot of that wheat is ground in bond in the United States?—A. I am speaking of the wheat that went from Fort William via Buffalo; the calculation I saw was that out of something like 90,000,000 bushels, 10,000,000 bushels were used for local consumption, and the balance was for export.

Q. And anything ground in milling in transit would be export, of course?—A. I presume it would.

By Hon. Mr. Todd:

Q. Is not a large amount of the export grain sent to the United States sold to American concerns largely in New York? Is not that what we are up against? Is not a large part of the export grain that goes both to the United States and Canada handled through New York houses?—A. I think so.

Q. And of course their natural tendency is to take the grain to New York and American ports?—A. Unless it is cheaper the other way. You catch the American right off when you can give him a cheaper shipment by Montreal or Quebec, and he will ship it by Montreal or Quebec. He has no sympathy.

Q. But Mr. Hayes says it is cheaper now?—A. No, it is not enough cheaper to overcome the marine insurance. You won't get the business by making it the same rate. When you add the insurance it makes it higher, I understand.

The ACTING CHAIRMAN: No, I don't think the insurance is a serious factor. The boats are in Montreal, and they will take the grain out.

By Hon. Mr. Bennett:

Q. Have you any personal knowledge as to the extent to which Americans buy grain in Winnipeg, any individual firms?—A. No, I don't know.

Hon. Mr. WILLOUGHBY: I venture to say that three-quarters of the people that are dealing on the Winnipeg Exchange are Americans; I mean the dealers, I am not speaking of the exporters, who would be a bigger percentage.

Hon. Mr. WATSON: They were Americans; they are Canadians now.

Hon. Mr. WILLOUGHBY: Nearly all the houses have Minneapolis connections.

Hon. Mr. TURRIFF: There is a great deal of American and Canadian wheat handled in New York by Canadians. The Grain Growers Grain Company one year handled some 70,000,000 bushels, and they export millions of bushels to American ports.

By Hon. Mr. Tessier:

Q. Perhaps you could give us the general management on that question?—A. I have nothing further to say except what the Board of Trade recommended to Mr. Carvell, which was, to make a radical cut in that rate. The only answer we had was that Mr. Carvell said, "If we do this for you we will flood the eastern seaports with western grain," and we said, "Flood them, because that is just what we want;" and Dr. Rutherford said, "Well, if we start that flood you have got to put up more storage."

Q. There was no other solution?—A. There is no other solution. That is an admission by the Chairman of the Railway Commission, who is a clever man and understands that business—that that is the way to get that Canadian grain through Canadian ports.

Q. No steps have since been taken by the Railway Commission?—A. He told us the Railway Commission has no jurisdiction over rates on the Transcontinental Railway.

By Hon. Mr. Bennett:

Q. The Government to-day owns the Grand Trunk, and it has two lines—to Depot Harbour and to Midland—and they have to cater for trade on those two divisions; now, if the rate on the Transcontinental is put down to 20 cents could they still survive on those two lines on the run to Montreal?—A. Yes; I would make that cut only for export. I would let the milling wheat and all the other wheat go its own course as it has been going; but I would give that rate for export so low that we would get it through Montreal and Quebec. I have not the slightest doubt we would get it.

Q. The rate from Midland and Depot Harbour to Montreal was quoted here the other day by Mr. Hayes at 7 to 7 and half cents; do you think they could ship at that and still make money?—A. Depot Harbour is for Chicago grain, isn't it; it is not for western grain?

Q. Could they handle wheat from Fort William and via Depot Harbour to Montreal as well as via Midland to Montreal?—A. Yes, I suppose they might.

Q. I think they said that the rate was about seven cents a bushel by rail from there, and Mr. Lanigan stated that the C.P.R. rate by Port McNichol was about the same, seven and half cents?—A. That would make, say, eleven cents from Winnipeg to Fort William, and say 2 cents for marine insurance on the lakes, and elevator charges, and seven cents from Depot Harbour to Montreal; that would make a rate of about 20 cents.

Q. So you would not be cutting on what they have now if you had 20 cents?—A. If we had a rate of 20 cents we could not be cutting that.

By Hon. Mr. Tessier:

Q. Did you say that the Railway Commission answered you that they had no jurisdiction to decide, and that the Government told you to go to the Commission?—A. That is about the size of it.

Q. Somebody ought to decide those questions?—A. There ought to be some one to say.

HON. MR. BENNETT: But the Government has all three lines. Take the Transcontinental, and take the two divisions from the Georgian Bay, if they can arrange it so that they will all make money on their suggestion, and the cut rate would only be given to export trade, I would like to see it done that way.

HON. MR. WILLOUGHBY: What did the elevator in Quebec cost?

MR. SCOTT: I think Senator Webster could tell you that better than I.

THE ACTING CHAIRMAN: I have not the figures in mind.

HON. MR. WILLOUGHBY: Apart from extra storage, it would not cost a great deal to put cleaning facilities in.

Hon. Mr. McCall: Does the Government own the elevator?

Mr. Scott: No, it is owned by the Quebec Harbour Commission, but the Government paid for it.

By Hon. Mr. Bennett:

Q. Would not this be workable—that in the fall of the year they take a number of the larger ships and put them into the grain trade from Fort William to Buffalo?—You could run a 10,000-ton ship from Fort William to Buffalo, but you could only run a 2,300-ton ship from Port Colbourne to Montreal, so you would have to trans-ship—A. Yes, but if you look at the figures you will find the lake tonnage is not a great factor in the whole rate.

Hon. Mr. Willoughby: I think, if I might suggest to Mr. Scott, it would be well to find some possible estimate of the cleaning facilities at Quebec, without the extra storage facilities. It will be necessary to have cleaning facilities before you can satisfactorily handle the trade, because all the wheat that goes from the prairies is cleaned in those terminal elevators it passes through.

Mr. Scott: They have facilities in Quebec for cleaning the grain.

By Hon. Mr. McCall:

Q. Is there a market for the cleaning there?—A. I should think so; you are connected with the whole railroad system of the country there.

Q. A local market too?—A. Yes, a very active local market.

Q. For seed grain and oats?—A. Yes, there is a great deal of seed grain used in Quebec.

Q. Then it is a dairy country as well; the offal could be ground and sold to the feeders?—A. It is a dairy country to this extent, that 60 per cent of the cheese and butter made in the Province is made in the vicinity of Quebec and Lake St. John, and the very best of cheese and butter—renowned.

By Hon. Mr. Willoughby:

Q. Pardon me for following up that question, but I did not know you had any cleaning facilities in Quebec?—A. I have never seen them myself, but I am told they have cleaning facilities.

Hon. Mr. Thompson: Mr. Chairman, you know that the cleaning process is connected with their elevators at Quebec?

The Acting Chairman: No. I don't think so.

Hon. Mr. Willoughby: With the ordinary grain coming through the elevators there is a dockage running from one per cent to five per cent at times, and on oats I have seen the dockage up to five or six per cent; now, that has got to be taken out through the elevator before it is sent to the Old Country. Now, Mr. Scott, if the water-rate that is included in the through rates from Fort William to New York and from Fort William to Buffalo is only a matter of two or three cents a bushel, the through rate is not seriously affected by that portion of the water-rate?

Mr. Scott: No.

Hon. Mr. Willoughby: Would it get down, in your opinion, as to an all-rail through rate from our Canadian northwest to our Canadian seaports, to such a rate being granted as would get the business to come through Canadian ports.

Mr. Scott: Well, last year the lake portion of the rate was 6 cents. This year I understand it is cheaper.

By Hon. Mr. Bennett:

Q. 6 cents to Buffalo?—A. 6 cents to Buffalo or the Georgian Bay. Now even if you cut that in half you would still bring down the New York rate only to 29 cents instead of 32 cents; so that if you had a rate from Winnipeg to Quebec of 20 cents

you would have 9 cents advantage over New York to offer the owner of the grain to ship his goods by our ports.

By Hon. Mr. Watson:

Q. Don't you think if the Canadian route lowered the rate at the present time to get the trade, that the Buffalo rate would be lowered to get it to New York?—A. They can't lower it.

Q. Of course we in the West would not object to that, because we would get the benefit; but why can't they lower it?—A. If they lowered the lake route to any extent it wouldn't pay.

Q. But I mean lake-and-rail, to New York?—A. Lake-and-rail, it is not a large proportion of it. The rate from Buffalo to New York is 12 cents. Well, they would not likely cut that very much.

Q. They would if they wanted the trade, wouldn't they?—A. Well, suppose they did want to, they wouldn't cut it more than half. Well, if they took 6 cents off of that, and if they took 3 cents off lake route, that would be 9 cents; that would still leave their through route to New York 23 cents, and if ours were 20 cents we would have 3 cents advantage. Sir William Van Horne in a speech he made in Quebec a few years ago, speaking of railroad rates, said, "Gentlemen, don't forget that 60 per cent of all the money that you pay on your railroad freight rates is spent in the country that the road goes through—on conductors, brakemen, engine drivers, supplies, and everything for your railroads. Keep that freight as much as you can in your own country." That is just what we are losing sight of, and letting it go away from us.

Q. It is 85 per cent that is paid now?—A. Well, I suppose 120 per cent, according to recent railroad operating. But in those days the Canadian Pacific Railway was operating on about 60 per cent.

Q. The handicap our Canadian route has is the return cargo; from Buffalo to Port Arthur and Fort William there is coal for a return cargo, and a lot of coal goes back from Fort William to Winnipeg all-rail?—A. Yes, of course there is a good deal of coal goes that way.

By Hon. Mr. Webster:

Q. Mr. Scott, in your opinion it gets down to a matter of all-rail rate from Winnipeg to Quebec; that is where the difficulty lies at the present time?—A. It all comes down to that.

THE SENATE

COMMITTEE ROOM No. 368

May 18, 1921.

The Committee met at 10 a.m.

Dr. ROBERT MAGILL, Secretary, Winnipeg Grain Exchange, appeared as a witness and testified as follows:—

By the Chairman:

Dr. Magill, this Committee has been formed by a motion in the Senate, to find out why so much of our grain from the west for export has been shipped through American channels, and to see if it was not possible to arrive at some ways and means whereby a great deal more, if not all, our grain could be shipped through Canadian ports. As you are aware, we have now the best system of Transcontinental railways, and we have ports well equipped, such as Montreal, Quebec, St. John and Halifax; and the opinion is growing, at least in this part of the country, that if a proper effort was made more of this wheat, and we think all of it, should be shipped through Canadian ports. Would you be good enough to tell this Committee what in your

opinion, is the reason it is going through American ports, and what could be done to bring more through our Canadian routes.

Dr. MAGILL: Well, Mr. Chairman, if there is anything I can tell you I will be very glad to. Canadian wheat from Fort William to Liverpool, say, goes either through Canadian ports or American, and in either case the journey can be divided into three laps. Suppose it goes through American ports, the first lap is from Fort William to Buffalo; the second is from Buffalo to New York or one of the American ports; and the third is, from the American sea-board to Liverpool. Just in the same way, if it goes through the Canadian channels, the first lap is either to Port Colbourne or the Bay ports—

Hon. Mr. BENNETT: Would you kindly name the American ports beside New York?

Dr. MAGILL: New York, Portland, Boston, Baltimore, Philadelphia, are the main ones.

Hon. Mr. TURIFF: How does it go from Buffalo to the port—by rail or canal?

Dr. MAGILL: By canal or rail.

Hon. Mr. TURIFF: How does it mostly go?

Dr. MAGILL: I don't know how far the canal has been working. I think perhaps the big end of it, in the years that I am going to talk about, went by rail.

Hon. Mr. BENNETT: Suppose it went through Baltimore—

Hon. Mr. WEBSTER: Better let Dr. Magill make his statement, and then we will ask questions.

The CHAIRMAN: I think it would be the pleasure of the Committee to hear Dr. Magill, and then we can put all the questions after that.

Dr. MAGILL: Just in the same way, if it goes through Canadian channels it is shipped from Fort William either to Port Colborne or the Bay ports, then to Montreal; and then the third lap is from Montreal to, say, Liverpool. Now you can compare those two channels lap by lap. Take for instance, last week, the rate to the Bay ports was higher than the rate to Buffalo.

Hon. Mr. NICHOLLS: You mean Georgian Bay?

Dr. MAGILL: Yes; higher than the rate to Buffalo, all told by about 3-16ths of a cent per bushel. On the first lap our Canadian channel has in the whole been at no disadvantage. Just now there is, as I say, a trifling additional charge in sending it from Fort William to the Bay ports, as compared with Buffalo. But if you take the second lap, our Canadian channel has a distinct advantage of between two and three cents a bushel at the moment, that is, between the Bay ports or Port Colborne and Montreal on one hand and Buffalo and New York on the other. If you take the third lap, at the present moment the ocean freight rates are pretty much the same from Montreal and New York to Liverpool; with this result—that during the last few days the Canadian channel has a decided advantage on the whole journey from Fort William to Liverpool. With this further result—that our grain is going that way at the moment, going through Canadian channels. Ocean freight rates on grain the last few days have been pretty much identical from United States ports and Canadian ports to Liverpool. On the third lap there is no disadvantage on the first lap—to the Bay ports—our Canadian channel had a slight disadvantage. On the intervening lap, the second lap, between the Bay ports or Buffalo and the seaboard, our Canadian channel at the moment has a decided advantage, and our grain is therefore going through Canadian channels at the moment. However, taking it as a whole, when you

compare the two channels you must focus attention upon the ocean. Year in and year out there is not a great deal of difference between the two routes on the first two laps; if there is any, on the average it is in favour of the Canadian route. But taking it year in and year out, up to the year 1913, up to the outbreak of war, the determining factor was on the ocean—the third lap—and it is there you have to seek and there you have to find the answer to this question—Why, in the years gone by, a certain amount of our Canadian grain went through American channels. The answer is not to be found on the Great Lakes, in the main; and it is not to be found in the second lap; it is to be found on the ocean. Most of our people, in discussing this matter, forget the ocean altogether. They look at the splendid equipment of Montreal and Quebec, they look at the magnificent equipment on the Great Lakes, and they say, “Here, why shouldn’t our grain go through Canadian channels?” They forget the third lap altogether. And looking at that third lap, the determining factor is not the quantity of produce we have to ship from Canada to Europe, but the quantity of freight that we import back. That has been the determining factor in the years that are gone.

Now, taking that third lap—the ocean lap—the tramp has not been the carrier of Canadian wheat. It is the liner that has carried the grain on the ocean—the regular liner—whether it is American grain or Canadian grain. In the years prior to the opening of the war the tramp was practically only a factor in those seasons when the grain freight rates were high. When the freight rates were high, the tramp was attracted first to American ports, and then to Montreal and the St. Lawrence. But when the freight rates are what we might call average or normal, the grain is not carried by the tramp on the ocean; it is carried by the liner. The liner carries passengers and other freight. Grain freight on the ocean is not a highly paying traffic. There have been times in the past when wheat was carried as ballast, for nothing. Then when the Shipping Conference got together in the North Atlantic it sought to fix a minimum rate at about 3 cents a bushel for carrying wheat from North Atlantic ports to Liverpool. The grain rates, I may say, are varying rates; they are auctioned up and down from day to day according to the grain available for shipping, and according to the tonnage available for carrying. When the grain rates run along on the average the regular liner tries to get the better paying traffic than grain, and gets all it can, and it only gives the balance of its capacity to grain. It is in that way North American grain has been carried on the ocean—not by the tramp but by the liner; and not by the liner as the profit-taking part of its business. It has been taken by the liner to fill up the unchartered part of the boat. And they carry grain in fairly small packages. I think a load of wheat on the ocean is about 8,000 bushels. They will carry one, two, four or five loads, just according to the space they have available after they have secured all the better paying freight that they can for that particular liner.

Now, I don’t think I need tell you gentlemen that this continent ships more stuff to Great Britain and Europe than it imports from Great Britain and Europe. Suppose we organized a company to run liners on the ocean, we should soon find, what some of you gentlemen know, perhaps all of you, that there is not much money to be made by a liner unless she gets freight both ways. We could not long profitably operate a line of steamships if we brought them back from Europe empty, even though we could send them back to Europe pretty well loaded. In this respect the United States are in the same position; they ship more freight to Europe than they import back from Europe. We do the same. That limits the number of liners that can be economically operated between our Canadian ports and Europe. The limit is an indefinite one; it arises somewhere when the operating companies find that they cannot get sufficient

quantity of traffic to bring back to our Canadian ports to enable them profitably to operate a larger line. Very well; what is the result? The whole Canadian channel—that is to say, the Great Lakes end of it, the intervening lap, and the liners coming regularly to Canadian ports—taking it over a number of years, carry the bulk of our Canadian grain. There is a part of it they cannot carry, because the number of liners is not fixed by our total export traffic to Europe; but is fixed by the total import traffic from Europe. The result is that when the liners that ply regularly between our ports and Great Britain or Europe have carried all that they can very well carry, there is—especially when we have a good crop—a surplus of grain still to be carried from this country across the ocean. It is that surplus that goes through the American channel.

Now, that is the fundamental thing in my judgment, and I think the people go wrong if they simply study the Canadian end of it; and they go wrong, up to the present, in the talk about the tramp; and they go wrong if they forget or ignore the fact that the operation of a regular liner is dependent, economically, upon traffic both ways. We don't import enough traffic to justify steamship companies putting on regular liners between our ports and British or European ports in sufficient number to carry all our grain.

Hon. Mr. CASGRAIN: Carry the grain back—return cargo?

Dr. MAGILL: To carry all our grain back to Europe. Now, there are some other features about this question that I would like to deal with. I would like to forget the ocean for a moment, and ask you to look at the Winnipeg end of shipping grain. If a man like Mr. Richardson goes into the exporting of wheat he finds that he cannot export directly from a market so far in the interior as Winnipeg. Winnipeg is not an exporting market. The exporter of wheat must buy ocean tonnage; that is the first thing if he is going to be a successful exporter; and, if you will allow me to use the word, he must speculate in tonnage space. If he does not do that he may get wheat down to the seaboard, but he may have to buy his ocean tonnage from a competitor, some other grain exporter. He must take a chance or speculate ahead on ocean tonnage. Then he has got to buy sterling money—or, to use the jargon of the trade, he has to speculate in the rate of exchange. Prior to 1913 he could buy sterling for 70 days ahead. Since the outbreak of war speculation in the rate of exchange has been difficult and it has been still more difficult to buy international money since the armistice. One of our shippers lost a very big sum of money. He had good freight. He had a good grain purchase, but the rate of exchange went against him and he lost a great many thousands of dollars.

Hon. Mr. CASGRAIN: He might have won in the same way?

Dr. MAGILL: Yes, it might have gone the other way, but it did not in his case. The exporter must buy ocean tonnage; he must buy freight; then he cables with Liverpool or London and he makes a deal—he sells them wheat. Only then will he start in to buy the wheat—I am speaking generally. He has four primary deals in exporting a cargo of grain—he has got to deal in tonnage; he has got to deal in rate of exchange; he has got to get a good acceptance in London or Liverpool; then he starts in to buy the wheat. Now the first three of those four steps are done at the seaboard. Winnipeg is not an exporting market. In the exporting of North American grain the buying of the tonnage, and the buying of the money, and the cabling to the wheat buyer in England or Europe—all that is best done by the seaboard houses at Montreal or New York, or somewhere on the Atlantic seaboard.

Hon. Mr. NICHOLLS: Or Quebec?

Dr. MAGILL: I am speaking about the past, not about the future. The point I want to get at is this: We have very few direct exporters of wheat in Winnipeg. The Winnipeg houses sell the wheat to the seaboard exporting houses. Let me give you

an example of how that works out. We have, for example, a firm, Carruthers & Co., Montreal, with their head office in Montreal, and an office in New York, and an office in Winnipeg. The Winnipeg branch does not cable wheat bids to England; it is the Montreal or New York branch that takes the tonnage, buys the sterling and makes the sale; then they buy their wheat from their own Winnipeg branch if that branch can sell them that wheat cheaper than some other fellow can. The Carruthers Co. will buy wheat in Winnipeg to fill a contract with Liverpool from anybody in Winnipeg who can give them a better bargain than their own branch office; and they allow their branch office in Winnipeg to sell, say, to Richardson, suppose Richardson has sold wheat to Liverpool.

Mr. RICHARDSON: They never sell us, though.

Dr. MAGILL: But suppose say the British Empire Co. sells in Liverpool, Carruthers & Co. in Montreal will allow their branch office in Winnipeg to sell to that rival if the rival will pay their branch office a better price for the wheat than they can pay.

Hon. Mr. BENNETT: Who are the British Empire?

Dr. MAGILL: The British Empire in Winnipeg is J. R. Crowe and the British Empire in Montreal is A. P. Stuart. The thing I would like to impress upon you is that Winnipeg is not an exporting market directly. They do not buy the tonnage; they do not buy the money; they do not cable, as a rule, with England—I am speaking generally. That is done by the great seaboard houses, and the seaboard houses buy the wheat from us. The United Grain Growers have an export branch. That branch operates from New York. They have their country elevators, their terminal elevators, but their western branch does not export directly; it sells to their export branch.

Now, following from that, you meet this fact—we don't bill the grain through. By "we" I mean the Winnipeg firms who handle wheat. We sell the wheat to the man who is exporting it; and the man who is exporting it is the man who has arranged the tonnage, and therefore bills the grain through. I am eager to mention this, because I have been told that Americans run the Winnipeg Grain Exchange and the western grain trade, and that they ship the wheat through American ports. Well, we have some American firms in the grain trade in the west. When grain began to be grown in large volume in the west, British capital did not go into it; it has never come into the grain business to any great extent. There was not a great deal of Canadian capital available; it was not sufficient. American companies were asked to come in; they put their capital into elevators and plants, and they are there. As a matter of fact, all of their staffs are as good Canadians as we are, and very many of them are Canadian-born. The money may be American money, but it is not only untrue but grossly unfair to say that the American companies operating in grain in western Canada are responsible for shipping Canadian grain through American ports—unfair and untrue because they do not ship grain at all. Their elevator companies put grain to Fort William; they sell it to the exporter or shipper; there is not one of those great American companies operating in the west that puts grain across the Great Lakes, except one that does it to the Quaker Oats Milling Company for a small commission. They are not shippers or exporters of grain, those western American companies. There are American companies in New York and Chicago that are exporters of wheat. They buy it at Fort William, they buy it in the Winnipeg market; it is shipped from Fort William; it is shipped to meet the tonnage that they have provided for it. That tonnage is the tonnage made available for their contracts on the lowest freight rates. As a rule it is at Canadian ports. It is only at American ports for the surplus that the liners coming to our ports cannot carry.

I want to tell you, there is no sentiment in the shipping of grain. In spite of any artificial barrier that can be set up, grain will go from Western Canada to Europe by the cheapest route, and nobody can interfere with that for very long.

Hon. Mr. NICHOLLS: I am sorry to interrupt, but there is one point I would like to get clear in my mind. You mentioned that the United Grain Growers have an office in New York, and they export direct; and previously you mentioned that the balance of cheapness was in favour of the Canadian route at the present time. Well, do the United Grain Growers take advantage of the cheapness of the Canadian route now?

Dr. MAGILL: Always.

Hon. Mr. NICHOLLS: I know they have no export houses in eastern Canada, but they have in New York?

Dr. MAGILL: They have their corresponding agent in Montreal to take their tonnage.

Hon. Mr. NICHOLLS: They patronize both routes?

Dr. MAGILL: Absolutely. There is not a man in the game but will ship wherever he can for the smallest fraction of a cent per bushel.

Hon. Mr. NICHOLLS: My reason for asking was that you stated the Grain Growers had export houses in New York, without intimating that they took advantage of the Canadian route.

Dr. MAGILL: Oh, every one of them.

Hon. Mr. NICHOLLS: Who will be their agent in Montreal?

Dr. MAGILL: It will be a corresponding agent there, at least, to attend the tonnage and loading.

Hon. Mr. NICHOLLS: Do they ship to any large extent through Canadian ports?

Dr. MAGILL: Oh, yes, absolutely. You know they are all in the game for a profit. The profit in exporting wheat is probably the narrowest percentage of profit in international commerce. As a matter of fact, year in and year out this might be said to be true—it is not so much on the wheat that they make a little profit, it is on the successful speculation in tonnage and the rate of exchange. It is a cut-throat game. We export wheat, in normal years, in competition with so many other countries—Argentina, India, Australia, Russia, the United States. Our exporters fight an eternal battle with the rival houses. It is no easy matter to compete with the great companies in the United States—the Ames-Brooks, the Armour Grain Company and all the rest of them. It is a cut-throat game, and the fiercest competitors in the world are the British themselves, buying grain, as they do, from every country in the world. The British are thoroughly expert in Indian grain, Russian, Australian,—as expert in all and each of those as we are in matters pertaining to Canadian grain. It is a cut-throat game, and I suppose every exporter would be glad of an opportunity of exporting a cargo of wheat for a profit of one sixteenth of a cent a bushel.

By Hon. Mr. Bennett:

Q. Are there any British companies beside the British Empire that deal?—A. Yes. Now let me finish. I don't know that I would like these figures to go on the record, but I will give you figures showing who shipped our grain in years prior to the war. I think it would only be fair that these figures about our companies should not go into the records.

The CHAIRMAN: Is it the pleasure of the Committee to hear these figures?

Hon. Mr. BENNETT: I think they had better go into the record.

Dr. MAGILL: Well, I have not authority from each firm to quote their business. If you would allow me to read them first without writing them down, then you can talk about them.

The CHAIRMAN: Is that your pleasure, gentlemen? (Agreed.)

Dr. MAGILL: I will take the years from 1912 to 1916. (Quoting figures showing the quantities of grain shipped by Winnipeg firms.)

Hon. Mr. BENNETT: What does the total business amount to?

Dr. MAGILL: 787,715,253 bushels.

By Hon. Mr. Turriff:

Q. The first half-dozen big companies run from 68 to 74 million bushels?—A. Yes.

Q. Does that come on in the ordinary regular way of freight?—A. Yes.

Q. It looks as though there was a division, they come so close; it was all in the regular way of freight?—A. All in the regular way of freight, absolutely.

Dr. MAGILL: The bulk of our grain is sold in Winnipeg and shipped from Fort William by Canadian companies, and shown by these figures, not by American companies. Don't get away from that—it is sold by Canadian companies, the vast bulk of it. There is American capital in the gathering of grain through country elevators, but these companies are not the shippers or exporters of the grain. The exporting of grain to Great Britain and Europe is not done from Winnipeg; it is done by the seaboard houses, or the seaboard branches of the companies, that, as I have explained, take the tonnage, buy the money, and sell the grain; and those Winnipeg firms are not primarily responsible for the routing. It is the seaboard houses or branch that routes the grain through, not the Winnipeg house. If the statement is ever made to you—"Oh, it is Yankee capital out in that grain business"—don't believe it. It is unfair, and it is not true. We needed that American capital in the western country; we need it still; but it simply is not a fact.

Hon. Mr. WEBSTER: I do not think there has been any criticism in this Committee or in the Senate as regards American capital.

Dr. MAGILL: I am glad of it.

Hon. Mr. WEBSTER: I do not think that view is prevalent in Ottawa or the east.

Dr. MAGILL: I am glad to hear it. I saw it in a western paper.

By Hon. Mr. Bennett:

Q. Have you figures to show what was export and what was local consumption?—A. No, I have not. This is our total shipments. Now, while the general law is that grain will go the cheapest way, whatever that may be, there are occasionally special circumstances that have to be studied, more particularly on the handling of this year's crop. You know the wheat market was closed for three and a half years. We opened up last August, and we struck a very peculiar condition. When we asked the Government to open up the wheat markets we did not know—and the Government did not know—what had happened in London. The British food authorities took a survey of the wheat stocks that were in prospect for this year, and they came to the conclusion that there was going to be a wheat famine; and in the months of May, June and July they set out buying wheat, and they bought enough wheat in the months of May, June and July, buying up to the 29th July, to feed the people of the United Kingdom till Christmas. They did not get cheap wheat; they bought wheat for \$3.25 at Chicago. On top of that they paid the enormous freight rates and the rate of exchange. In her age-long history Great Britain never bought as dear wheat as she bought in the months of May, June and July last year. She bought wheat wherever it was available. There was wheat available in China; she bought Chinese wheat for the first time in the history of Great Britain.

By Hon. Mr. Tessier:

Q. Was it the Government that bought?—A. The British Government, and they bought flour made by Chinese mills—Chinese flour. This flour has come along to Britain. Some of the flour was mixed with the Soya bean, which is oily. The

long voyage developed maggots. I mention that to show you the degree to which they were frightened in the matter of supplies, and the precautions they took. What happened? The Canada Wheat Board had no right to contract for our new crop; it was restricted by legislation to the crop of the preceding year. The grain exchanges were not permitted to contract ahead for October wheat. When the British authorities went out to stock up, the only country in the world that could not make a contract with them for the new crop was Canada; and by the 29th of July, when they stopped buying, they had enough wheat purchased over the world to feed their people till Christmas. Our crop came along, and between harvest and the close of navigation there were only five days in which the British authorities would discuss Canadian wheat. That was the position we were put into last season. This year, for example, we are selling October wheat now. A country like Britain, dependent on imported supplies, has to make contracts for actual wheat months ahead. We could not write contracts with them last year. They went on buying just the same, with the result that last year, up to the close of navigation, Britain was hardly in our market at all.

Now, what happened? The United States took the embargo off and let our wheat in and we did good business with the United States—the best we have had for years. If it had not been for that I don't know what would have happened. But further than that, we did good business with the continent of Europe—Italy, France, Spain, Denmark, Holland, Belgium, bought our wheat regularly, and paid for it, but we shipped very little wheat to Great Britain of this crop till after close of navigation.

Hon. Mr. NICHOLLS: Was not that as broad as it is long? If Great Britain bought up all the available supplies and took them into store, it left the balance of the world open to us to sell our wheat?

Dr. MAGILL: Oh no, it is not as broad as it is long. If they had taken 20,000,000 bushels of our wheat last harvest you would have seen the greatest difference in the world. Great Britain usually takes 80 per cent of all we ship at that time of the year, close of navigation. Great Britain took very little this year. She went out of the market, and announced it; she told in thunder tones that she did not need Canadian wheat; she could do without it; yet in spite of that the price went up to \$2.80 because of the unexpected demand from European countries and the United States mills.

But how does that affect your problem? This way: Suppose a miller sells a little flour to Gibraltar, how is he going to get it to Gibraltar? There are very few liners from Gibraltar to Montreal; but there are liners from all Mediterranean ports to the United States. Those European countries have a bigger business with United States ports than with the St. Lawrence. Take France—Dreyfus and Co. bought the grain for France. Well, there were French liners coming to New York oftener than to the St. Lawrence. Gray and Co. of New York bought most of the grain for Belgium. Gray had been with Hoover in Belgium. Mr. Gray comes back after years of service in Belgium; and the Belgian Government gives him the buying of most of the wheat on this continent for Belgium. Ships were coming from Belgium to New York oftener than to the St. Lawrence. Last shipping season we had very little grain business with England; we had more with the continent of Europe. Liners were coming from those countries to the United States ports rather than to the St. Lawrence, and so our grain went that way.

I do not think I have very much more to say. I could go on and talk, but I doubt if it would be of any particular use. I have the shipments here for this crop, but they just illustrate what my other sheet illustrates—that our grain is sold from the west chiefly by Canadian firms. It is bought by the sea-board houses; routed through by them to Liverpool or London, according to the cheapest way; and normally our grain will go through Canadian ports up to the number of ships that carry traffic

from Europe or Great Britain to Canadian ports; but beyond that we cannot do it with profit.

By Hon. Mr. Nicholls:

Q. In that connection you say the trouble is that we ship more away than we can get space for in the liners?—A. More traffic.

Q. We have a very large Government Merchant Marine; the reason why the tramp steamers don't come here, according to your statement, is that they take the grain over but they cannot get return cargoes back. Is it not the fact that some ships of the Canadian Government Merchant Marine are taking grain over and then going three-cornered, or four-cornered trips—taking a load, we will say, to the West Indies or somewhere as a return cargo, then coming back, bringing goods from the West Indies to Canada?—A. Yes.

Q. Will not our Canadian Government Merchant Marine to some extent neutralize the tramp steamers if their management is properly developed so as to help the carriage of Canadian grain to Canadian ports?—A. I could not give you any answer that would be of any particular advantage to the Committee. It is difficult to see how the Government ships can increase the tonnage traffic back from Europe to this country. If they get the traffic, some other ship is not getting it.

Q. I am not talking about bringing it direct back; we understand that the imports into Canada are not as great as the exports from Canada to Great Britain, but the Canadian Government Merchant Marine are in point of fact tramp steamers; they are taking cargoes, going to India, the Mediterranean, Australia, South America, the West Indies; well, if they take a full cargo of grain from Montreal or Quebec and deliver it in Liverpool, is it not possible for them to load a cargo for the West Indies, say?—A. It might.

Q. And then deliver it in the West Indies, then re-load again for Halifax, then take a cargo of grain, and do the same thing over again? In your judgment as a shipping man, as a grain man, does not that seem a feasible proposition?—A. It seems possible, but if the Merchant Marine are running practically as tramps, basing on our experience up to the war, the tramps come in only when the freight rates are high. I don't know whether the Government ship might have a different experience or not, and it is very difficult this year to say, for the reason that according to our estimates about 35 per cent to 40 per cent of the available tonnage is tied up, rotting at wharves; there is not traffic for it; the international business is not there.

By Hon. Mr. Bennett:

Q. Do you know which of the American ports ship most of the grain?—I am comparing now Portland with New York, etc.?—A. I imagine New York, but I couldn't say. The statistical department here is a very good department for statistics.

Hon. Mr. NICHOLLS: I have to run away, as I have to go to the Banking and Commerce Committee; but I was talking with Mr. Edmund Bristol, member for Centre Toronto, last night; he is a director of the Canada Steamships Company, and he gave me some very illuminating information regarding this subject, and I was very much interested in it. He suggested that Mr. Norcross, the President of the Canada Steamships Company, be requested to testify before this Committee, and he volunteered the information that Mr. Norcross would be in Ottawa on Thursday and Friday of this week. I would therefore suggest that Mr. Norcross be requested to attend and give us the advantage of his opinions on traffic, because that company is concerned very largely not only in the lake traffic but in Trans-Atlantic traffic.

Hon. Mr. THOMPSON: One of the special objects of this committee, as I understand it, was the utilization of the transcontinental line to Quebec. I would like to hear what Dr. Magill has to say as to that.

The CHAIRMAN: We have just heard Dr. Magill's statement, now we are going to have questions.

By Hon. Mr. Webster:

Q. You said there were certain disadvantages affecting the Canadian routes; could you offer any suggestions as to how they might be overcome in order to benefit the farmers in the west and also our Canadian railways and ports? Mr. Harling, a shipping man from Montreal, told us that once the grain was either at Quebec or Montreal he would undertake to see that there was plenty of tonnage to overcome one of those difficulties you spoke about?—A. The difficulty in the past has not been the rails and the lake ports so much as in the ocean tonnage. It has been the quantity of traffic we import from Europe that has been the fundamental cause of the diversion of a percentage of our grain. Just at the moment Port Colbourne is said to be pretty well congested, and our fellows are finding it difficult to get stuff to Montreal because of the congestion there. Here and there you might increase the capacity, but I don't think that the cause of the shipping of a percentage of our grain through the United States is to be found in the Canadian channel, it is in the total amount of produce we import from Europe, and the limit that imposes to the number of regular liners coming to Canadian ports.

By Hon. Hr. Turriff:

Q. According to your statement we could increase the shipment of our own wheat through our own channels via the St. Lawrence materially if we were purchasing more goods in Britain, say?—A. Undoubtedly; if you could add to the number of liners that ply regularly to Canadian ports.

By Hon. Mr. Webster:

Q. But we have dozens of steamers that come out light into the St. Lawrence each and every year, and they have been doing so for many years to my knowledge, for the purpose of taking back Canadian cargo?—A. Undoubtedly.

Q. And Great Britain's position to-day has been made by the fact that she has such a large tramp tonnage?—A. Undoubtedly they have come light; whether many more of them could come empty or not is different.

Q. *Light and empty is the same word?

By Hon. Mr. Bennett:

Q. In your opinion which has the advantage, if any—Portland or New York—in the matter of shipments out?—A. New York I imagine, year in and year out—although perhaps I should not undertake to answer that—but, for instance, on one particular date there were about 150 ships at New York as compared with not more than a dozen at the other.

Q. I am only asking your opinion?—A. I think that for the tonnage market New York is more important than Portland.

By Hon. Mr. Webster:

Q. According to your experience, the ships have no preference for the customer of their wheat, whether it be Canadian liners or American—it is a question of dollars and cents?—A. Absolutely.

Q. Entirely?—A. Absolutely, that is my view.

Q. We were informed at a recent meeting that the Canadian route was 1-3/10ths cent less than the corresponding rate to New York?—A. Yes.

Q. If so, why should not a large proportion of the grain be exported via Canadian ports?—A. Just as I say; what about the third lap?

Q. Well, there is any number of tonnage available once the grain is in our Canadian ports?—A. I would just like to see the facts. I can understand that, for instance, last harvest season, when we were shipping practically nothing to Great Britain but were shipping to France and Italy and Belgium and Holland. I would just like to see the number of liners that were coming from those ports regularly to the St. Lawrence.

Q. No, not liners; I refer to the tramps; I refer to tonnage that is available?—

A. I think that, year in and year out, it is the liner that has carried the grain; don't you think so?

Q. What about the future?—You have given us very interesting information regarding the past; what would you suggest that we might endeavour, to keep this trade in Canadian channels, by reason of the large amount of money that is being expended on our railways and on our harbours?—A. Well, if you contemplate our present system, that is shipping from Fort William by water, the answer is to be found in the ocean tonnage. If you contemplate shipping all-rail I think you would find that a great many things would have to be done besides taking care of the ships. The present reservoir into which western wheat passes is at the head of the lakes; that is the final inspection point, the cleaning point, the sorting point. That is the most important wheat-point in the world; there is nothing like it. It is a wonderful system of elevators there. You don't find anything like it in any other part of the world. You have an elevator operated by the Government, a Canadian Pacific Railway elevator, two farmers' elevators; a mill elevator; and then the great commercial houses. You cannot find a grain point in the world just like that. Now, suppose you were to cease using that, in the main, suppose that the policy of this country was to ship the wheat by rail from Winnipeg; you must begin by establishing a great assembling point. You cannot take it down to Fort William via Cochrane economically and then take it back to Cochrane. You must get an assembling point—a system equivalent to that which we have now at the head of the lakes—somewhere on the line of the National road; a point where you would gather the grain, clean the grain, weigh it, inspect it; a new terminal point somewhere on the Canadian National road. I don't know how deeply that would cut. I can't tell you anything about the possibilities of a reduced freight rate from Winnipeg, say, to Quebec, to compete with the lake-and-rail shipments. Nor can I tell you whether you could run it down by rail more economically than now.

Q. Have you considered the export of grain from a point such as Moosejaw to Quebec City through the modern elevator?—A. Oh yes; we built the elevator; I was chairman of the board that built the elevators at Moosejaw, Saskatoon, and Vancouver.

By Hon. Mr. Bennett:

Q. What are the capacities of those?—A. Moosejaw is around 3,000,000 bushels or a little more—3,500,000.

By Hon. Mr. Webster:

Q. Why should that grain not go all-rail direct from Moosejaw to Quebec, and tonnage be provided at Quebec—which is a shorter distance to Europe than Montreal is?—A. If I have grain at Fort William I can sell that grain to Canadian mills, or to American mills, or I can ship it to Great Britain or to Europe. There is nothing more important to the man who holds his grain than the position in which he holds it. Never get away from that.

Q. So you trace it back to the distributing point?—A. Oh yes.

Q. Fort William being more important than Quebec would be to have your storage?—A. Quebec might be most important under certain conditions, a most important transportation depot, but if I have grain at Quebec in store I cannot bring it back to sell it to Canadian mills without a loss; I cannot sell it to the great mills at Buffalo without a loss; I have to let it go for export. As an extreme illustration of the same thing I might take Vancouver. Suppose I was foolish enough to store 10,000,000 bushels of wheat at Vancouver, what could I do with it? I have got to export it. And some of those exporters would feel like saying, "Look at that man Magill; he has 10,000,000 bushels of wheat at Vancouver; we will cook his goose." Fort William has this particular advantage for us: If you have wheat there you can sell it to Canadian

mills in the east, to American mills in the east, or you can sell it overseas anywhere. You must get a point for storage and handling, a terminal point, and inspection of our grain, which is geographically such that it gives alternate markets, else it will never be a storage point.

The CHAIRMAN: You spoke of the three or four factors that appeared simultaneously in exporting, and therefore the grain at Quebec will be export grain, it would not be grain that would have to seek another market provided it was not shipped overseas, and the question of the tonnage of the St. Lawrence and other items which you mentioned had all been arranged at that time, therefore the grain was coming from Moosejaw to be exported?—A. I see no reason why Quebec should not be an important shipping port. One effect would be that we should not have to pay freight rates in American money as we have to do now; and the second factor would be tonnage, and I don't see why there should not be development there. I doubt if it should be done by subsidy or anything that would be unprofitable to the nation as a whole. I believe grain should go the cheapest way, and I believe it has got to go that way or else our whole western country would be hit by it in the long run. The seaboard is a storage point for nothing except grain already sold for export.

Q. It is export trade we are wishing to develop, if possible; can you give us some suggestions whereby our Canadian ports could get more of this export trade?—A. I would suggest, first, a freight-rate to Quebec; next, the assemblage or storage terminal point somewhere on the Government line, possibly at Winnipeg—and ocean tonnage. Those things are more or less beyond the grain men.

By Hon. Mr. Willoughby:

Q. Would the storage at the assembling point at Quebec itself serve?—A. You cannot store there.

Q. The facilities are not all there yet, but assuming they were there?—A. Even if there was a storage plant there. Take Mr. Richardson; suppose he holds 10,000,000 bushels of wheat. If he stores it at Quebec without having sold it he gives up the Canadian market, the American market, and he limits himself to the export market. Now, no sane man will hold much wheat at a geographical position that limits the number of his alternative markets; Montreal is not a storage point; Port Colbourne is not a storage point; though it can be used as such in the winter time. Those great eastern houses and facilities are really transportation machinery for grain already sold. The storage point must be the point from which the owner of the grain has the greatest number of alternative markets.

By Hon. Mr. Webster:

Q. Would you care to give any opinion as to the comparative freight rates to Quebec over the National Railway as compared to any other point?—A. I could not do that.

Q. You understand that Quebec is 214 miles less rail haul than some other competing lines are; now, has any application ever been made, that you know of, for a lower rate of freight? You mentioned a few minutes ago that if the freight rate was adjusted to Quebec grain might go by Quebec; have you any views as to what might be done in that connection?—A. I should not speak of railway freight rates at present.

Q. I mean, for the benefit of our farmers?—A. The railway situation is absolutely beyond me.

By Hon. Mr. Bennett:

Q. Having regard to your experience in the grain business, what do you anticipate in the next five years in the matter of an increased shipment of wheat and a lessened shipment of flour from Canada, either to the British or the European markets—just your opinion if you have one?—A. Well, gentlemen, you may think

I am somewhat pessimistic, but I don't think that our millers can be expected to capture the market of Britian. The new British miller is at the port; he has the advantage of water carriage; he buys the surplus wheat of the world; he can have every variety of wheat; he can make the best blends from it; he has cheap money; he has cheap power; he has cheap labour. his market is at his door; and how we can expect the Canadian miller to wrest the British market from the British miller I can't see.

Q. Then you anticipate an increased trend in the shipment of wheat rather than flour from Canada?—A. Yes. Economically, this is the point: Our mills have shipped a certain quantity of flour overseas at very low prices to enable them to keep running. They do it to enable them to compete on this continent to keep flour more or less cheap. I think our export of flour has not been profitable in any other than an indirect sense—I am not speaking of the war years. If a mill is not able to operate 12 months, if it can only operate say seven months, it is going out of business. By shipping a certain amount of flour overseas they would keep running nine or ten or eleven months. I may be pessimistic, but I don't see how we can expect the Canadian millers to capture that market. The American did, it seems, years ago. The British had not adopted the new methods of milling; but they found that the Americans had their British market by the throat. Then they started in. They may be slow, but they are pretty keen. They built new mills; they have now the best milling plants in the world; they have them at the ports; they have full advantage of water freights; they have the surplus wheats of the world; they are the best buyers of wheat in the world and the best millers of flour; and to me it is only a dream that our Canadian millers, restricted to Canadian-grown wheat, with higher costs all round, could capture that market. I don't see how they can hope to do it.

Q. Regarding that 800,000,000 bushels shipped, could you hazzard any opinion how much of that is export and how much local?—A. No; I could work that out and send it to you, but the Bureau of Statistics could give it.

By Hon. Mr. Webster:

Q. Do the British buy (wheat) for the continental ports?—A. No, not this year. I think during the war there were two bodies—the International Executive of three—a Briton, a Frenchman, and an Italian made the food program. Then there was a British Royal Commission that carried out the programme and bought the stuff for those countries. But they are not doing that now.

By Hon. Mr. Willoughby:

Q. What is the state of control, at present, if any?—A. Control in England at present is pretty much in the position that Lord Beaconsfield is said to have described—it is not only dead, but damned. The British grain man is now buying the wheat; the Government is only distributing its supplies; it is not buying any more.

Q. As I understand it, they have not abolished control, but it has become obsolete?—A. They have certain stocks which they must distribute; they can't dump them on the water.

By Hon. Mr. Bennett:

Q. Flour and wheat both?—A. Yes. Those stocks will be exhausted about the middle of August. In the meantime the British Government is not buying.

Q. Are millers restricted by any regulations?—A. No, they are buying quite freely.

By Hon. Mr. Webster:

Q. Grain for Mediterranean ports, is the tonnage for that export business arranged by the seaboard companies?—A. It is chartered by the exporters, yes.

Q. And the seaboard offices do that?—A. Yes; we don't do that in Winnipeg at all.

Q. Have you any opinion to give as regards the freight rates that should rule on the ocean for flour in comparison with wheat? The flour men desire that they shall have the same ocean freight as the wheat men?—A. I understand the rate on flour was more or less a fixed rate, whereas the rate on wheat was a varying rate. I understand also under the shipping arrangements made between Washington and London there was a differential against flour. I think it is necessary, from our point of view, that the raw material and the manufactured product should cross under a relative freight rate. I don't think there should be any discrimination, but perhaps if I were in the Treasury in London, and wanted to make money out of the vessel-owning companies, perhaps I would like to see them carrying higher freight on flour so that I could get a bit of it and help pay the national debt. At present you never know whether you are up against a national taxation scheme or a business proposition.

Q. Do you think it would affect the export of flour to any great extent?—A. I have sometimes had an idea that when the British and Americans arranged on a higher rate for flour compared with wheat that they had their own interests in view, and not ours.

Hon. Mr. WEBSTER: Possibly you may be right.

By Hon. Mr. Bennett:

Q. Now that the Government own right through, with three of the railways outside of the C.P.R., what do you think of the prospect of the Government authorities making a rate? Would it be possible to lay down the wheat in England or in European ports?—A. You mean, the Government to control the freight rate on the ocean as well as on the land?

Q. Yes.—A. Well, it has been discussed, and at the Imperial Conference some years ago it was taken up by the representatives of all the Empire. Then Mr. Lloyd George appointed a Royal Commission of very able men interested in the Imperial trade, which is in session now in London. The terms of reference were—first, port facilities; second, the allocation of the registered tonnage of the Empire; and third, regular ocean freights. The only proposal I have seen is a permanent Empire Board like our Railway Commission, with two representatives from England and one from each of the self-governing dominions. I don't think it is feasible. England owns over 90 per cent of the tonnage of the Empire; why should she surrender that wonderful fleet of hers to a board on which she would have two representatives? And I do not see the use of it, at the moment. As I say, 35 to 40 per cent of the tonnage is tied up for the lack of traffic. I do not see how a board like that could fix a freight rate on all British shipping while you have the American Mercantile Marine, Norwegian, and all the rest of it jumping over the seas, striking whatever rates they like. I may be wrong, and I don't know very much about it.

By Hon. Mr. Webster:

Q. Would it be feasible and of any advantage for the Canadian National Railway and Marine Service to run wheat from the western provinces right through to European ports?—A. I think if they arranged the cars, the rolling stock and the ships, and do it economically, it might; but the point I would like to impress on you is this: If it is done by subsidy, if it is an artificial thing, it will be temporary, and in my judgment it will be so disturbing that it will do us much more harm than good.

Q. Could the rate be such that it would be profitable both to the railway and the marine service?—A. That would depend on the return cargo; and whether it would increase the number of steamers coming to our ports I don't know; but I must confess I am not an expert on those ocean matters; I am only giving an individual opinion.

Q. Would it not be a great advantage and saving to the farmers and growers and shippers if they got the freight rate and insurance right on the ocean rate?—

A. Undoubtedly, but suppose it was a loss to the Government of ten, fifteen or twenty millions of dollars a year on that service, it would in the end do the west far more harm than good. It would be better to take that money and divide it over our farmers in proportion to the amount of the wheat they ship. That is only an individual opinion.

Q. Of course there is the other side to it—we would be keeping the money in our own country?—A. If you can do it economically, by all means.

By Hon. Mr. Bennett:

Q. Take this state of facts: Canada wants to encourage its Merchant Marine, those privately-owned vessels on the upper lakes; it has been demonstrated that they could be frozen in at a lake port and obviate the construction of elevators there; the people of Canada now own the line right through to Portland; assuming that Montreal is closed, could the trade be developed for Canadian grain by that route through Georgian Bay ports to Montreal and on to Portland, hoping for imports to the United States coming into Portland, and in that way have the outgoing and the incoming freight to Portland, and thus be to the advantage of the railways of Canada? What is your view of that?—A. I am afraid I am not prepared to answer that.

Q. You see, that would obviate the building of any more elevators on the upper lakes either by the Government or by private individuals?—A. Yes.

Q. Then, while the country would not get the benefit of the transport on all-Canadian territory, namely, from Montreal to Portland, still it is the Government-owned system of railways?—A. Yes.

Q. Why should not the incoming freight for the United States, for its millions of people, come in by Portland as well as by New York?—A. Yes, undoubtedly. I think our grain has been going by the cheapest route, and I think, on the whole, our grain-handling system is the best in the world to-day. As to the effect of trying to send it by rail or by some new route, that is speculative; I mean, I have not actual facts to go on.

By Hon. Mr. Willoughby:

Q. Following out what Senator Bennett was saying, say Portland, by way of illustration on the question of getting a cheap route; it is an American port, connected with Canada by our own line of railway, and giving a very cheap rate from Great Britain not only to bring back goods in bond to Canada but to bring back American goods for sale in the United States, thereby getting return cargoes?—A. That would lessen the number of steamers coming into the States, and increase the proportion coming into Canada.

By Hon. Mr. Bennett:

Q. I have referred to the winter months at Montreal and Quebec when the ports are closed; not only that but my remarks would have reference to a certain amount of cargoes that would come out by Chicago, Milwaukee and Duluth?—A. Of course you must not forget that Vancouver will take a certain amount of our grain in time via the Panama canal; and even the Hudson bay is supposed to be a possibility in that direction.

By Hon. Mr. Willoughby:

Q. In the early summer months, and up till late in the fall, Montreal and the other Canadian ports have a very fair share of our grain, do they not?—A. Our Montreal and other Canadian ports take the bulk of our grain; they ship the bulk of our Canadian grain.

Q. In the summer months?—A. Yes, and they ship quite a quantity of the American grain.

Q. It is only for the winter months that we need to devise something to get it out at Canadian channels?—A. Yes.

The CHAIRMAN: I am sure we are very much obliged to Dr. Magill for presenting this subject in such a clear way and telling us how it may be dealt with.

Mr. JAMES A. RICHARDSON, of Messrs. Richardson & Son, Grain Exporters, Kingston, Ontario, appeared as a witness and testified as follows:—

The CHAIRMAN: Gentlemen, we have with us, Mr. James A. Richardson, of James Richardson & Sons, Limited, Kingston, one of the largest grain dealers in Canada. This firm has done some grain business through Quebec, and we shall be interested in hearing their views on the question which the Committee is considering to-day.

JAMES A. RICHARDSON, (Winnipeg) was called:

Mr. RICHARDSON: Mr. Chairman, I met Dr. Magill for a few minutes in the hotel last night, and while we did not talk over the ground that he was going to cover I see that he has given you a general review of the whole grain situation. There are, however, some particular aspects of the question which I think would be interesting in reference to the question of why so much Canadian grain was moved last fall via American ports. As Dr. Magill has pointed out, that was largely on account of the fact, or entirely due to the fact, that the British Wheat Commission became somewhat agitated a year ago, and thought there was not going to be enough wheat to go around. Whether that was on account of the coal strike or a threatened tie-up by a general strike, or whether it was on account of political information which they had as to something which never developed, we have not been able to find out. Various reasons have been advanced by our different trade connections in the United Kingdom. The result was that they came in last May and did some of the most astounding buying that I have ever seen in my experience in the business. We took it upon ourselves to advise some of our connections that their buying was of a most atrocious character. We had no objection to the Canadian farmer getting the benefit of it, but we did object to the American farmers benefitting by it. We were doing a very active business ourselves in American No. 2 Hard and Red Wheat. The Wheat Commission continued to buy very heavily for shipment during the months of May, June, July, August and September, but late in the summer they suddenly dropped out of the market and advised that they were not going to buy again until the Canadian crop started to move but when the Canadian crop began to move they did not buy because they were loaded up with American Winter Wheat which they had purchased at very high prices.

Normally, a very large percentage of our crop goes to the United Kingdom, and when we ship to the United Kingdom the port of Montreal enjoys an advantage. A large proportion of our trade to the United Kingdom is through Canadian ports, but, as the British Commission went out of the market last fall and up to the close of navigation bought practically nothing from us, Canadian grain had to be merchandized either in the United States or on the continent. Normally about two-thirds of our crop goes out through the port of Buffalo.

The point from which we base our prices is Fort William and Port Arthur. Our office sends out sometimes thirty or forty cables a night offering different grades of grain deliverable any European ports for which we may have inquiries. That grain is moved from Fort William to the sea board through whatever channel may be the cheapest. It may go all-water to Montreal or it may go to Georgian Bay and rail to Montreal, or it may move through Buffalo and from there to Boston, Baltimore, New York or Philadelphia. A very slight difference of a quarter or a half a cent a bushel on the rail or ocean freight or on any other charges concerned determines the movement of the grain. Every year a great deal of American tonnage is available to move grain from Fort William to Buffalo in the fall of the year, this applies particularly to the months of November and early December, and the boats that come to Fort Wil-

liam to load grain at this time are largely boats that have been engaged during the summer carrying iron ore from Duluth, and as soon as the ore freezes up the chief business that is open for them until the close of navigation is moving grain from Duluth and Fort William to Buffalo. There is some movement in the late fall from Duluth to Georgian Bay but this is not heavy. In the fall of the year when our crop is coming out very fast Canadian channels cannot take care of all the grain we have to ship. The grain that can be moved through Canadian channels from the time the western crop starts to move to the close of navigation, is, say, 60,000,000 bushels at a maximum. This is figured by taking our Canadian upper lake tonnage and the Eastern Transfer elevators and the facilities at the Canadian sea-board. Usually when navigation closes Fort William is cleaned out of grain, or practically cleaned out.

The CHAIRMAN: At what period does navigation close?

Mr. RICHARDSON: Our insurance normally expires on the 30th of November.

The CHAIRMAN: That is the time you figure as the close of navigation.

Mr. RICHARDSON: Yes, but we get the period extended by means of special rates to the 5th, 8th, 10th and 12th December.

Hon. Mr. TANNER: When you speak of the maximum Canadian export, have you reference to tonnage?

Mr. RICHARDSON: I speak of the ability to handle Northwest grain to the Canadian seaports.

Hon. Mr. TANNER: You are not including the question of tonnage.

Mr. RICHARDSON: I am taking into account what our lake boats will carry, and the amount we can handle through our elevators. Of course, to handle the quantity I have mentioned, things have to work fairly smoothly. If we had our eastern elevators blocked with grain it would slow things down.

Last fall, when our crops started to move, we were in daily expectation that the Royal Commission on Wheat Supplies would again come in and purchase Canadian spring wheat; but they had bought very extensively for several months ahead, and felt very easy, and whatever catastrophe they were counting on did not materialize, or they had been badly advised, and they decided that wheat was not going to go to \$5, as their official purchasing agent in New York, Sir Herbert Robson, was reported to have forecasted. The result was that after buying extensively of United States wheat, they decided to buy no more till prices went very much lower. Consequently we had very little movement to Montreal last fall. The United Kingdom, usually a large buyer of our crop, was out of the market altogether, consequently most of our crop went through Buffalo and through the American sea-board ports to the continent; quite a large quantity of our wheat was also ground by the American mills.

Considering the fact that the British Government had purchased very heavily of American wheat, it was perhaps rather fortunate that we had the American mills to sell to in the fall. We would have missed them if they had not been there. At the same time, under normal conditions, I am not at all sure that we would merchandize our grain for any more money with a free market in the United States than we would with a closed market in the United States.

Hon. Mr. BENNETT: But if there was no restriction in England?

Mr. RICHARDSON: Yes, if the English were buying they would of course prefer our wheat. On whatever the United States miller buys from us he realizes more on account of the superiority of our wheat over his own wheat which he sells for export. During the last crop, prices on this continent were broken by prices in the United States. Our prices held firm all last fall, and the statistical position led one to believe that perhaps very high prices might be obtained. The break was caused by the inability of the foreigner to pay. He continued to tighten his belt and went on

from hand to mouth. The wheat from the American Southwest that would have had to be railed up to Minneapolis and other points, was shipped out of the Gulf more cheaply than it could have been shipped to the northern mills, and these mills got our wheat, and the wheat that went out of the Gulf continued to break the price. It could not have been sold so cheaply if it had been railed back to the northwestern mills.

Hon. Mr. BENNETT: That is a rather interesting point. Is the Gulf shipment a large shipment?—A. Yes, there is a very large movement out of the Gulf of Mexico.

Hon. Mr. WILLOUGHBY: It is a growing movement, is it not?—A. At the present time, owing to the readjustment and the changes in the zone system in the United States, the Gulf has a considerable advantage, and there has not been as large a movement of their wheat to the north Atlantic ports as previously, more of it going to the Gulf. It is claimed by some of our friends in Chicago that there is going to be a readjustment in freight rates which will result in a larger movement to the North Atlantic ports.

Hon. Mr. BENNETT: From how far north would it be shipped to the Gulf? Where does it go out? Galveston?—A. Galveston and New Orleans.

Q. How far, from your knowledge?—A. A limited quantity of winter wheat grown as far north as Omaha, Neb., finds its way to the Gulf. This applies to rye as well.

By Mr. McCALL: Can you tell us about the bulk of the movement from Gulf ports, in bushels, say for 1920?—A. I am sorry I could not give you that offhand.

Q. So as to compare it with the movement from Montreal?—A. It has been exceptionally heavy. That is the way the big American grain movement has been going.

Hon. Mr. WILLOUGHBY: We have the published statements.—A. Yes, they are available.

Hon. Mr. BENNETT: That, of course, would include corn as well as wheat?—A. Oh, yes, a lot of corn goes there. We figure Gulf values every night. It is a very important factor, because a lot of that grain has got to be hauled back if northern United States mills do not get grain from us.

Hon. Mr. WEBSTER: Is that wheat carrying a lower value than our northwestern wheat of cheaper grade?—A. As far as the wheat goes, that often depends on the amount of spring wheat there is in the country, and the amount of soft wheat. There is a shortage of spring wheat this year, and I would say that to-day our wheat is worth at least 30 cents more than their wheat, taking into account the fact that very nearly half of that is made up in the difference in the value of our money, and the other half in the intrinsic value of the wheat.

Q. And you are competing on that basis?—A. We are selling on that basis.

Hon. Mr. WILLOUGHBY: Is it necessary for the Minneapolis mills to reach down pretty well to Chicago to get enough grain for their own milling capacity?—A. They get wheat more from the southwest.

Q. And to the extent that that is deflected by the Gulf ports, it would tend to enhance the value of our grain in the Minneapolis market?—A. Any of our wheat that goes to the Minneapolis market releases inferior wheat to the Gulf.

Hon. Mr. WATSON: Do you find that the Canadian inspection assists you in your wheat shipments?—A. Oh, very decidedly. As far as the United Kingdom is concerned, Dominion Government inspection is insisted on throughout.

Q. What do you say it is worth a bushel?—A. It is worth three cents a bushel—more. We have been asked by some of the foreign governments to quote on grain "Dominion Government Inspection" and "American Federal Sea-board Inspection." The buyer in the United Kingdom will not buy American Federal Inspection on

Canadian grain at all, but some of the people in Europe do not know the difference so well, and sometimes buy American Sea-board Inspection.

Q. But in Liverpool the importer values it at about three cents a bushel. I am told he cannot buy American cargo without sample?—A. United States grain is sold in England on United States inspection.

Hon. Mr. WEBSTER: If our Canadian wheat goes through American ports does it not lose its identity?—A. In going through in bond it is supposed to preserve its identity.

Q. How do they keep it separate in the elevators, and on the steamers?

Hon. Mr. WILLOUGHBY: That is a trade secret.

The WITNESS: No, the grain is handled through elevators doing a public business, who undertake the keep of the different grades of grain separate.

Q. Do you think all your Canadian shipments of western wheat are kept separate from the American, going through the United States?—A. Ours are; but some irregularities may occur at times.

Q. Or some accident might happen?—A. Yes, that is quite possible. Irregularities happen sometimes.

Hon. Mr. BENNETT: In that connection, does any American grain go out of Portland?—A. As far as crop movement is concerned Portland is a Canadian port. It is the Grand Trunk Canadian port, although there is a certain amount of American corn that comes from Chicago across to Midland and to Portland; of course all the grain to Portland goes through Georgian Bay.

Hon. Mr. WEBSTER: Is the ocean passage from the American ports to the United Kingdom a factor as compared with the passage from Canadian ports in selling your wheat? Is the time occupied a factor in the selling of the wheat?—A. No.

Q. But as applied to your contract. If you sell "Delivery in Great Britain" is it optional with you whether you will ship by American or by Canadian ports?—A. The buyer does not at present attach any significance to whether Canadian grain is shipped through Canadian or U.S. ports as long as he gets the Dominion Government certificate. Our sales very often read "For shipment from North Atlantic Range" which means from either Canadian or United States Atlantic ports.

Q. The buyer does not insist on it going out of Canadian ports?—A. No.

Q. Even if the passage is two or three days shorter?—A. This is not considered material. The chief advantage American ports have is in the more frequent sailings, especially to the continent. It was said here a while ago that there was no sentiment in the crop movement. There is just this much: that Canadian firms, everything else being equal, are shipping by Canadian ports. But when you can do business by the American port and not by the Canadian, it is a question of whether you do it or whether the other fellow does it.

Hon. Mr. WATSON: Supposing the certificate of inspection was cancelled on all grain going through American ports, what effect would it have?—A. I think it would tend to lower the reputation of our wheat in the world's markets because we ship two-thirds of our wheat through United States ports and unless we can greatly increase our facilities and year around sailings from Canada, two-thirds of our wheat would then have to be sold on sample or inspected by American officials.

Q. Through American ports?—A. Yes.

Q. Wouldn't it increase the value through Canadian ports?—A. The Canadian Certificate would certainly be worth more but unless we could handle more through our ports I do not think we would benefit by refusing to allow a Dominion Government Certificate to follow grain going through United States ports.

Q. The buyer does not specify through Canadian routes?—A. He does not.

Q. I was informed in Liverpool that they would not take Canadian inspection through American routes on sample, they had to examine the cargo.—A. The Canadian

inspection certificate is final as far as the seller is concerned, whether the grain goes through Canadian or United States channels, but when grain is sold on sample then the final delivery must of course agree with the sample on which it was sold.

Q. Do you find any preference through Montreal?—A. I have not observed it. When the Port of Montreal is open it is the cheapest port through which to work U.K. business and naturally the business goes that way.

Dr. MAGILL: Suppose they could not get our certificate through an American port.—A. We would have to increase our Canadian facilities or let our grain go through United States ports and be sold on sample or on an United States certificate which might cover a mixture of Canadian and American grain or the identity of our wheat might be preserved and it might be inspected by United States officials with the notation on their certificate showing that the grain was of Canadian origin.

The CHAIRMAN: Do you ever use the port of Quebec?—A. The port of Quebec is a very fine port, and we would like to see it used. It has a fine elevator, but the difficulty as far as Quebec is concerned is that the grain boats will come up to Montreal for exactly same freight rate, and it costs us more money to put the grain into Quebec. It is purely a question of the cheapest way and business through Quebec costs us slightly more money.

Q. The elevator charges?—A. That is not the difficulty.

Hon. Mr. WATSON: The boats would as soon come to Montreal as to Quebec. Are they more liable to have a return cargo for Montreal than for Quebec?—A. Yes, and the liners run to Montreal. If we had more liners out of Quebec it would help the business out of Quebec, and now that the port of Montreal is congested there would be a greater tendency for the business to flow down to Quebec. But where the trade channels are established, they are likely to stick and there is a reason. Everything being equal, we would naturally favour the port of Montreal. We loaded a cargo of 288,000 bushels yesterday into a tramp out of Montreal for Hull. That boat came along, and we didn't know exactly what she was going to take. On account of conditions on the other side we didn't know how much bunker coal she would take back. We sold thirty loads, 5 per cent more or less. They came back at us and thought she would take 33 loads, and we eventually loaded 36 loads. If we had had that boat in Quebec and we had had 240,000 bushels to load the boat, and she had called on us for another 48,000 bushels, we would have been up against dead freight on the 48,000 bushels, because the additional grain would not have been available. On the other hand, if we had shipped 275,000 bushels, and she had only taken 240,000, we would have had 35,000 left that cost us, owing to acute nearby demand, say 15 cents premium over May delivery. Now, in Montreal where there is a lot of grain going through all the time not only for Canadian shippers, but for American dealers as well, we can make a sale and get a new dollar for an old one and have something stick to it, and if we are short there is not an exporter that we cannot go to and say "We are short; lend us enough to make up the shortage", because next week they will come to us and ask us to help them out. We feel that we would not want to ship a lot of grain to Quebec unless there was some advantage because, as there is no big movement we would be up against the advantage possessed by a port that has a big established business.

Hon. Mr. WEBSTER: That wheat that you speak of came from Fort William?—A. Yes.

Q. Are most of your shipments made by tramps?—A. No. We like the tramp steamers, but most of our business is done by the liners. When business is normal very frequently they take space at a rate at which a tramp could not live.

Hon. Mr. WATSON: He wants the ballast?—A. He wants the ballast. He gets one exporter to bid against another, and he has no fixed rate, and as far as the ship is concerned, they want the exporters to work for a commission, they want to get

everything they can out of it, and to the best of their ability they try to do that; and when they cannot get business they cut the rate.

Q. I understand that next to water wheat is the cheapest ballast?—A. Yes.

Hon. Mr. BENNETT: What is the average number of bushels shipped in the liners from Montreal, according to your experience?—A. With an average depth of water I would say that liners into Montreal will take out about fifteen loads of wheat or 120,000 bushels. The minimum that a liner would take would be about 8,000 quarters or 64,000 bushels, and the maximum would be 240,000 bushels. Tramps would average from 240/264,000 bushels, the minimum tramp would carry about 160,000 and the biggest tramp carries up to 400,000.

Q. Speaking about that maximum, Mr. Richardson, I understand you to say that the maximum of Canadian wheat is now going out of Canadian ports?—A. Yes.

Q. Do you include Portland in that?—A. No.

Q. You mean ports in Canada?—A. Yes.

Q. Have you any suggestions as to how that maximum might be increased?—A. I do not know how we can increase it except by increasing our elevator storage and elevator facilities and providing more sailings out of our ports, and perhaps I should again point out that if a liner out of Baltimore needs grain worse than a liner out of Montreal that the Baltimore boat will take a little lower freight and that this diverts Canadian grain from Montreal to Baltimore.

Q. What I would like to know is what in your judgment would be necessary in order to increase it?—A. A regular string of steamers coming in, that keep the port clear, is a very great help. The more steamers we have to keep the port clear and keep our transfer elevators and everything clear all the way through, the more the volume is increased.

Q. You regard that as the principal means?—A. I said 60,000,000. At the present time, I think, we may be able to speed that up a little bit. That is, roughly, about all we can handle from the time the new crop starts to move until freeze-up.

Q. I mean, do you regard the shortage of ships as the main difficulty in increasing the maximum?—A. Increased elevator capacity on Georgian Bay, faster elevators at the seaboard and more sailings from Canadian ports, all help Canadian business and if we laid up United States boats on Georgian Bay at the close of navigation, this would no doubt also intend to increase the haul for Canadian roads.

By Hon. Mr. Bennett:

Q. Mr. Richardson, is the rail freight to Baltimore the same as to Montreal? What about the rail freight?—A. The freight rates from Buffalo to the American seaboard and from Georgian Bay to the Canadian seaboard are nearly always identical, but then the premium on the United States funds at present makes a difference. Recently the Canadian rate to the seaboard has been reduced; the American rate has not been reduced. The elevator charges are less at Canadian ports. So that at the present time the Canadian ports have an advantage of 3 cents a bushel over American ports. That accounts for all the movement from Montreal.

By the Chairman:

Q. That is, exclusive of rates?—A. No; taking everything; exclusive of ocean rates. At the present time there is very little difference in the ocean rates.

By Hon. Mr. Webster:

Q. As a shipper, Mr. Richardson, are you suffering any disadvantages in exporting grain through Canadian ports? And also, is there anything that could be done to assist you, and the country thereby, in keeping this trade in our own channels?—A. In the last few years the free merchandizing of the crop has been greatly influenced by financial considerations. There has been a great deal of Government and concentrated buying, and these government agents all live in New York, and they naturally

give the preference on the business to somebody at their elbow. And the cable service two years ago was very bad. Our cable service has been bad. I was in London two years ago. We have done business there with Thomas Wiles & Son for 35 years. Mr. Wiles is a member of the Privy Council—quite an important Englishman. He assured me that we should move right away to New York.

Q. From Kingston to New York, was it?—A. Yes; "because" he said, "these fellows, your competitors, are getting in their cables an hour ahead of you." So I went over to see the superintendent of the Commercial Cable Company and asked him what the trouble was. He said they had taken the German cable to the United States and swung it to Archangel, and now all the German business to the United States had to go over British cables, consequently our messages were delayed. I told him that was not a very satisfactory explanation, that they talked about the All Red Line but wanted us to go down to New York to do Canadian business. We are not at a disadvantage against anybody in the United States in handling Canadian grain or American grain, but we do not want some fellow in New York to get his cable in an hour ahead of us in the morning; we can not do business that way. However at the present time we are not suffering any particular disadvantage. We have hammered away at the Cable Companies and we are getting a fairly satisfactory cable service.

Q. You have an office in Montreal?—A. Yes.

Q. That should be as good a point as New York?—A. We are going to try and do our business there. We moved our export department from Kingston down to Montreal last week, and we intend to run a private wire between New York and Montreal. We have one from New York to Kingston now. We also expect to do our American grain business out of Montreal, at least we are going to try to do it from there. Our foreign bills are all sold in New York. The fluctuations in foreign exchange constitute one of our chief difficulties. When we get a cable in, in the morning we have to wire New York and find out what we can sell our bills at before we know whether we are going to take the offer up or not. This is just about as important an end of the business now as buying in the grain, or as taking the ocean space.

Q. As far as the harbour facilities and the railway handling your export trade are concerned, you find them quite satisfactory in a general sense?—A. Yes.

Q. Why not try Quebec?—A. We would like to do business in Quebec, and I do not see why a boat should not make some advantage out of Quebec. They save a little time there, and if a boat could go just a little cheaper out of Quebec we would send business there; but as long as the boat wants only the same money at Montreal that it wants at Quebec, and as long as it costs more money to put the grain in Quebec than it does in Montreal, and as long as there is no volume of grain moving through Quebec, there will be a disadvantage in shipping there. And, more especially this year, you cannot ship grain ahead in anticipation of business; the business is all contracted for before it leaves Fort William. Cash grain may be worth 25 cents a bushel over May. That is a big cash premium. If you are carrying wheat unsold you are carrying it into a lower market all the time. When conditions become more normal the grain should pay carrying charges. The value of the grain for a month or two months hence should be its cost to-day plus interest and the charge for carrying it until that time. When these conditions develop again there will be more possibility of our putting a little more grain into Quebec in anticipation of business.

Q. You could arrange ahead for sales and shipments through Quebec if a rate were quoted?—A. Yes.

By Hon. Mr. Tanner:

Q. You do not move grain from Fort William until you sell it?—A. Generally speaking we do not. We take the price at Fort William to-day and then we take our lake freight and the ocean freight and all charges and make firm offers on it every night; and if we send out cables at night we must have acceptances by 11 o'clock in

the morning. Then that grain is covered immediately and goes ahead to meet those sales. Sometimes there is a little cheap space, or distressed space in sight and we ship grain to have it at the sea board in anticipation of being able to do the business.

Q. That is out of the ordinary? It is unusual?—A. It is out of the ordinary to bring wheat forward unsold when nearby wheat is worth more than future wheat. Of course in the fall of the year we ship grain across the lakes in anticipation of doing business during the winter.

Hon. Mr. Webster:

Q. If navigation were kept open at Quebec a month later in the fall of the year, would that be an advantage to you?—A. Yes. If Quebec could be made a winter port, if there was any possibility of it—

The CHAIRMAN: There is.

Mr. RICHARDSON: —it would be a great advantage, there is no doubt about that. I do not know enough about the Gulf of St. Lawrence to pass any opinion on it, but if we could get ships in and out of Quebec all winter—

The CHAIRMAN: Or certain months of the year?

Mr. RICHARDSON: It would be a much shorter rail haul from Georgian Bay than to either Portland or West St. John, but this advantage might be offset by the additional freight and insurance that the ship might demand, but if this disadvantage could be overcome and we could ship out of Quebec all winter it would be a great advantage.

The CHAIRMAN: That is it. You have it. By extending the season of navigation it can be done.

Mr. RICHARDSON: Last fall there was bad weather in the Gulf, and there are the snow storms between the cliffs. That is the trouble.

By Hon. Mr. Bennett:

Q. Your company are interested in vessels on the upper lakes and inland elevators; at Midland too?—A. Yes, sir.

Q. So you have a knowledge of that upper lake situation. That is the business of your firm?—A. Yes, sir. That is part of our business.

Q. Tell me, please, at what date in the fall does the really heavy movement of grain start—the rush, I mean?—A. Of course it depends a little on the ripening weather we get. Our movement is in October, but we have had it in September.

Q. What date in October? The early part?—A. Early October. We get usually a fairly heavy movement starting early in October; and we have had it very early in September, but that is unusual for a heavy movement.

Q. Let me ask you now, not as a grain dealer, but as a vessel man, having regard to this fact—or is it a fact, that a fleet of vessels could carry a large quantity of grain to any of the Georgian Bay ports more cheaply than they could to Buffalo, by reason of length of time?—A. Yes.

Q. Is that an appreciable difference?—A. Yes.

Q. Having particular regard to the fact that late in the fall navigation from Sarnia down to Detroit is slow, is that an appreciable advantage to upper lake ports as against Buffalo?—A. It is, and our Canadian tonnage nearly always goes to the Georgian Bay ports, not to Buffalo. The grain that goes to Buffalo is nearly all moved in American bottoms. Our Canadian tonnage is all used to the maximum in the fall of the year on business between Canadian ports. However, we must have a certain amount of grain at Buffalo because from Buffalo we can put grain in 48 to 72 hours into Boston or Baltimore, New York or Philadelphia. Moreover we can get sailings from these ports to destinations that we cannot make from Montreal, and in addition the frequent sailings from these ports facilitates business.

By Hon. Mr. Bennett:

Q. The country now owns the railways, whether fortunately or unfortunately, and it has to bear the deficit too, and the more freight that could be worked to Montreal, the greater would be the advantage to the people of Canada as a whole. I am speaking in the larger sense, not of any local effect. Now, as to the export trade from Portland in the winter, if you had a large quantity of grain that, instead of being left at Fort William, could be brought down to the lower end of Georgian Bay and forwarded from there and shipped out of Portland, would Portland be able to handle it as well as it could be handled from New York via Buffalo?—A. Yes, as far as tramp steamers are concerned. We have a good tramp steamer business out of Portland all winter. We ship grain to the Grand Trunk elevators in Georgian Bay in the fall of the year to be forwarded on over the Grand Trunk to Portland. During the winter the grain is shipped out of the Bay as required at the sea board. Portland, as a winter port, has no disadvantages as against other ports on the United States Atlantic seaboard, except that Portland largely means full steamers as against small lots of space that may be available from other ports on liners. The only disadvantage Portland has at the moment in regard to loading from steamers is that the elevator there is an old ramshackle affair and the insurance rate is very high. We are always alarmed that it is going to break down when we have a boat loading. I talked this over with the Grand Trunk some time ago and told them that it was in their interest to remove this disadvantage. I told them that the railway should absorb the excess insurance so as to equalize the rate with other ports. I am of the opinion that this will likely be done.

Q. Then in your opinion it is to the advantage of the people of Canada owning that road to-day, to improve the elevator facilities at Portland?—A. I think, considerations of sentiment being left out, that Portland is the logical winter port.

Q. Another question, Mr. Richardson. Living at Midland, I know that at Port McNicoll a few years ago there was a large quantity of grain frozen in there during the winter, and the boats were cut out and moved up to the elevator. Would it be practicable, do you think, having regard to the quantity of Canadian tonnage there is now, to have that done every season to any extent?—A. To cut the boats out?

Q. No, but would it be to the advantage of the grain trade to have a number of vessels frozen in at those Georgian Bay ports, whether they are Canadian Pacific Railway or whether they are Government, but more particularly at the ports where the Government railway joins up and then forward the grain out, and if Montreal is closed, let it go on to Portland?—A. That is the practice every year now. The boats keep running across. If the weather is good they come back for another trip. They just keep going as late as they possibly can. We loaded one boat last year on the 15th December. That was the latest one. We made special insurance arrangements in regard to her. But the boats keep running on back and forth just as long as they can, up to about the 12th of December and on the last trip take a storage cargo. Possibly you meant to ask me in regard to the desirability of suspending the coasting laws so that United States tonnage loaded at Fort William could take the last trip of the season to Georgian Bay with a storage cargo? If this were done it would tend to increase the movement through Georgian Bay and consequently haul over Canadian roads.

By Hon. Mr. Webster:

Q. Many of those boats store grain at Buffalo?—A. Yes.

Q. Could that same process be effectively enforced for Montreal?—A. Of course you could not get out of Montreal in the winter. You see, that is winter business, and Montreal is closed in winter—it is not a winter port.

Q. Of course Buffalo is closed too.—A. It would be all right if you could get out of Quebec.

By Hon. Mr. Bennett:

Q. Do you see any real hope, by improvements at Portland, of the system of railways owned by Canada carrying more grain through to Portland?—A. I think the improvements at Portland are things that should be done anyway. I think the elevator at Portland should be tuned up so that it will handle grain faster, or build a modern elevator there—this would help business through Georgian Bay.

Q. Here is another point of view. What is the proportion of grain that is taken from Chicago and carried across to Government ports? There are two, Midland and Depot Harbour, I refer to the western grain that goes through the eastern States. Is there much of that trade?—A. Yes, there is quite a movement. There is quite a movement via Georgian Bay from the western States.

Q. And then distribution through the eastern States?—A. Yes.

Q. Is that in your opinion a trade that can be increased on the Government Railways?—A. If I understand you correctly, sir, you refer to the movement of American grain through Portland to the New England States for domestic purposes.

Q. Yes, both domestic and export.—A. There is quite a large amount of corn and oats that moves through Georgian Bay to the New England States for consumption there, and a certain amount of the United States grain goes to Georgian Bay in the summer months and is exported through Montreal and in the fall of the year there is a certain amount of American grain that moves to Georgian Bay and is exported out of Portland during the winter, but the movement of American grain to Georgian Bay in the fall is not very heavy. Buffalo gets the preference on this movement.

Q. Do you think that that is a successful competition with the Buffalo route, for distribution in the Eastern States, locally?—A. Yes, I think it is more successful for certain sections of the country, depending on the freight rates; not so much, though, for other sections. There is quite an area in the New England States that can be reached successfully through Georgian Bay.

Q. Assuming that grain can be shipped successfully out of Portland, do you think an export trade could be worked up from Chicago and that district, which would give the advantage of unlimited shipping to American vessels carrying from Chicago to Georgian Bay ports for shipment by the Government owned railway on to Portland? Do you think there is a prospect of that trade being increased by due attention being given to it?—A. There is a very considerable movement that way now. I really think that that trade has been fairly well followed up. How much more it is possible to increase it, I could not say—I do not know, but better elevator facilities at Portland would be the first consideration.

Q. That would give the advantage of unlimited shipping on the upper lakes to the American bottoms, would it not?—A. Yes, but there are no restrictions now except as to coasting.

Q. There would be no coasting whatever. They could come down?—A. The only restriction on United States tonnage now is that it cannot trade between two Canadian ports. The movement from Chicago to Georgian Bay is unrestricted. Improved facilities at Portland might hold the movement of the United States grain through Georgian Bay.

Q. And that would give freight to the Canadian railways from Depot Harbour to Portland, and from Midland to Portland too?—A. Yes.

Q. And either decrease the deficit or make it bigger.—A. Yes, but I should point out that Portland is a winter port and we have lots of Canadian grain for this channel. It is in the summer months that our railways like to get the haul on American grain. The American winter wheat comes on the market in Chicago in heavy quantities during July, August and September, before our wheat starts to move. A lot of this wheat finds its way all-water to Montreal, or goes across to Georgian Bay and goes by rail to Montreal.

By Hon. Mr. Willoughby:

Q. When do you find you can use the St. John Harbour?—A. Just in the winter time. In the winter time the C.P.R. haul the grain down there, and they make the same rate as is made to the other ports. Of course, while it costs more to haul, it is as far as we are concerned, just the same as if it were hauled only half the distance.

By the Chairman:

Q. The distance would not matter; it would be only the rate that mattered.—A. Only the rate.

By Hon. Mr. Willoughby:

Q. The railway makes a rate to St. John equally good as the rate to New York or Portland?—A. Yes, they meet competition. Last year we moved some corn from Milwaukee to West St. John and we had to pay for it in American money. We did not feel very good about it.

Q. To St. John?—A. Yes, from Chicago to St. John. Nearly all the haul was through Canada, but we had to pay for it in American money.

Q. Has not that been remedied now?—A. No, it had to be paid in American money because the interstate Commerce Commission placed West St. John on the same basis as certain American ports, and if the C.P.R. took payment from Milwaukee to West St. John in Canadian money it would be giving a preference to West St. John over United States sea board ports.

By Hon. Mr. Watson:

Q. Have you shipped out grain in the last 12 months by St. John? About how much?—A. The shipments were not heavy, they were made in the winter time. We did some business last winter via West St. John but not in big volume. Our business last winter was more via Portland.

Q. Have you any idea of the quantity of Canadian wheat that was shipped via Buffalo for consumption in the United States?—A. According to the last figures there was all told 42,000,000 Canadian wheat ground by American millers last year.

Q. Used by American millers?—A. Forty-two millions.

By Hon. Mr. Watson:

Q. According to a statement you made to-day there is a greater quantity of wheat products shipped out of the United States than the amount received. I think you made that statement here.—A. Anything we ship across releases—

Q. Releases American stuff?—A. Yes.

By Hon. Mr. Tanner:

Q. When you go to West St. John with a shipment why do you go there instead of to Portland?—A. Of course Portland is the Grand Trunk terminal in the winter time and West St. John is C.P.R. and it is just a question of space. We call up the C.P.R. and they offer us so much space out of West St. John, and if we sell against it we ship to West St. John. If we sell against space we are offered out of Portland, we ship to Portland.

Q. Have you ever considered Halifax?—A. There is certain business we do through Halifax too, but it is mostly West St. John.

By Hon. Mr. Webster:

Q. Do you have shipments over or short at Portland in the same way as you described you might have them at Quebec? Does that occur?—A. Well, there is a bigger movement there, of course.

Q. And better advantage?—A. Yes. Any place where there is a big movement—so long as grain is going through, it is alright.

Q. But if there were a general movement through Quebec, that difficulty might be overcome?—A. If there were a large general movement through Quebec, that would be taken care of; and if tramp steamers just shaded the rate a little bit, why the business would go to Quebec.

Q. You see, the ocean marine insurance at Quebec is 10 per cent less than from Montreal.—A. There is a little saving there.

Q. There is some advantage. The steamer ought to be able to reduce her rate, by reason of the saving of time, the saving in coal and in pilotage and other expenses that have to be paid at Montreal.—A. Sir David Watson and General Tremblay discussed that with me some time ago. They did not understand why more business did not go through Quebec. I assured them that if they could get a boat to take the grain out of Quebec a shade cheaper than out of Montreal they would not have to ask any Canadian exporter for business; we would all be after it. Every shipping man in the United States or Canada would be aware of any cheap space within 24 hours and they would get the business without having to look for it.

Q. There has not been a bushel of grain shipped from the large government elevator there since 1916.—A. No.

Q. Whose duty is it to bring the tag-ends together?—

The CHAIRMAN: There was some shipped in 1918, the last year of the war. It was brought over the Transcontinental.

Mr. RICHARDSON: The Wheat Export Company shipped that down.

By Hon. Mr. Webster:

Q. Whose duty should it be to bring the tag-ends together at a port like Quebec, with the valuable facilities that exist there?—A. The business is all negotiated with the railway and the steamship companies wherever they can handle the grain best, and we are all open for business. Now if we can get any boats to go into Quebec at a little less money than we can get them to go into Montreal at, the difficulty will be overcome; but we have not got them to agree to do it.

By Hon. Mr. Bennett:

Q. Is the rail freight from Port McNicoll to St. John the same in the winter months as from Midland or Depot Harbour to Portland?—A. Yes.

Q. Of that 75,000,000 you shipped in four years, how much would be export and how much for local sale in Canada?—A. It is a little difficult to say offhand. Our domestic business has been decreasing and our export business has been increasing in the last few years.

Mr. MAGILL: It would be over two-thirds.

Mr. RICHARDSON: Two-thirds exports, I suppose, would be about right.

The CHAIRMAN: Have you any further questions to ask Mr. Richardson?

By Hon. Mr. Bennett:

Q. Mr. Richardson, I saw in an evening paper last night the statement that there was a sort of glut yesterday at Montreal. I think it said there were about a dozen lake carriers. Is that due to lack of vessels, or how do you account for it?—A. There are a lot of boats loading there at present. There has been quite a big movement via Port Colborne by water for some time past. During the war and up till quite recently all the small boats that had been on the St. Lawrence trade were able to go on the ocean and do a much more profitable business there, and the movement from Port Colborne to Montreal during this period was not large. But now ocean business is no good, and with further advances in the railway rates the Port Colborne-Montreal run is more attractive and all the small boats are back off the ocean and there is a big movement going from Port Colborne. The boats are under-cutting the railways and taking all the business they can carry and the boat shipments via Port Colborne have come along faster than the Montreal elevators are able to unload them.

Q. What is the size, in bushels, of those boats that are unloading—that have been coming down loaded from Port Colborne?—A. These boats are as small as 35,000 bushel wheat capacity and up to 80,000. Boats specially built for this trade will carry 75 to 80,000 bushels. I think 84,000 bushels of wheat is the biggest cargo of wheat that has been carried from Port Colborne through the Welland Canal.

By Hon. Mr. McCall:

Q. That is about the capacity of the St. Lawrence channel—80,000 bushels?—A. Yes, sir; and that has to be a specially constructed boat too, with a large carrying capacity.

The CHAIRMAN: Anything further, gentlemen?

Mr. MAGILL: May I say that this subject was specially investigated some years ago by the Georgian Bay Canal Commission. They investigated the ocean end—the liner end, the tramp end—the elevator end, freight rates and everything else. It was, I think, the most thorough investigation that has taken place. The chairman of that commission, who did the work, was Mr. Sanford Evans, of Winnipeg. I do not think there was a question you have asked to-day that he did not deal with in the course of his investigation.

Hon. Mr. WILLOUGHBY: That report is in our library. I have a copy of it.

The CHAIRMAN: Was the Transcontinental built at that time?

Mr. MAGILL: The Georgian Bay Canal Commission worked, I think, until 1919 or 1918—a great many years.

Hon. Mr. WILLOUGHBY: For several years that commission worked, but its reports are interim reports.

The CHAIRMAN: What we have in mind at the present time is the use of the National Transcontinental and the vast system of Canadian railways in connection with our ports, and we are endeavouring to obtain suggestions as to how that may be brought about.

Mr. MAGILL: Cheapen the route and leave it to us then, Mr. Chairman.

Hon. Mr. BENNETT: It is a pity to send all that stuff from Buffalo when it could be sent via Midland to Montreal, or in the winter to Portland.

Hon. Mr. MCCALL: If the Canadian National Railways and the Canadian Pacific Railway would reduce their rates to develop the Montreal port traffic or to develop Quebec, would that cut in rates be met by American lines running to the seaboard?

Mr. RICHARDSON: Judging by the past experience, I should say that it would, but the last slight cut that the Canadian Railways made has not been met by the American Railroads so far.

By Hon. Mr. McCall:

Q. So it is possible that if our railways reduced sufficiently the rate from Winnipeg, from the common gateway of the West, to Quebec to develop trade there, the reduction would not be met by American lines running, say from Buffalo to the seaboard?—A. No, it is possible that the American roads would not follow it. But at the present time we enjoy an advantage out of Montreal of at least 3 cents a bushel over American ports, right now. This is a temporary situation and is naturally bringing big business to Montreal.

Q. The interstate Commerce Commission would have no control over the Canadian Railways?—A. No, of course not.

Q. But they would consent to a reduced rate on the American lines to meet the competition of our lines, if they were asked to do so, would they not?—A. I would think so, yes. But we have the advantage now in the Canadian ports. It is just a question of business. The business that is done out of American ports is done

because they are offering sailings to ports in certain positions that we are not getting out of Montreal: otherwise they would not be getting any business at all out of Buffalo. And the movement out of American ports is very small just at present.

By Hon. Mr. Bennett:

Q. Mr. Richardson, do you agree with Mr. Magill that the trend of the trade for the future will apparently be a greater quantity of grain and a lesser quantity of flour? Is that just a matter of opinion?—A. Our milling capacities have been very much increased in the last few years and I think our mills are going to make a fight for business. They have a very large milling capacity. I think that the Canadian mills will never capture the English market, as Dr. Magill states, but I think that they will continue to do a fair amount of trade over there, because there are a certain number of dealers who do a blended flour business; they buy flour from different parts of the world and then they buy from us spring wheat flours and blend them after they get them over there, just the same as the miller blends wheat, they blend flours. There are a certain number of buyers who will buy our spring wheat flours. They know they are getting Canadian spring wheat flours, which they do not when they buy from the English miller. When they buy from him they do not know what they are getting in the barrel. In spite of this though the countries that are buying our flour want the wheat offal as well and with increased wheat production I am satisfied that the tendency will be for us to ship a larger percentage of wheat and a smaller percentage of flour.

BRIGADIER GENERAL T. L. TREMBLAY, of the Quebec Board of Trade, appeared as a witness and testified as follows:—

The CHAIRMAN: General Tremblay, you have been listening to Dr. Magill and Mr. Richardson of Kingston, in regard to the possibilities of shipping grain to Quebec. I understand that is the part in which you are interested, and the committee will be glad to have your views and the valuable information which you can give on the matter.

GENERAL TREMBLAY: Mr. Chairman and Gentlemen,—I was called yesterday morning by the President of our Board of Trade to appear before you to replace another member of the Board of Trade, who could not possibly come. I could not prepare a paper, in which I might tell you concisely what is required. However, I know pretty well the sentiments in Quebec and I am here to tell you what they are. We are very strongly in favour of the utilization of Canadian routes so far as our export grain is concerned. We size up the situation in this way. We have at the present time at our disposal two Canadian routes,—one via Fort William or Port Arthur, one of the Georgian Bay ports, Montreal and the St. Lawrence, and the other the National Transcontinental route from Winnipeg to Quebec which is the shorter. At the present time one is used and the other is not. We of Quebec think that the Transcontinental Railway should be used. I do not want to repeat what Dr. Magill and Mr. Richardson have told you. It is quite easy to deduce that grain follows the easiest channel, the cheapest route. I think you will probably all agree with that. During the last year we have given considerable study to this grain question in Quebec; because we think it is absolutely essential, if we want to have our trade functioning properly, to receive in Quebec our proportion of the grain shipments. We have paid particular attention to this Transcontinental Railway as a grain carrier, and we think that it could be utilized, and it can compete with the rail and water route via the Georgian Bay ports.

First of all there is from Winnipeg to Quebec by the Transcontinental a distance of 1,350 miles, which makes the Transcontinental Railway route at least 200 miles shorter than any other. The question of grades you are familiar with. The grades eastward on the Transcontinental from Winnipeg are four-tenths of one per cent. So far as we know, the other lines do not compare at all with those grades.

According to the information we have procured, a locomotive on the Transcontinental will haul about twice as much as it will over the other lines.

By Hon. Mr. Bennett:

Q. Could you state that in cars?—A. In cars.

Q. I mean, can you give the number of cars?—A. I understand that last winter some grain was hauled over the Transcontinental, and some trainloads consisted of 80 cars.

Q. Good. And how many bushels in a car?—A. The average load would be probably 1,100 or 1,200 bushels per car.

Q. Some of them around 1,500?—A. Even 1,500.

By the Chairman:

Q. I think that would be about the average?—A. We went so far as to consult the Interstate Commerce Commission as to cost of operation, to ascertain whether the Transcontinental would compare favourably with the other roads, and I have brought with me a very interesting table from the Interstate Commerce Commission which shows the cost per mile in the operation of a freight train.

The cost per freight train mile as given in these statistics is \$1.99; this figure being the average cost of operation over the large steam roads of the United States, during the period from January to October 1920—last year. This figure of \$1.99 covers all expenses directly incurred in the running of a train, such as locomotive repairs, enginemen, fuel, other locomotives and train supplies, enginehouse expenses and trainman, but does not allow for the maintenance of the road and maintenance of the rolling stock, administration expenses. An allowance of 100 per cent is suggested as a fair proportion to cover these last items.

If these statistics from the Interstate Commerce Commission are right, then the cost of carrying a bushel of grain from Winnipeg to Quebec, and returning the cars back to Winnipeg comes to less than .18 cents. Then it follows that all charges on grain over .18 cents would be a profit, and all goods carried from Quebec to Winnipeg in those trains would be a clear profit.

By the Chairman:

Q. What is the present rate?—A. There is none given over the Transcontinental as far as I know. I am comparing the possibilities of the Transcontinental route from Winnipeg to Quebec with the route Winnipeg—Fort William—a Georgian Bay port and Montreal.

By Hon. Mr. Willoughby:

Q. You are quoting the rate now per train mile per ton?—A. No, per bushel.

Q. \$1.99, taking American Roads?—A. Yes, sir.

Q. The railway department has figured the cost of transportation a little higher than that: some put it as high as \$2.50 for increased coal and more inclement weather conditions interfering with the movement of freight; do you think \$1.99 would be an adequate charge here?—A. It probably would be, on account of the low grades over this line, since the average grades on the Transcontinental will be lower than the average grades of the average American line. A good locomotive will burn coal specially when moving over heavy grades; changing from a low grade to a steep grade is what affects the coal proposition. I should think this would compensate for the surplus price for coal in Canada. If these figures are right, it would mean that any charge over .18 cents would be carrying grain with profit from Winnipeg to Quebec. Any freight carried from Quebec to Winnipeg—there is bound to be some—will be a clear profit to the line. We had the Railway Commission in Quebec last winter to hear our case with reference to this transport question and the route via the Georgian Bay to Quebec was discussed at length. We objected to having Quebec placed on the same footing at Boston and West St. John, which are Atlantic ports

while we are a St. Lawrence port. We claimed that we belong more to the Montreal district than to the Boston or Portland or St. John district. A look at the map will show our point quite clearly.

The C.P.R. tariff No. E.3554 which is now in force quotes a rate of 19.34 cents, per 100 pounds from Goodrich and Port McNicholl to Montreal, while the rate quoted to Quebec, West St. John and Boston is the same, namely; 20.17 cents per 100 pounds. The difference comes to half a cent per bushel in favour of Montreal. The railway rate to Montreal absorbs the elevation at the elevator six-tenths of a cent per bushel and the switching charges on the wharves about one-third of a cent, while it does not at Quebec. All these little items added means that a bushel of grain transported from a Georgian Bay port to a Montreal elevator will cost about one and a half cent less than if it were transported to a Quebec elevator.

The ocean rates from Quebec and Montreal to Europe being the same, then it follows that grain cannot travel via Quebec because the total transportation charges are one and a half cent per bushel higher than via Montreal.

By Hon. Mr. Bennett:

Q. Do you mean, if the train arriving from a Georgian Bay port to Montreal was run on to Quebec and shipped by vessel there?—A. Yes, sir.

Q. Via the Transcontinental?—A. No, sir. The Transcontinental does not touch the Georgian Bay ports.

Q. Take it to Montreal, then rail it on right to Quebec.—Yes, sir.

Q. Then put in on a vessel there, it would be one cent and half a bushel more than Montreal—A. Yes, sir, according to the C.P.R. tariff No. E.3554 Supplement No. 8 which is now in force.

Q. Suppose it came down to Quebec from the Georgian Bay port by water instead of by rail.—A. There is no fixed rate of that kind as far as I know.

Q. Mr. Richardson referred to those 90,000-bushel boats to-day at Montreal. This same class of boat could go to Quebec?—A. Yes, sir.

By Hon. Mr. McCall:

Q. But they don't go through to Quebec?—A. No sir, they stop in Montreal, but I should think the proper place to transfer grain from these boats to ocean vessels would be Quebec, as the larger vessels cannot always take full cargo in Montreal on account of the channel.

By Hon. Mr. Willoughby:

Q. It could not cost anything like to .02 cents per bushel to take the grain by boat, the distance from Montreal to Quebec is only 180 miles by water?—A. 180 miles is about the right distance. We would like very much to have the grain transferred in Quebec from the lake boats to the ocean going vessels. Then we think that one Canadian Port functioning in summer is not sufficient for Canada. At the present time Montreal is the only port having access to the Atlantic in a position to function efficiently; we think that a special effort must be made in the interest of our country towards a greater utilization of the port of Quebec. The United States have many ports that they utilize and we think that Canada should have more than one port in operation. Should anything happen to Montreal at the present time, a drop in the water level, an important obstruction in the channel, a strike or something similar, then we would be at the mercy of the American ports, because we are not preparing for such eventualities.

We think it would be advisable to arrange our transportation rates so that our two summer ports Montreal and Quebec can both function in a satisfactory way.

By Hon. Mr. Tanner:

Q. You propose to bring that about by what means?—A. The first means of course would be the utilization of the Transcontinental Railway.

Q. The witnesses that have been here say that there is no grain at Winnipeg, that all the grain is stored at Fort William, because that is the key of the position where they may have grain to sell; how are you going to get over that?—A. You have public Elevators in Saskatoon, Moosejaw, Regina, Calgary, with a capacity of 7,500,000 bushels at present and country elevators in the western provinces with a storage capacity of about 130,000,000.

Q. The witnesses, as I understand it, told us that a man who has grain to sell will only put it at the best distributing centre; that he would not put it back in Moosejaw, because there are great disadvantages as compared with Fort William?—A. Quite right.

Q. At Fort William he has the command of the Canadian market and the American Ports; how are you going to overcome that?—A. By having as Dr. Magill said, some elevators along the Transcontinental route; Winnipeg would probably be the best place, unfortunately there are practically no elevators in Winnipeg.

Q. But we are anxious to understand how it could be overcome?

By Hon. Mr. Webster:

Q. I think we interrupted you: had you something more to put into the evidence?—A. I don't know exactly how far I reached, but as far as we are concerned down there, the main points are that we think one port is not sufficient, that we should have two ports functioning in the summer; then we think that the Transcontinental, having been built at such a heavy price, should be utilized.

By Hon. Mr. Tanner:

Q. You don't think Quebec can be made a port like Montreal by legislation?—A. No we don't, but if we could get rates to compete so that it would not cost more via Quebec than it would via other ports, then we would go after the trade and get it ourselves; but at the present time it is impossible, because it costs more via Quebec than by other routes.

By Hon. Mr. Willoughby:

Q. Are you not able to develop the water trade at Quebec yourselves? Why cannot you bring to Quebec the vessels that now go to Montreal?—A. We have started a very small movement of that kind. Mr. Richardson, about two days ago sent a barge with 50,000 bushels of oats and 11,000 bushels of corn down to Quebec. It was for the local market, and we hope that in time he will increase the number of barges coming down to Quebec.

By Hon. Mr. Bennett:

Q. Isn't it a fact that that elevator is equipped on the St. Charles River as an elevator lighter?—A. Yes, we have a marine tower there to unload barges, and the capacity is good.

Q. What is the capacity of the elevator now?—A. 2,000,000 bushels.

Q. And your loading galleries?—A. 60,000 bushels per hour.

Q. That is for shipping into the ocean-going vessels?—A. Yes, sir.

Q. What is the capacity for unloading barges?—A. I should think it would be in the neighbourhood of 30,000 bushels per hour. We have two legs working, but I would not certify that figure.

Q. That is on the St. Charles River?—A. No, sir, in the inner basin.

By Hon. Mr. Webster:

Q. From your close study of the situation what suggestions have you to offer the Committee whereby they might co-operate with you in getting a share of this trade to Quebec? Is there anything besides the freight rate on the Transcontinental that we could do?—A. It is only the freight rates that we want adjusted so that a bushel of grain will not cost more via Quebec than via the other routes. As long as

the ocean rates are the same from Montreal or Quebec, then it is only fair to ask that the railway freight rates to Quebec and Montreal be made the same. At the present time we are handicapped by this extra charge of one and a half cent per bushel.

By the Chairman:

Q. You don't mean to say that the ocean rate to-day from Quebec is higher than Montreal?—A. The rate is the same.

Q. And for the shorter distance you would like to see a slight difference?—A. Yes, sir, we would.

Q. You have the benefit of insurance?—A. We have a lower insurance rate but that does not amount to much while the difference in the freight rate against us is one cent and a half per bushel. Besides on another important point is that our port is opened earlier in the spring and closes later in the fall than Montreal. If the rates prevailing through Quebec were the same as the other routes, we could make full use of this advantage.

By Hon. Mr. Bennett:

Q. That is an important point.—The length of the season?—A. Yes, sir.

By the Chairman:

Q. How many liners have you regularly now? We have the *Empress of France* and the *Empress of Britain*, they are the only two boats.

Q. They stop at Quebec?—A. Yes, sir.

By Hon. Mr. Webster:

Q. But the *Empress* boats do not carry any grain?—A. No, sir.

Q. Have you considered whether the Canadian Merchant Marine could help you out at Quebec on the question of ocean transportation?—A. I think they could because we have been assured by the Superintendent or Manager, Mr. Teakle, of the Canadian Merchant Marine, that should we have any grain going to Quebec he will be highly pleased to send the boats to transport our cargo,

Q. So there is no scarcity of tonnage if you have the cargo?—A. No, sir.

Q. You made a trip through the West lately?—A. Yes, sir. I saw some of the grain exporters, including Mr. J. A. Richardson and many others, and we discussed the proposition quite at length, and practically Mr. Richardson told you what he told me—that as a question of sentiments the Canadian exporters will use Canadian ports and Canadian routes provided it does not cost them any more, but the moment it costs them more they have to use American routes.

Q. But the rates now in force show 1.3/10 cent in favour of Canadian ports over the American?—A. That is new to me, at that time it didn't.

Q. That is, to Montreal as compared with New York?

The CHAIRMAN: But not Quebec?

The WITNESS: Quebec would be 1½ cents, more than Montreal according to this tariff. This is the latest tariff; it is in force from the 15th April.

By Hon. Mr. Willoughby:

Q. What are you quoting from?—A. That is the C.P.R. tariff. No. E. 3554, supplement No. 8.

By Hon. Mr. Tessier:

Q. You mean 1½ cents. More from Quebec to England?—A. No, sir, from Goodrich or Port McNicoll, that is, the Georgian Bay ports, to Montreal as compared with Quebec it costs 1½ cents per bushel more to Quebec than to Montreal.

By the Chairman:

Q. And the ocean rate is the same?—A. Yes, sir, so it is impossible for us to get any of that trade.

By Hon. Mr. Willoughby:

Q. Would it be possible that the Railway Commission would give you a meeting, when you could put your own views before them?—A. They did last winter.

Q. Did they write a judgment?—A. No, sir, we have had no judgment so far.

Q. It was an informal discussion?—A. No, sir, the Railway Commission had a regular sitting in Quebec at our request to listen to our complaint on this rate question with reference to grain transportation, and we expect a judgment as promised by the Commission, but it has not come out yet. The subject discussed was exactly the same that we are discussing to-day. We asked for the Montreal rates, claiming that it was unfair to class us with St. John and Boston. Then when the question of the Transcontinental was taken up, which was the main point as far as we were concerned we were told by the Chairman that the Commission had no jurisdiction over the Transcontinental Railway.

By Hon. Mr. Bennett:

Q. How many miles is it from Montreal to Quebec on the Government Railway—not the C.P.R.?—A. They are all about the same 180 miles.

Q. Your submission is that when Montreal is closed in the fall the Government should give you a rate over that line of railway from Montreal to Quebec, so that with your lengthened open season you could transfer the ships?—A. Of course we would like to run all summer.

Q. But it appeals more particularly when Montreal is closed?—A. Yes, sir, via that route it would.

By Hon. Mr. Tanner:

Q. What does the C.P.R. say to that?—A. Oh, they are against it, because they say, "We don't want to haul grain 170 miles without compensation." That is their point of view, but the moment we bring out the question of the Transcontinental they don't want to face that at all.

By Hon. Mr. Tessier:

Q. What is the Transcontinental rate?—A. There is no rate at all.

Q. I suppose you want to get a rate?—A. The line is not taken in as a factor at all; there is no rate on the Transcontinental.

By the Chairman:

Q. Mr. Hayes said he had never been asked by shippers to quote a rate; he says if they gave a rate to Quebec it would affect the rates to other points, and as there is no grain going on the Transcontinental they would lose any profit on grain going to other points; that shippers had not suggested sending grain to Quebec and were not therefore asking for rates?—A. When we ask the grain exporters we are told that they would like to use that line provided they are given a satisfactory rate.

Hon. Mr. TESSIER: If there was a rate it would be much easier to induce shippers to use the Transcontinental, even though they may not ask for it.

By Hon. Mr. Bennett:

Q. In the spring of the year there is always a lot of grain at the head of the lakes and Fort William also?—A. Yes, sir.

Q. And you would have the advantage of getting out the grain early in the spring, as well as the corresponding advantage of carrying it out late in the fall by reason of your open port?—A. We would.

Q. The other day we saw a lot of pulpwood lying there, a large or small part of it is destined for export to Great Britain?—A. It was stored there.

Q. Where is it intended for?—A. For England I believe so. They didn't know themselves.

Q. Where is it intended for?—A. They didn't know themselves.

Q. Is there an export trade to Great Britain or the continent?—A. No there is none at all at present.

By Hon. Mr. McCall:

Q. In pulpwood and pulp?—A. Pulp or paper if there was any.

By Hon. Mr. Bennett:

Q. Pulp, I should say has there ever been such a trade?—A. I would not be able to give you this information, but at present there is no exportation of pulp from Quebec.

By Hon. Mr. Tessier:

Q. There has been from Saguenay, ports, to Europe and to England.

By Hon. Mr. Bennett:

Q. There is no hope of an export trade in that direction?—A. Well there is good hope, but at present there is no shipment of pulp from Quebec.

By Hon. Mr. Webster:

Q. That is due to general trade conditions?—A. I believe so, sir.

By Hon. Mr. Tessier:

Q. Is there any shipping from the Saguenay ports there?—A. Yes, they have been shipping some from there, that is from St. Alphonse.

By Hon. Mr. Webster:

Q. You have heard Mr. Richardson say that the exporting of grain through Canadian ports was largely a matter of merchandising?—A. Yes, sir.

Q. From your observation do you consider that the lower freight rate by rail to Quebec will assist you greatly in exporting grain?—A. A great deal.

Q. You are satisfied you could get the steamers?—A. We are satisfied of that as far as the information we have received. The Canadian Merchant Marine, for instance, would be delighted to have some ships come and we know that there are some shipping people in Quebec. I might cite Mr. Barrow for instance, who would be very pleased to have cargoes for their ships.

Q. Then you have discussed the export trade with those large shippers?—A. Yes, we have.

Q. What do you gather from that as the most outstanding objection and disadvantage to using your port?—A. Well, they would come to our port, they would have no objection at all, as a matter of fact I think they would sooner come to Quebec, provided they found the cargo required to load the ship.

Q. It is those exporters and not the railway who provide the cargo?—A. Yes, sir, but they will use the cheapest route.

Q. Is it they that provide the cargo?—A. Yes, but the cargoes will go to a certain place provided the rates are not any higher than any other place. For instance it is quite impossible to accumulate a cargo at Quebec at the present time on account of the rates.

By Hon. Mr. Tessier:

Q. If you had a reasonable rate established on the Transcontinental, do you think that shippers would be tempted to use that for grain, if they could get a low rate?—A. I should think so.

By Hon. Mr. Webster:

Q. Mr. Hayes said that they were prepared to consider a rate just as soon as the exporters would offer them the business. If a satisfactory rate was established we would go after the trade ourselves.

By Hon. Mr. Tanner:

Q. Mr. Hayes stated here that if he were asked to quote a rate on the Transcontinental for grain he would quote a rate considerably lower than the existing rate, but that in six years he had never been asked to quote a rate?

By Hon. Mr. Webster:

Q. And if he made a rate it would only be a paper rate—those are the words he used, that means that nobody would use it?—A. Why not give the line a fair trial by quoting this paper rate, if it is not used nobody will suffer by it. With such a rate we could go after the trade ourselves and it would give us a chance of showing what we can do.

By Hon. Mr. Tanner:

Q. Mr. Hayes says a paper rate is no good, you have got to go out for the business. With a rate we can go after the business but without this paper rate how can we do it?

By the Chairman:

Q. Here was his point; he said they had a paying rate now from Fort William and the head of the lakes to the different points, from which grain is shipped, and supposing they reduced the rate to Quebec it might immediately bring a cutting in the part of other roads, with no benefit to them whatever, because there was no grain offered to Quebec; I thought that was a strong point he made, and I would like to see that refuted by some one?—A. But I should think the rates could be regulated so that both routes could be used. It is quite true that the lake route is being used intensively at present, as we have heard from Mr. Richardson and Dr. Magill the routes via Georgian Bay ports to Montreal; but that is not sufficient to provide for all the grain that we are exporting. The other route the Transcontinental is not being used at all, of course the surplus has to go off via the States. It seems to me that a way could be found so that both could be utilized, that is the Transcontinental routes and the Georgian Bay route.

By Hon. Mr. Webster:

Q. How to find that is the problem?—A. That could be regulated by the Canadian National Railways, it seems to me.

Q. But they are not trade solicitors?—A. Quite so, sir, but we will do the solicitor part when we are given a rate that is not detrimental to us. With the present rates in force we are told by the grain exporter that he cannot utilize Quebec because our route is more expensive, so we have absolutely no chances of success until the rates are adjusted.

Q. In comparing those Georgian Bay ports with Montreal some gentlemen go farther and say "We want a rate from Winnipeg to Quebec of a certain figure;" then another witness says that a rate from Winnipeg is nothing at all because there is no grain at Winnipeg for export, it is merely a selling market, and you have to go back to Moosejaw; then another witness comes and tells us that Fort William is the great distributing centre, and it is no use discussing Winnipeg at all because Fort William is the distributing point and the rates are made there, and you must base

your calculations from there?—A. That is one reason why the Transcontinental route has not been considered so far, because the Transcontinental does not touch Fort William. Grain coming east via the Transcontinental would not pass by Fort William but would travel direct from Winnipeg to Quebec.

Q. There is no elevator at Winnipeg.—A. Our three Transcontinental lines, namely: the C.P.R., the C.N.R. and the National Transcontinental pass through Winnipeg. From Winnipeg the C.P.R. and the C.N.R. travel in the direction of Fort William while the National Transcontinental passes a long distance north of Fort William. In order to control rates there seems to be only one way; that is that rates be quoted from the wheat growing centres to Winnipeg, then another quotation from Winnipeg to the Atlantic ports or any intermediate points.

Q. Mr. Lanigan showed us in his opening remarks how Fort William had been established as a great grain centre, and it was almost impossible to-day to back the stream up, to change the methods that have been in force so long, and make Winnipeg the distributing centre which Fort William is to-day; he said you could not do it without abandoning a great many elevators, a great deal of capital and a great deal of work, that has been done in connection with the grain trade for the last 25 years?—A. If the present way of establishing rates are maintained it means that the Transcontinental will never be a grain carrier, because they quote a rate from the prairie provinces to Fort William. Fort William is not on the Transcontinental line. To Quebec the rates would have to be made in a different way.

Q. The Transcontinental line passes through Fort William?—A. No, sir, it does not; it passes through Armstrong, up north.

By Hon. Mr. Bennett:

Q. In other words, you want it to go along the straight line instead of making the loop down to Fort William.—A. I would not say all the grain but a portion of it.

By Hon. Mr. Willoughby:

Q. What you want is a cheap prairie rate with better facilities.—A. The grain exchange is in Winnipeg, wheat is bought and sold there; it seems logical that there should be a rate from the prairie provinces to Winnipeg, then rates from Winnipeg spreading east, in order to bring the National Transcontinental in the movement.

By Hon. Mr. Tanner:

Q. Did you hear Dr. Magill's explanation about the grain market this morning?—A. No, sir.

Q. His story was practically the same as Mr. Lanigan's as I understand—if you are going to get a rate from Moosejaw you will have to revolutionize the whole system of handling grain in the West?

The CHAIRMAN: That is what we want.

WITNESS: It means that to a certain extent, but not totally. For instance, in Quebec at present we are not after all the grain that is produced out west, far from it. We don't want the elevators at Fort William and Port Arthur to close down. We are asking that both routes the National Transcontinental and the Georgian Bay route be utilized.

By Hon. Mr. Tanner:

Q. As I understand it, now the exporter is at Fort William?—A. He keeps his grain there in storage.

Q. You want the exporter to go back to Moosejaw, but how are you going to get him to do that?—A. He does not have to go back to Moosejaw.

Q. He has to buy his grain somewhere.—A. I should think a convenient place to storage his grain would be in Winnipeg if we had elevators there to accommodate the exporter along the National Transcontinental route.

Q. He buys it at Fort William now?—A. A large quantity I should think because the grain is in storage at Fort William and Fort William, being along the only route utilized at present the grain naturally flows there.

Q. If you had 10,000,000 bushels of grain you are going to store it at the point where you can easily market it?—A. Yes, sir.

Q. They all agree in saying that Fort William is that point; now I am in sympathy with you?—A. Dr. Magill also agreed if I remember well, that Winnipeg and possibly Cochrane would be convenient storage points if elevators were available there. As the Transcontinental from Winnipeg to Quebec is not being considered as a grain carrier, it follows that the new elevators whenever they are required are built at Fort William, because Fort William is no doubt the most convenient point along the C.P.R. and C.N.R. As long as this policy is followed the National Transcontinental is greatly handicapped as a grain carrier.

By Hon. Mr. Bennett:

Q. You are in a different zone for grain that comes from the upper lakes or any point to Montreal; they charge you a higher rate, say, from Midland, on the Georgian Bay to Montreal?—A. Higher to Quebec than Montreal.

Q. Your contention is that you should be on the same rate of freight in Quebec, even though they have to carry it a greater distance?—A. Yes, sir, as long as the Transcontinental Railway is not being utilized as a grain carrier.

By the Chairman:

Q. Have you any further statement to make?—A. I would like to add a few words in reference to the elevators, Mr. Richardson has demonstrated what an important factor they are to the grain exporters in the handling of their grain. Fort William elevators have a storage capacity of over 50,000,000 bushels and the elevators at Buffalo nearly 100,000,000 bushels. The Canadian Pacific Railway and the Canadian Northern Railway are the two transcontinental railways feeding Fort William, the National Transcontinental passing north of Fort William. Along the National Transcontinental Railway there is one elevator at Transcona close to Winnipeg with a capacity of 1,000,000 bushels only and another one at Quebec with a capacity of 2,000,000 bushels. It is quite clear that there are no adequate grain storage facilities along the National Transcontinental Railway and we claim that the new elevators required to storage grain by the increase of the grain production in the Prairie Provinces, should be built along the National Transcontinental route in order to procure for this line better grain storage facilities, and bring a proper equilibrium in this respect between the two available Canadian Grain carrying routes.

By Hon. Mr. Bennett:

Q. To meet the trade by the Transcontinental?—A. Yes, sir, we are not asking that the elevators at Fort William cease to function, but we think that we require to utilize both Canadian routes if we wish to handle our export grain. The elevators of Fort William are required to feed the Georgian Bay ports and the port of Montreal, but elevators are also required along the National Transcontinental Railway to accommodate this very important Canadian Route. I heard Dr. Magill a few moments ago say that Winnipeg would be a convenient place for storage elevators and the port of Quebec will require more elevators when the National Transcontinental is utilized.

By Hon. Mr. Webster:

Q. Did you discuss with the western shippers the question of making Winnipeg or Moosejaw a distributing point rather than Fort William?—A. No, sir, we did

not discuss that point; but it was finally agreed that our terminal ports—that is, Montreal, Quebec, St. John, Halifax, did not have enough elevators to accommodate the grain exporters. The elevator facilities were not sufficient. We would require at least twice as much as we have at present if we are to handle our own grain.

By the Chairman:

Q. How are we to put it up to the Government now if you are not at present using the 2,000,000 elevators at Quebec? They will say you have that why don't you use it?—A. The Quebec elevator is not being utilized because the rates on grain via Québec are higher than the rates via the other ports. Should we have a rate consistent with the geographical situation of Quebec, this elevator would be operated at full capacity—what we require is a competitive rate.

May 18, 1921.

Mr. J. S. ROYER, General Manager, Messrs. J. B. Renaud & Co., Quebec, and a representative of the Quebec Board of Trade, appeared as a witness and testified as follows:

I do not see that I have much to add to what General Tremblay just illustrated. The only point to my idea, which needs to be made absolutely clear in order to divert the freight to Quebec, and not to upset the actual regulations of inland carriers, is that Quebec should be put in the same zone as Montreal. Thereby, if the rates of freight to Montreal are satisfactory to the exporters, to the trade in general, and a portion of the Canadian grain is going by the port of Montreal, if Quebec was put on the same zone, automatically a share of that traffic would come to Quebec. As long as we are not in the same zone as Montreal we cannot expect to have that grain to Quebec, because, as Senator Webster illustrated a few minutes ago, it would change the whole system of rating all over Canada. If Mr. Hayes was to give a special rate of freight over the Transcontinental to Quebec, the other lines would have naturally to follow. But what would upset that would be to transfer Quebec from the eastern zone over to the central zone. That is what I think will help the situation, and that is what we have requested from the Railway Commission last winter. But I understand the C.P.R. put up quite a fight over it.

By Hon. Mr. Webster:

Q. I see that Mr. Ross, the President of the Quebec Board of Trade, last September suggested to the Honourable Mr. Meighen that the Government railways should carry this western grain all-rail to Quebec and Montreal at three cents per bushel cheaper than the lowest rate to New York?—A. Well, they might do it logically, on account of the distance and the special construction of the road; but again, they dare not do it, or they are afraid to do it, because they fear the disturbance of the rates of freights in general.

By the Chairman:

Q. That is exactly what Mr. Hayes stated here?—A. That is what they pointed out to me; and Mr. McGinnis, of the National Railway, illustrated to me very clearly that it was an impossibility to be done. On the other hand, if Quebec was switched along the zone, and placed on the same footing as Montreal, then they would have the right to do it, and the Transcontinental would then have the advantage of issuing rate competing with the lake-and-rail, which they have not got to-day.

Q. And it would not affect the other rates?—A. It would not affect the other rates.

By Hon. Mr. Webster:

Q. You think that by doing that you would get your share of the freight to Quebec?—A. Mr. Richardson just said so. To-day we had a report by Mr. J. S. Thom, of the Board of Trade, that there were 15 barges in the harbour of Montreal which were wait-

ing for space in the elevators to unload. Mr. Barrow just stated before the meeting there that there would certainly be many more within a short time, because the ocean carriers were not coming from England on account of that strike. Now, here is the port of Montreal just blocked with grain; boats are there tied up for perhaps two weeks or a month or so, and here in Quebec we have the space, and we have a nice harbour, and everything is empty, there is not a boat in the harbour—all that because we have not got a freight rate. Now, as regards to central distribution of wheat, I think Dr. Magill said that wheat had to be shipped at the central distributing point. I admit that and logically Fort William and Port Arthur are certainly ideal centres; but I know, because I am connected with the grain business, that there is a certain quantity of grain which is sold, as Mr. Richardson said, in advance for future delivery a month or two or three months hence. So, what is there to prevent those shippers, if they had the rate to Quebec, to start their grain movement from the prairies right down to Quebec, and use our elevator as a transfer over to the boats? There is a great quantity of grain that is handled that way, which is sold before it leaves the producing centre.

Q. Have you ever considered that the firm of J. B. Renaud & Co., one of the most important firms in Quebec with which you are associated, should go into the export grain business, and therefore arrange all those necessary operations to make successful the handling of export grain through Quebec?—A. No, Senator, we never did, because we thought we had our hands full with the local trade. You see, our business has always been domestic—local business—and we have never catered or never thought of export business at all, because export business is a business by itself; you have got to follow the stock markets, fluctuations of the markets.

Q. You are following the markets in the grain business?—A. Well, we are, but just for our local organization.

By the Chairman:

Q. You would not care to extend to the exporting business?—A. I would not say we would not care; if we saw there was an opportunity we would avail ourselves of it.

Q. Mr. Hayes stated here the other day that they were never asked for a through rate from the West, from Moosejaw or any other point, via the Transcontinental for export, but if he were he would be glad to quote a lower rate?—A. To Quebec?

Q. To Quebec or other ports, but he has not the demand?—A. As Mr. Richardson pointed out a few moments ago, the export business is all an organization by itself and built up with years of connections. They can succeed, and we would just burn our fingers.

Q. You would have to ask Senator Webster, and a few others, and you could form an expert business?—A. Under normal conditions that could be started all right.

By Hon. Mr. Webster:

Q. Quite a point was made of the fact that those seaboard export houses diverted the business largely the way they want it, either through American or Canadian ports as they might elect; now, if we had similar firms in Quebec they would have the say as to how the grain should be exported, and we could work back then with the railways and also with the steamship companies?—A. But I think that with transportation facilities that would come eventually. When we would see business transacted by the buyers we would take a fancy for it and would like to have a little trial. That may come eventually, but we have never thought of it, because we hadn't the advantages that other port has, that is the truth.

By the Chairman:

Q. The Government has done its share in equipping the port, building the elevator, and giving every facility possible for shippers and exporters to use the port of Quebec; but the Government and railways, as you know, are not grain traders or grain dealers?—A. I know.

Q. They give you the facilities; now it is for somebody to take advantage and use these facilities. I invited Senator Richardson, head of the Richardson & Son firm, to visit Quebec in 1917, when I was Chairman of the Quebec Harbour Commission. We had the pleasure of having his nephew, the present head of the firm, as a witness here to-day. Senator Richardson at that time expressed to me the opinion that if ever Quebec was to become an export grain centre some company would have to be organized to take advantage of the port of Quebec's advantage as a grain shipping point. Dr. Magill practically said the same thing to-day in a different way. We have business men in Quebec as alert and active and intelligent as are to be found anywhere else in Canada. It seems to me that what Senator Webster has accomplished for the coal trade in Quebec, which was insignificant and stagnant before he took hold of it, could as well be accomplished in the grain trade. For instance, if the firm of J. B. Renaud and Company, with which you are connected, and a few others would get together and form a grain export company to take advantage of the facilities of the port of Quebec and secure the trade, I have no doubt that Mr. Hayes would be only too pleased to quote a rate sufficiently attractive to enable you to secure the traffic.

THE SENATE,

COMMITTEE ROOM No. 368.

May 25, 1921.

The Committee met at 10.30 a.m.

Mr. J. W. NORCROSS, President of the Canada Steamship Lines Limited, appeared as a witness and testified as follows:—

You want information, I suppose, about transportation by boat. There has been a considerable discussion about the amount of grain going through the United States instead of through Canadian ports?

Hon Mr. TANNER: That is the whole question.

Mr. NORCROSS: We get a weekly report from all over the country and the figures are correct. I expected that was probably what you wanted, so I have brought with me our last report. It shows the amount of grain at the head of the Lakes taken by boat to Buffalo. The Minister of Railways called me up on the phone some time ago and said that all the grain was going by Buffalo instead of coming through Canadian channels to Montreal. At the present time the two elevators at Montreal are full, and the elevators at Port Colborne are full to the roof. That is the transfer point for the grain: it either goes to Buffalo for shipment to New York, or down the St. Lawrence, so to-day this route by the Welland Canal is going to its capacity, for the reason that you have not got enough transfer houses. At Port Colborne they can load faster than the grain can be transhipped at Montreal. Montreal has a storage capacity of approximately 9,000,000 bushels of grain. The elevators there are full: instead of unloading vessels in nine or ten hours, it takes fifty hours.

By the Chairman:

Q. Why does it take so much time?—A. The elevators are full and they work only fourteen hours instead of twenty-four.

Q. Why not send some of the grain to Quebec?—A. The shipper has that in his hands. A cargo goes down which is not a full cargo of any particular grade of grain, and there may be twenty-five different shippers in that cargo, and half a dozen different grades may be destined for different ports. They do not stop at Quebec.

Q. You carry grain from Montreal to Europe, do you not?—A. We do a little—not much.

Q. You have ships that could be used for that purpose?—A. Yes, but it is a liner business. Sometimes a shipment consists of only 30,000 or 40,000 bushels. There may be twenty consignees for that small quantity of grain.

By Hon. Mr. Tanner:

Q. Is the delay caused by anything at Port Colborne?—A. No, at Montreal.

By Hon. Mr. Willoughby:

Q. Montreal Harbour Commissioners gave a statement of quantities they were prepared to unload per day?—A. They are prepared to unload, but they do not unload it. If they could unload at night they could increase their capacity considerably—by one-third I should think.

By Hon. Mr. Turriff:

Q. Are there vessels enough calling at the port of Montreal to take more wheat than is going down the St. Lawrence?—A. Shippers can get all the ships they want.

Q. As I understand, your statement is that the unloading facilities are less in capacity at Montreal than the loading capacity at Port Colborne?—A. Yes.

Q. And also less than the capacity of the outgoing steamers?—A. Yes, considerably. The capacity of ships for grain is about 25,000,000 bushels a month—that is, they can handle that.

Q. At what rate are they loading in Montreal?—A. Up to date, about 11,000,000 bushels this season.

Q. In how long?—A. Up to about the 19th of this month.

Q. Who has charge of the shipping at Montreal?—A. The Harbour Commissioners. There may be some very good reason why they do not operate twenty-four hours, but the fact is we have been endeavouring to get them to extend the operation of the elevators to full time.

Q. That is a point that wants to be brought out and called to the attention of the Harbour Commissioners and the Government, that they are not using the loading and unloading capacity of the harbour, and that is one of the causes why less wheat is going by the Canadian route than by way of Buffalo.

By Hon. Mr. Tanner:

Q. What you say is that they have sufficient elevator capacity if they would work more hours?—A. Yes, and they need more elevators. I am not a grain man, and I can only tell you what I know. A shipper will get so much free storage at the head of the Lakes. The vessel is loaded there and it comes down the Lakes and goes into elevator, and he gets 30 days' free storage, and he saves just that much extra cost. He has ten free days on the Lakes coming down, he has ten days at Port Colborne, and at Montreal he has ten days more, so he may move his grain to Montreal to take advantage of that and thus contribute to the blocking of the elevators. They should have more capacity than 9,000,000 bushels,—I should say they should have at least 5,000,000 more than that.

By Hon. Mr. Turriff:

Q. Could they not use that storage capacity in Quebec?—A. There is another situation. When the shipper gets his grain to Quebec he is handicapped: he cannot get it shipped. The ships will not take it because they have to go to Montreal for a full cargo.

By the Chairman:

Q. There are elevators at Quebec?—A. Yes. The elevator might be full and there might be 300 shippers. For instance, say I were shipping 100,000 bushels and took it to Quebec. If I had a chance to ship it out by way of Portland, I could not move it to Portland or to St. John, and I would have my grain held there.

Q. They should be able to now since they have the bridge?—A. It is a long trip, and you have to consider the cost of transportation. In the grain business, it moves

very fast. I might have 100,000 bushels in Montreal and a chance to sell it on the floor before it arrives, or just when it arrives, and when people are trading on a basis of a quarter of a cent a bushel they do not want to lose time. When they trade on such a small margin they do not want to take any risk in holding it.

By Hon. Mr. Tanner:

Q. I notice that a statement was made by a western member in the House of Commons that the reason why the rates on grain did not come down was because the Lake freighters were excessive?—A. I will give you some information on that. Take the rates via Buffalo, from the head of the Lakes, that is 15 cents a bushel in American funds. That means that you add 2 cents more for exchange making it 17 cents in Canadian funds, because you have to buy it anyway.

By Hon. Mr. Bennett:

Q. Does that include all the charges of elevating, etc.?—A. Yes, everything including insurance.

By Hon. Mr. Willoughby:

Q. That presupposes that you include railway to New York?—A. Railway or canal, whichever way you wish. They do not use the Erie canal much. When a man has grain to sell, he considers the time it would take on 400 miles of canal. The rate from the head of the Lakes to Georgian Bay ports and to Montreal is 14.01 in Canadian funds. There is a difference of a cent a bushel and the exchange even is in favour of Montreal if it is via rail from Georgian Bay to Montreal. By water to Port Colborne and Montreal the rate is 13.4 against 15 cents via Buffalo, and is payable in Canadian funds.

By Hon. Mr. Bennett:

Q. And the Lake boats would carry 100,000 bushels?—A. We have one ship that carries 500,000 bushels.

Q. But would not a vessel carry 90,000 bushels to Montreal?—A. Most of the grain goes by the through route. The shipments of grain from the Canadian head of the Lakes from the opening of navigation this season to the night of May 19th have amounted to 29,000,000 bushels. The quantity carried from Fort William to Port Colborne, including wheat, oats, barley and other grains, was 7,689,000 bushels. That was carried to Montreal via Port Colborne. The quantity of all classes of grain carried from the Canadian head of the Lakes during the same period to Buffalo was 8,840,000 bushels. The quantity carried to Georgian Bay ports up to the same date was 9,969,000 bushels. But out of this 8,000,000 that went via Buffalo, a great deal was not exported, it was domestic grain brought down before the Emergency Tariff went through, and they were piling all the grain they could put into the elevators and that took 827,000 bushels. They are rushing all this grain in there. But to offset that we have brought American grains through to the port of Montreal to the extent of 7,000,000 bushels, so it has offset the shipments of Canadian grain by way of Buffalo. That is something the people do not know; because 7,000,000 bushels of Canadian grain go to Buffalo it does not mean that we are not getting something to compensate for it.

By Hon. Mr. Turniff:

Q. Where does that American grain come from?—A. Mainly from Chicago. Some comes from Milwaukee, but not very much. The statement I have here is rather complicated, because it is for our own information, but I will get up a statement with less detail. The statement I have here comes from the head operating department of the Lakes every week, and explains why we do not get freight. We are sure that by working longer hours in Montreal we can either reduce charges, or the company can almost pay its dividends out of the increased earnings.

By Hon. Mr. Willoughby:

Q. You are talking of despatch this year: is the shipping normal, or is it slower than in other years?—A. The shipping is larger. In the fall of the year we have the heaviest shipments. We have not had them in the spring. It is not the fault of the Commissioners that the hours of shipping are not longer, because they are anxious to get the grain through their port. It may be that they are not able to work twenty-four hours a day, but if it is possible, they should do it. Our company has done more to induce the shipment of grain by the St. Lawrence route than any others, because it is our business—it is our life.

By the Chairman:

Q. You carry grain on the Lakes?—A. Yes.

Q. And you carry it to Montreal?—A. Yes.

Q. Do you carry it from Montreal?—A. No, it passes out of our hands there.

By Hon. Mr. Willoughby:

Q. If you can carry the grain to Montreal you prefer it?—A. Yes. We opened an office in Chicago last year, and of course we had all American brokers against us, but 80 per cent of this grain that has been carried by Canadian ships is our grain, which we have solicited in Chicago and carried through Canadian channels.

By the Chairman:

Q. You carry it to Montreal from Chicago?—A. It comes from Chicago to Port Colborne and is shipped by the St. Lawrence route.

Q. But you do not do a special business of carrying it across the Atlantic?—A. We do some, but not much. The big shipments across the Atlantic are carried by tramps, that is vessels that go anywhere cargoes can be got at the highest price. I made arrangements to represent a company that owns Norwegian vessels, so we load tramps that we induce to come and move cargoes and keep the port free.

By Hon. Mr. Bennett:

Q. In view of the fact that the Government of Canada own the line from Depot Harbour to Montreal and from Midland to Montreal, and that there is a deficit on the operation of these railways, what are the chances of those two lines of railroad to Georgian Bay doing an increased business?—A. They are doing most of the business now.

Q. But the Government want more revenue. Can you make any suggestions how they could improve the business on their lines?—A. There is no use cutting rates: that will not get them business. The rate is considerably below the Buffalo rate now, three cents a bushel.

Q. That is, the rate by the Government Railway from Georgian Bay ports is better than the Buffalo rates?—A. Yes. Our rate is a little more than a half cent lower by way of Port Colborne.

Q. Let me ask you this: Assuming that there were two boats on the Upper Lakes for the whole season, and one was to ply to Georgian Bay ports and the other one to Buffalo, which vessel would have the advantage in the combined carriage, rail and water, that is, which could carry more grain during the season?—A. If the vessel had good dispatch to Georgian Bay ports and was sure of traffic she could possibly do better by the Georgian Bay route, but the great trouble is to supply those big ships with freights. We can carry 25,000,000 bushels, but there is not that much to move, and therefore in the summer season there is not enough business to do. But if a vessel goes to Buffalo with grain she can get a return load of coal at fifty cents a ton which compensates for the greater distance, because by the Georgian Bay route there is no return freight.

Q. Having regard to the ore carried to the United States what difference could you make for carrying coal back?—A. All of them carry all they can get.

Q. Will the coal in sight keep them going all season pretty well?—A. It would not keep the whole fleet going.

Q. What is your observation of the ore carriers owned by the Steel Trust and other big fellows: do they go back with coal in the summer or do they go light, or do they take all they can get?—A. They have an enormous fleet. It depends of course on the ore. If the ore rate is high nobody wants to carry coal but if the ore rate is normal, as it is to-day, they want to get all they can.

Q. What proportion do those vessels going down with ore and returning with coal get?—A. I should say offhand 40 per cent of the going back load.

By Hon. Mr. Willoughby:

Q. Do you ship to Georgian Bay ports at all?—A. Oh, yes.

Q. For transshipment by railroads?—A. Yes, we could not begin to take care of the requirements of our Upper Lake fleet through Port Colborne. We have to go to Georgian Bay ports.

Q. You are in competition with the Canadian Pacific Railway?—A. Yes. They do not carry grain, but carry flour; but we have competition. There are two Upper Lakes Companies, the Playfair and the Matthews, and there is quite a lot of competition.

Q. You are not in competition with any line that has lake and rail routes?—A. Not lake and rail.

Q. About the insurance, it has been stated in Western Canada repeatedly that there is discrimination on vessels in the insurance rates?—A. It is not discrimination: it is the amount of risk. If you have a risky voyage you pay more for insurance than for a voyage that is not risky. The insurance by water to Montreal is much greater than by Georgian Bay, because there is more danger on the canal system, where a vessel might start a rivet going through a lock, and there would be enough leakage to spoil the grain at the bottom and take away the premium paid.

Q. Do you allow the shippers sending freight by your boats to place the insurance where they like?—A. Oh yes, they do it.

Q. And they all carry the same sort of policy?—A. There are only, I should say, a dozen under-writers that handle this grain insurance, and the shippers therefore have all to insure in the same companies.

By the Chairman:

Q. The insurance on the St. Lawrence on sea-borne freight is very much too high, is it not?—A. On the Trans-Atlantic cargoes the rate is twenty-seven and a half cents out of Montreal, in competition with the rate from New York to Liverpool of twenty cents.

By Hon. Mr. Willoughby:

Q. That is at this time of the year?—A. The through rate is .55 on the Canadian route against .40 on the New York route.

By the Chairman:

Q. The rate varies with the season, I suppose?—A. Yes.

By Hon. Mr. Willoughby:

Q. You are comparing the rate from Montreal to Liverpool with the rate from New York to Liverpool, and you say the rate is twenty-seven and a half cents per hundred dollars on the Canadian route and twenty per hundred dollars on the New York route?—A. Yes.

Q. Does not the rate become more unfavourable as the season advances?—A. I do not know what the rate is in the late fall. This insurance is not our business, and I only brought it up because I thought you wanted to ask me about its bearing on the question of transportation.

By the Chairman:

Q. The insurance gets higher as the season advances in the St. Lawrence?—A. Yes, late in the season.

Q. After October it gets higher?—A. It does in the fall of the year. The insurance on a liner is not as expensive as the insurance on a tramp. The tramp has to pay larger insurance to come up the St. Lawrence, and that is why we are not getting as many tramps as we would like. For instance, if a man wants a charter he pays so much for one trip up the St. Lawrence, and there is quite a little difference between the rate up the St. Lawrence and the rate to New York. The insurance is fixed by the latitude, and that is meant to exclude the St. Lawrence River. If you go north of a certain latitude you pay additional premium. If a tramp were to take a yearly policy and place himself in the liner class, of course he would get a reduced rate.

By Hon. Mr. Bennett:

Q. Is the insurance rate through the canals higher than it is on the Upper Lakes?—A. Yes, via Georgian Bay to Montreal there are two or three kinds of insurance. Insurance is an awfully complicated thing, especially marine insurance. The insurer places insurance on shortage; he cannot afford to take any chances. He may ship on a vessel a certain kind of freight, and he might be broke because of a shortage of grain. Instances have occurred where a vessel came to Georgian Bay and her shortage amounted to more than the freight, and the owner ran the vessel at a loss. He did not get anything out of the freight. The insurance to the head of the Lakes is thirty cents per hundred dollars. The shortage insurance is nine cents by water and the insurance through to Montreal is sixty cents.

Q. That would mean transshipping at Port Colborne into canal boats?—A. Yes, or direct, either one.

Q. Do you place anything in that sixty cents for shortage?—A. Yes, and nine cents for insurance.

Q. So it gives a preference of thirty cents to the Georgian Bay route?—A. Yes. I am giving you the lake end of it. I have based the rates on a valuation of \$2 per bushel, because it was easier to figure it out. However, I will prepare a short report giving you all that information and accompanying it by explanatory notes.

By Hon. Mr. Willoughby:

Q. I think we would like to have the figures taking the grain at the head of the Lakes and showing the cost by the various routes.—A. I will separate the routes, giving a separate sheet for each route.

By Hon. Mr. Turriff:

Q. And include the insurance charged?—A. Yes.

Q. Because that insurance represents quite a difference—over a half a cent per bushel.—A. I will prepare the statement showing details.

By Hon. Mr. Bennett:

Q. What is your observation of the trend of the grain trade in the early summer months when the wheat comes into Chicago?—A. Is it transhipped at Georgian Bay ports and from those ports distributed in the Eastern States in competition with the Buffalo route?—A. I think you would come up against the coasting laws if you attempted that. I do not think they will allow American grain to go through Canadian territory when the destination is to points in the United States.

Q. I mean for local consumption? The grain is carried from Chicago to Midland and other Georgian Bay ports, and thence by rail to Montreal. From Montreal you can distribute the grain to eastern cities better than you can via Buffalo. Have you done much trade of that nature?—A. We have not done any.

Q. In past years considerable trade was done that way?—A. Yes. I do not think that we have solicited any.

Q. But that would not interfere with the coasting laws. Your vessels run between the head of the Lakes and Midland. Then the Government Railways take it and cross the bridge and distribute it in the Eastern States?—A. If they allowed us to do that we would probably have to allow them to bring grain in American ships down the Lakes to Buffalo—Canadian grain—and transfer it into American ships and bring it down to Montreal, for export, which is exactly the same thing.

Q. Will you take a note of that and give us what information you can upon that point?—A. Yes. They used to be able to do that, but they have changed their laws considerably.

Q. We want to get increased trade for those Government railways, if it can be got, as well as for Canadian ships. In the fall of the year when the real rush of grain is on, there is a great competition between Canadian and American shipping after the oil vessels are through with the ore trade?—A. Yes.

Q. And that is to the detriment of Canadian shipping so far as getting quantities is concerned, is it not?—A. Yes.

Q. As the grain trade is on the rush in the fall to get it to a point east of Fort William, what is the difficulty of having a large number of vessels loaded and allowing them to be frozen in at Georgian Bay ports, where the grain could be shipped out in the winter months?—A. We do that as far as possible. We always load storage grain on the last ships in the fall, and we loaded some almost up to Christmas last year. Then we go to the Georgian Bay ports and take very little to Port Colborne. We load everything we can at the head of the Lakes, and carry the grain to the Georgian Bay ports where it is unloaded and put into cars and taken to Portland or St. John or Halifax.

Q. And that is advantageous to Canadian shipping and to Canadian Government Railways?—A. Yes, and there are a number of United States vessels engaged in that trade. Only a certain number of vessels can get down: others are on the way up, and the insurance expires at a certain date.

Q. It is a question of money?—A. It is a question of how much you are willing to pay. I suppose you could make an insurance contract for a vessel up to the middle of January if you are willing to pay the price. We move a great deal of grain through Portland, I think as fast as they can ship it by rail.

By Hon. Mr. Willoughby:

Q. You speak of loading vessels and allowing them to be frozen in at Georgian Bay ports: do you not also store wheat in the same way at the head of the Lakes?—A. Yes.

Q. Is there any considerable part of that taken out in the winter time from the head of the Lakes?—A. Yes, quite a large quantity. If a man is in a hurry for quick shipments, he will move it out in winter by Halifax, St. John or Portland.

By the Chairman:

Q. From your large experience of navigation, what do you think of bringing a large part of the wheat from Buffalo to export at Montreal or Quebec? Can you suggest any way by which, in your opinion, part of that grain can be brought down the St. Lawrence?—A. I think one thing you lack here is publicity. Nobody knows that you have an elevator at Quebec except some shipping lines. The grain shipper at the head of the Lakes may have heard of it—just heard of it, but does not know anything about it. The same with a man who brings his ship to Montreal to load.

He discharges there. If you had a full cargo of No. 1 wheat to ship at Quebec it would be all right, because the ship would go there and take on a full cargo, but if a portion of that had to be taken on at Montreal to finish a cargo it would be a different matter. It would take some education to improve that trade at Quebec. The miller who buys this wheat in England will have to know, and if he knew he might be able to arrange his shipping so as to collect freight there and make up a cargo. To-day there must be about fifteen different grades of wheat alone, besides the different grades of oats, rye, barley and other grains, and your elevators have not enough capacity. They have only capacity for 2,000,000 bushels. It would not take long to fill a 2,000,000-bushel capacity elevator with different grains. You might have 10,000 bushels of one grade that might not half fill the bin. I remember when I first went to Quebec in 1902 that we shipped grain out of Quebec. I was manager of the Great Lakes and St. Lawrence Transportation Company, a line of vessels built specially for Welland Canal trade and carrying 76,000 bushels. They were all alike and all American ships, and we were down there to exploit the port of Quebec. We operated those vessels for two years. We had floating elevators and took them there to load alongside the ships. After two years we found that we could not get freight. We carried 2,000 barrels of flour and had to go to Montreal for cargo. We were faced with so many different grades that it was difficult to make up a cargo. There was a liner that came in there and had an arrangement with the Great Northern Railroad—the Leyland Line. That was a line that started from Quebec and we brought there wheat and oats, and they had to give it up in the end, because they could not make a go of it.

By Hon. Mr. Tessier:

Q. When was that?—A. In 1902.

Q. What is the name of the line?—A. The Harding line.

Q. But that was sold and passed into the hands of another line.

Hon Mr. TANNER: I suppose that is because they could not make it pay.

WITNESS: I do not think they were making any money: I know we did not.

By the Chairman:

Q. Would the improvement in our canal system which has been advocated help to bring the grain down by the St. Lawrence by ships?—A. Yes, I think when you get the canal system completed between Port Colborne and Montreal and especially between Prescott and Montreal, grain will go to Quebec. Those big ships will go there. I notice that one of your witnesses said that ocean vessels will go to the head of the Lakes, but I am afraid he is optimistic. The improvement of the canal system, will allow 50,000-ton ships to go to Montreal and discharge, and Lake vessels will carry much more on shallower draft than ocean vessels. I do not think many ocean vessels will try to ascend the St. Lawrence further than Montreal.

Q. I understand you to say that it would be a great advantage were the canal system improved to bring those lake boats down to Quebec, which in your opinion could be done for a very small additional charge—about the Montréal charge?—A. A little over.

Q. And lower rates might be quoted for grain from Quebec to Liverpool than from Montreal to Liverpool?—A. I think so, for this reason: in time we are going to see freighters carrying twelve to fifteen thousand tons of ore across the Atlantic. I cannot speak for the Dominion Steel Company, but there is such a large amount of ore required on the other side that they are putting up terminals to handle ore fast. To-day they handle only 600 tons in a day, while in the West we can handle 1,000 tons an hour. They require big ships of fifteen or twenty thousand tons so as to carry ore, and as they will not be carrying ore all the time they will carry some grain. Those vessels will never come up to Montreal unless the channels are improved.

By the Chairman:

Q. So in your opinion the improvement of our canal system would be a great help to bring down grain by the St. Lawrence route?—A. Not only a great help to you, but you will get ninety per cent of the American wheat to be shipped.

By Hon. Mr. Bennett:

Q. And the Government railways from Georgian Bay to Montreal will go to rust for want of the grain trade?—A. No, I do not think so. You must remember that you will have to have other outlets for this grain. You are taxed to capacity now: what will it be ten or fifteen years from now?

By Hon. Mr. Willoughby:

Q. What draught were you contemplating in the St. Lawrence Canals to accommodate traffic of that kind?—A. Fourteen feet, and twenty-five feet on the Welland.

Q. I suppose you do not expect that ocean-going vessels will use that at all?—A. No, the underwriters for one thing would stop it, they would have to carry such an enormous excess insurance.

By the Chairman:

Q. Has an estimate been made of the cost of deepening the Canal between Prescott and Montreal?—A. I do not know. The Waterways Commission, I believe, are working on that. The deepening of the Canals, apparently, from what I have heard, is not going to be the worst matter, because they will dam above the rapids and no doubt could sell the power rights for enough, practically, to take care of the cost.

By Hon. Mr. Bennett:

Q. With the Welland Canal deepened, the big freighters would be able to leave in the fall of the year loaded down with wheat and take it to Oswego and from there it could be shipped to New York?—A. That is not likely, because the canal would be closed for the winter, and if the grain had to be shipped by rail it would cost almost as much for freight as if it were shipped from Buffalo. You see Oswego is off the line.

Q. But there would be the improved rail route from Oswego?—A. Yes, but it would be more natural for the shipper to go to Ogdensburg and take the Central Vermont from there to New York, because it is the shorter line. When the Welland Canal is completed it is going to aid the New York State Canal. That is something we will have to look forward to, but I do not believe it is going to make any difference in the end. Even then we will not have outlet enough to meet the increased freight.

Q. They speak of using vessels carrying 90,000 bushels of wheat?—A. They may, but I doubt it.

Q. They say that with specially built vessels of shallow draught it can be done?—A. We are getting a vessel to carry 100,000 bushels, but the draught is 14 feet.

Q. The Erie Canal can take a longer boat than our canal, but they are handicapped by having a lighter draught?—A. We have Prescott which is just abreast of Ogdensburg. If we can bring our grain down to Prescott we have a shorter run to Montreal, only about 100 miles.

Q. Is the depth of the new barge canal system of New York State nine or twelve feet?—A. It is twelve feet.

Q. What is your observation in England about the trend of the trade? Will there be more wheat and less flour going over by reason of the increasing number of flour mills in England?—A. I was talking with a Mr. Rank who is connected with a firm that practically control the milling business in England. During the war they increased the capacity and efficiency of their mills, until they are equal to ours, so

they say. When I was there Canadian flour was selling at five shillings a barrel less than other flour. That was under Government control. Mr. Rank told me that they would not be importing Canadian flour, that they would compete and bring in other grain and grind their own flour.

By Hon. Mr. Tessier:

Q. They want to do the milling themselves?—A. This is what I understand: the flour we grind is not exactly what the Englishman wants. It is a good flour, but it is not what they are used to. Mr. Rank told me they would use in his mills eight million bushels of hard wheat. Of course he gets grain from the Argentine, and uses American grain, and blends the flour. That makes a little difference in the flour and apparently suits the English better. Of course this is his idea.

By Hon. Mr. Bennett:

Q. That is the question that you discussed in England?—A. Yes.

Q. They have a greater variety of flours to meet the taste of the English?—A. Yes, and they are putting up more modern elevators to handle the wheat. In fact, he told me that they had just completed one at Bristol.

Q. What is the capacity of the elevators?—A. Not nearly the capacity of our elevators, but they have facilities for rapidly unloading ships.

By Hon. Mr. Willoughby:

Q. As I take it, for the immediate future your only suggestion is to increase our exports through our own channels rather than by American channels, is by an extension of facilities at Montreal for handling grain and improving loading facilities?—A. That would help a lot. There is 1,500,000 bushels of grain at Port Colborne. Vessels cost \$1,200 a day and they may be detained there three or four days or a week, and in that way the owners are losing the freight on the cargo. When a man experiences such a delay he says "I will not go to Port Colborne any more", especially if he is the owner of an American ship. There is nowhere in the world where transportation is as cheap per ton per mile as it is on the Great Lakes. Take grain at 2 cents a bushel and figure it out per mile, and the ocean freights are so much in excess that it is a joke, and the reason for that is quick dispatch. If you put a boat into Port Arthur or Fort William you can load it from a big elevator. The first year that the Government requisitioned the grain I had something to do with it, late in November. Before that, a ship would go into port for a cargo of 100,000 bushels and would take some from one elevator for say, Mr. Shith, and from another for another owner and that took time, but we had no such difficulty. The Government owned it all, and we decided that if a boat came in, and there was enough of the proper grade of wheat in one elevator, we would take the cargo there and load the vessel in three or four hours instead of 24 hours. It helped the elevators. The elevator at Port Colborne is the fastest elevator in the country. They will unload 500,000 bushels in 11 hours, and have done it. That is what makes cheap rates—quick dispatch. You take a little boat that carries 75,000 or 80,000 bushels and keep her waiting several hours waiting for a load, and her freight is gone. Naturally the owner must have more freight to make it pay.

Hon. Mr. Willoughby:

Q. We have, as you know, in Canada a system of grading and a variety of grades of grain. On the American side their grades are not numerous and they sell altogether by sample?—A. Their grades are not so numerous, and their grain is not so popular. If a man in England gets a Winnipeg certificate he is satisfied, but he is not satisfied with any kind of a certificate from the United States, because he does not know what he is going to get.

Q. The large number of grades we have in Canada makes it necessary to have a larger number of bins for storage?—A. Yes.

Q. And it retards to some extent the movement of the grain?—A. It does. Of course there are not so many grades shipped by water as there used to be, because there are those cleaning and mixing houses at the head of the Lakes.

Q. Would you be kind enough in your statement to put separately the Lake rates from the total rates?—A. I will.

By Hon. Mr. Bennett:

Q. What is the rate from Port Arthur to Port Colborne?—A. Two and a quarter cents.

Q. And from Port Colborne to Montreal?—A. It is 11 cents through—I will have all that in the statement, and up to date.

By Hon. Mr. Willoughby:

Q. The rates you are speaking of in the Upper Lakes are considerably higher than they were for several years prior to the war?—A. Yes, we used to hire firemen for \$20 a month: we pay them \$70 now.

Q. I am not making a complaint: I am asking for information?—A. The rates are higher. I should say that two and a quarter cents from Port Arthur to Port Colborne is about as low as you can get it. The rate depends largely on the price of coal. For instance, we used to get coal for \$2.25 per ton; now it is \$7.75.

By Hon. Mr. Bennett:

Q. What is the rate to-day from Fort William to the Bay ports?—A. One and three-quarter cents.

Q. As against two and a quarter to Port Colborne?—A. Yes.

Q. In the fall of the year when the rush of grain is on and there are more or less snowstorms and winds on the Lakes, would the advantage be in favour of going to the Georgian Bay ports or going to Port Colborne by way of Sarnia and Detroit?—A. In the fall of the year when these storms occur, a vessel must have cargo to go back. Some of them carry enough water ballast so it does not make such a difference. As you know, the prevailing winds are nearly north-east and north-west, and those smaller vessels carrying 60,000 or 70,000 tons that have no water ballast find it difficult to go up the Lakes in the fall, and the rates on coal go up, so that the thing balances itself.

Q. I have seen in the marine reports accounts of where large vessels were tied up at the lime-kilns for a day and a half because of fog or snowstorm?—A. Fogs are one of the difficulties we have to encounter, and if you get heavy north-west winds it lowers the level of the water. An owner who has a charter will take into consideration all that, and also take into consideration dispatch. For instance, he hears that Port McNicoll is blocked. He would not take a cargo to McNicoll; he says "I will go to Port Colborne or Buffalo; they are free".

By Hon. Mr. Willoughby:

Q. You have given a comparison between the all-rail rates from the head of the Lakes and the rail-and-Lake rates, have you not?—A. The difference in rates to-day between Buffalo and Montreal I have stated. To Buffalo it is 15 cents American funds from the head of the Lakes, and it is 13.4 in Canadian funds by the Montreal route, so there is not really much reason for anybody to kick.

By the Chairman:

Q. The difference in favour of the Canadian route is about 2 cents, allowing for the exchange?—A. A little better.

By Hon. Mr. McCall:

Q. Is it true the rates from Fort William, by water and rail to Montreal and the all-water rate from Fort William via Port Colborne to Montreal are in one season or one time or another about at a par?—A. About par. To-day they are a half cent cheaper by water than by rail.

Q. Now, as between Fort William and Buffalo to New York and Fort William by either route that you have named to Montreal, are they about equal?—A. No, they are cheaper by the Canadian routes by considerable.

Q. There was something said at a former session about the difference between carrying grain to Montreal and carrying grain to Quebec for shipment. Would there be any advantage in shipping grain at Quebec?—A. I am afraid not. You would have this difference: you would have two and a half cents a bushel in favour of the shipper by the Canadian route if he could ship in a hurry, as against New York. He has that spread, so you can pay two cents more a bushel to Quebec and still be in the same position as if the grain were at New York.

Q. Then in considering the question of developing the Canadian trade through the Port of Quebec from the West, can this committee recommend to the Government that a substantial reduction be made on grain rates from either Winnipeg or other inland points to Quebec as a means of promoting through trade in that direction?—A. I do not think it will make much difference. As I have said the shipper is the man who controls. The shipper can get a lower rate as a rule by a liner than by a tramp, and he does not ship much at a time. He can ship as small a lot as 8,000 bushels, if he wants to, or three times that if it suits him. The liner really controls the business.

By Hon. Mr. Casgrain:

Q. The liner is glad to get it anyway?—A. Yes. In loading a liner the first thing they put into the ship is grain to give stability. If they put in the grain last they might stop at Quebec, but the grain must be put in first. Take a big ship like the Empress of France, they carry so small a quantity of freight that it does not make any difference to her; about 1,100 tons I think, would be about her capacity.

By the Chairman:

Q. Do the passenger liners take wheat?—A. No.

By the Hon. Mr. Bennett:

Q. Are there many boats going down from Fort William, with cargo capacity of about 50,000 bushels, to Montreal with grain?—A. No, the vessels carry 71,000 or 72,000 bushels and they come through, but there are only twelve of them in operation.

Q. You mean this season?—A. Any season.

Q. Are they seeking back freight?—A. Yes.

By Hon. Mr. Willoughby:

Q. Who would be a good man to give us information about Lake insurance?—A. There are several, Mr. Cowan, our man, has just left for England and will not be back for thirty days. He knows more about that insurance than anybody. The underwriters have never made much money from Lake insurance: some months they make money and then drop the rates and they are sure to lose. The grain insurance, on the cargo itself, has been profitable; but the insurance on the hulls has not been profitable. It gives them good earnings but not excessive. It seems to me that the Government should do something about the insurance rates on the St. Lawrence. You must remember that a vessel that goes up the St. Lawrence is charged an extra rate of insurance over New York. The distance is no greater; the hazards, I suppose, are or the insurance would not be higher, but something should be done to put Montreal and Quebec on a parity with New York. If a tramp line makes a business of coming up the St. Lawrence and makes regular trips, something should be done.

By Hon. Mr. Tessier:

Q. I understand that a great part of the business of your company is carrying grain on the Great Lakes and the St. Lawrence?—A. Yes, our principal business is carrying grain and coal.

By Hon. Mr. Bennett:

Q. But the liner seems to be able to command the carrying of the outgoing grain from Quebec as against the tramp?—A. Yes. Their competition would not be much if you could get the tramp to come here. There are a good many things that keep Quebec back as against New York. For instance, before the war a tramp would load in England for Argentina. Discharge cargo there and come north and take on coal at Newport News and get freight there or at New York. If she had to come to Montreal there would be that additional cost, but that trade is all upset now. I do not know that things will ever get back to normal.

SCHEDULES

SCHEDULE

EXPORTS

Memorandum for Senate Committee.

QUANTITY OF CANADIAN WHEAT EXPORTED FROM CANADA TO UNITED STATES AND TO OTHER COUNTRIES

Canadian Customs Ports	1915		1916		1917	
	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries
	bush.	bush.	bush.	bush.	bush.	bush.
Ontario—Total	1,466,668	26,427,220	4,395,805	103,462,815	9,668,185	104,630,765
Amherstburg	—	—	2,619	—	—	—
Bridgeburg	1,352	1,286,874	10,201	45,710	2,015	3,333
Brockville	—	—	—	—	—	—
Cornwall	—	—	—	1,096,646	—	270,770
Fort Frances	—	—	1,305,892	1,100	5,060,756	—
Fort William	129,861	13,454,782	2,497,461	72,059,536	2,598,737	70,251,083
Gananoque	—	—	—	—	37	—
Kingston	—	—	—	—	—	—
Morrisburg	—	—	—	—	—	—
Niagara Falls	1,071	1,404,011	23,327	147,847	2,073	29,012
Port Arthur	1,317,382	10,272,553	556,287	29,637,337	1,974,794	34,076,567
Prescott	12,000	9,000	—	10,200	—	—
St. Catharines	—	—	—	464,439	—	—
Sarnia	5,000	—	18	—	27	—
Sault Ste. Marie	2	—	—	—	—	—
Windsor	—	—	—	—	29,746	—
Quebec—Total	545,415	34,716,536	3,668	38,219,180	141,709	57,794,420
Abercorn	334,733	197,117	100	2,678,423	137,268	1,948,201
Athelstan	—	—	—	—	—	—
Beebe Junction	—	—	—	—	—	—
Coaticook	—	6,128,217	—	12,442,530	—	21,181,324
Cookshire	—	—	—	—	5	—
Montreal	—	27,888,492	—	22,588,605	—	33,438,377
Quebec	—	—	—	—	—	1,003,039
St. Armand	—	—	3,017	—	4,436	6,105
St. Johns	210,682	502,710	551	509,622	—	217,374
Sherbrooke	—	—	—	—	—	—
Nova Scotia—Total	—	588,657	—	688,100	—	509,443
Halifax	—	588,657	—	687,133	—	509,443
North Sydney	—	—	—	967	—	—
New Brunswick—Total	—	5,966,542	—	6,601,157	—	7,926,500
McAdam Junction	—	—	—	1,022	—	—
St. John	—	5,966,542	—	6,600,135	—	7,926,500
St. Stephen	—	—	—	—	—	—
Woodstock	—	—	—	—	—	—
Manitoba—Total	1,649,679	—	2,678,290	37,297	5,240,060	—
Brandon	810,103	—	1,155,933	—	518,869	—
Emerson	105,647	—	225,734	12,392	2,536,109	—
Gretna	733,921	—	1,296,623	24,905	2,084,882	—
Winnipeg	8	—	—	—	10,200	—
British Columbia—Total	42	122,368	15,197	18,757	39,296	81,137
Abbotsford	—	—	348	—	21,901	—
Cranbrook	37	—	—	—	998	—
Fernie	—	—	—	—	—	—
Grand Forks	5	—	—	—	1,514	—
Greenwood	—	—	—	—	—	—
New Westminster	—	—	—	—	—	—
Prince Rupert	—	—	—	—	—	—
Vancouver	—	122,368	14,849	18,757	14,883	81,137
Victoria	—	—	—	—	—	—
P. E. Island—Total	—	36	—	15	—	—
Charlottetown	—	36	—	15	—	—
Alberta—Total	7,400	—	7,943	—	5,361	—
Lethbridge	7,400	—	7,943	—	5,361	—
Saskatchewan—Total	422,822	—	1,264,426	352,817	3,195,672	501,298
Moose Jaw	—	—	12,881	—	114,611	—
North Portal	422,822	—	1,251,545	352,817	2,785,910	501,298
Regina	—	—	—	—	295,151	—
Yukon—Total	—	—	2	—	—	—
Dawson	—	—	2	—	—	—
Total	4,092,026	67,821,359	8,365,331	149,380,138	18,200,283	171,443,563

	1915	1916	1917	1918	1919	1920	1921	1915—1921
Recapitulation— To United States	4,092,026	8,365,331	18,200,283	23,537,501	1,992,409	6,661,588	42,324,894	105,174,032
To Other Coun- tries via United States	33,255,264	119,484,526	128,485,067	82,139,371	15,760,458	22,589,833	49,977,224	451,691,743
Via Canadian Sea Ports	34,566,095	29,895,612	42,958,496	44,715,165	24,056,030	48,726,616	36,913,039	261,831,053
Total	71,913,385	157,745,469	189,643,846	150,392,037	41,808,897	77,978,037	129,215,157	818,696,828

ROUTING OF CANADIAN EXPORT TRADE

"A"

OF WHEAT

BY CANADIAN CUSTOMS PORTS, DURING THE YEARS ENDED MARCH 31, 1915 TO 1921, INCLUSIVE.

1918		1919		1920		1921		Total 1915-1921	
To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries
bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.
18,990,558	65,156,676	1,365,967	1,071,749	5,045,136	336,097	35,906,702	36,089,805	76,839,021	337,175,127
-	-	-	-	-	-	19,999	-	22,618	-
205,902	-	52,907	-	35,554	-	291,964	736,246	599,895	2,072,163
24	-	-	-	-	-	-	-	24	-
4,009	-	-	-	-	-	1,333	6,110	5,342	1,373,526
8,038,514	-	36,464	-	93,447	-	8,491,066	-	23,026,139	1,100
5,879,347	47,346,935	481,305	358,509	3,319,816	336,097	17,063,746	21,550,414	31,970,273	225,357,356
32	-	-	-	-	-	-	-	69	-
5,785	-	-	-	-	-	16,750	-	22,535	-
250	-	-	-	-	-	-	-	250	-
51,904	2,000	12	-	34,539	-	1,841,895	824,325	1,954,821	2,407,195
4,608,511	17,704,613	747,980	713,240	1,561,709	-	7,543,746	11,657,931	18,310,409	104,062,241
45,007	-	3,633	-	-	-	49,719	1,314,779	110,359	1,333,979
-	103,128	-	-	-	-	-	-	-	567,567
6,982	-	29,849	d	1	-	43,375	-	85,252	-
-	-	11,615	-	-	-	-	-	11,617	-
144,291	-	2,202	-	70	-	543,109	-	719,418	-
158,991	52,503,035	120,509	23,899,579	91,327	54,980,034	161,005	42,256,617	1,222,624	304,369,401
104,710	-	22,549	-	60,495	-	39,824	-	699,679	4,823,741
5,166	-	-	-	-	-	2,484	2,000	7,650	2,000
156	-	184	-	10	-	-	-	350	-
2,062	16,982,695	-	14,688,709	-	22,253,736	1,460	13,868,955	3,522	107,546,166
1,047	-	37	-	-	-	-	-	1,089	-
668	35,520,340	73,322	8,775,817	-	30,413,388	-	28,298,040	73,990	186,923,059
-	-	-	435,053	-	2,312,910	-	-	71,158	3,822,160
35,958	-	7,925	-	16,501	-	72,390	-	140,227	6,105
9,224	-	16,492	-	14,321	-	44,805	16,464	296,075	1,246,170
-	-	-	-	-	-	42	-	42	-
-	926,889	-	2,449,798	-	2,662,140	-	199,514	-	8,024,541
-	926,889	-	2,449,760	-	2,662,068	-	199,084	-	8,022,971
-	63	-	38	-	72	-	430	-	1,570
93	8,168,728	-	12,087,955	113	13,338,174	25	7,877,996	231	61,967,052
-	-	-	-	-	-	-	-	-	1,022
-	8,168,728	-	12,087,955	-	13,338,174	-	7,877,996	-	61,966,030
32	-	-	-	-	-	-	-	32	-
61	-	-	-	113	d	25	-	199	-
2,592,952	-	433,014	-	660,362	-	2,882,472	-	16,136,829	37,297
342,364	-	46,333	-	221,021	-	306,854	-	3,401,477	-
1,328,434	-	36,187	-	181,547	-	2,075,673	-	6,489,331	12,392
904,956	-	348,382	-	199,877	-	473,813	-	6,042,454	24,905
7,198	-	2,112	-	157,917	-	26,132	-	203,567	-
231,049	99,208	3	307,407	36,386	2	113,375	466,328	435,348	1,095,207
45,231	-	-	-	17,922	-	6,450	-	91,852	-
30	-	-	-	-	-	11	-	1,076	-
608	-	-	-	250	-	-	-	858	-
-	-	-	-	-	-	8	-	1,527	-
100	-	-	-	166	-	459	-	725	-
5,756	-	-	-	18,046	-	9	-	23,811	-
-	-	-	-	-	-	19	-	19	-
177,994	99,208	3	307,407	2	2	106,419	466,328	314,150	1,095,207
1,330	-	-	-	-	-	-	-	1,330	-
-	-	-	-	-	-	-	-	-	51
7,818	-	568	-	393,285	-	29,675	-	452,050	51
7,818	-	568	-	393,285	-	29,675	-	452,050	-
1,566,040	-	72,348	-	334,979	-	3,231,640	-	10,087,927	854,115
1,455	-	4,353	-	550	-	215	-	134,065	-
1,278,036	-	54,365	-	236,088	-	3,171,037	-	9,199,803	854,115
286,549	-	13,630	-	98,341	-	60,388	-	754,050	-
-	-	-	-	-	2	-	3	2	5
-	-	-	-	-	2	-	3	2	5
23,537,501	126,854,536	1,992,409	39,816,488	6,661,588	71,316,449	42,324,894	86,890,263	105,174,032	713,522,796

SCHEDULE

EXPORTS OF

Memorandum for

QUANTITY OF CANADIAN GRAIN EXPORTED FROM CANADA TO UNITED STATES AND TO OTHER COUNTRIES BY

NOTE.—The term "Grain" includes: Barley, Beans, Buck

Canadian Customs Ports	1915		1916		1917	
	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries
	bush.	bush.	bush.	bush.	bush.	bush.
Ontario—Total	10,737,677	32,364,697	7,166,367	110,806,090	16,927,568	127,519,595
Amherstburg	7,474	-	4,441	-	2,541	-
Bridgeburg	113,414	1,441,421	330,438	214,301	196,712	589,153
Brockville	-	-	-	-	-	-
Cobourg	3,020	-	1,664	-	968	-
Cornwall	-	859	21,038	1,999,755	-	316,291
Fort Frances	-	-	1,425,880	17,086	7,396,062	210,037
Port William	3,177,863	16,176,298	3,594,429	75,239,260	5,205,105	83,465,802
Gananoque	-	-	-	-	58	-
Goderich	99,999	-	-	-	700	-
Ingersoll	-	-	-	-	205	20
Kingston	-	-	50	-	-	-
Morrisburg	-	-	-	-	20	-
Niagara Falls	184,462	2,718,146	306,028	1,434,856	188,493	513,912
Port Arthur	7,060,360	12,016,944	1,366,023	31,389,944	3,818,614	42,424,380
Prescott	14,661	11,029	2,931	11,450	1,360	-
St. Catharines	-	-	-	499,438	-	-
Sarnia	60,955	-	75,983	-	71,268	-
Sault Ste. Marie	2	-	40	-	51	-
Windsor	15,467	-	37,422	-	45,411	-
Quebec—Total	1,890,120	45,948,635	650,174	53,504,519	330,370	98,774,811
Abercorn	450,075	227,482	432,110	3,209,470	203,091	3,535,703
Athelston	1,719	750	10,396	-	3,247	3,433
Beebe Junction	22,166	-	9,644	5,375	3	1,163
Coaticook	36,386	6,888,091	89,952	17,855,389	8,348	27,331,697
Cookshire	708	-	1,754	-	5,939	-
Hemmingford	-	-	34	-	-	-
Highwater	-	-	-	-	-	-
Lake Megantic	-	-	-	-	2	-
Montreal	127	37,781,960	-	31,706,888	700	65,517,262
Quebec	-	-	-	-	-	1,676,858
St. Armand	701,762	5,250	25,622	26,114	26,338	246,788
St. John's	677,177	1,045,102	79,576	701,283	81,392	461,907
Sherbrooke	-	-	1,086	-	1,310	-
Nova Scotia—Total	2,368	1,075,608	-	3,882,266	-	2,795,486
Amherst	-	-	-	-	-	-
Halifax	18	956,805	-	3,624,387	-	2,675,669
Lunenburg	-	-	-	-	-	-
North Sydney	-	96,499	-	233,383	-	78,555
Shelburne	-	-	-	-	-	-
Sydney	2,350	22,304	-	24,496	-	41,262
Yarmouth	-	-	-	-	-	-
New Brunswick—Total	1,447	8,615,898	388	12,125,325	4,259	16,041,211
McAdam Junction	72	-	36	1,022	36	-
Moncton	-	-	-	-	-	37,800
St. John	-	8,615,898	-	12,124,303	-	16,003,411
St. Stephen	423	-	42	-	119	-
Woodstock	952	-	310	-	4,104	-
Manitoba—Total	2,150,208	-	3,385,951	95,027	6,687,794	440,943
Brandon	1,039,622	-	1,327,904	-	711,366	-
Emerson	183,556	-	552,780	70,122	3,025,129	440,943
Gretna	927,022	-	1,505,267	24,905	2,939,830	-
Winnipeg	8	-	-	-	11,469	-
British Columbia—Total	7,048	159,221	17,427	18,757	43,884	81,315
Abbotsford	1,485	-	618	-	21,966	-
Cranbrook	5,540	-	1,880	-	998	-
Fernie	-	-	-	-	-	-
Grand Forks	5	-	80	-	1,514	-
Greenwood	-	-	-	-	8	-
Nelson	-	-	-	-	-	-
New Westminster	-	-	-	-	1,920	-
Prince Rupert	-	-	-	-	-	178
Rossland	18	-	-	-	-	-
Vancouver	-	159,221	14,849	18,757	17,445	81,137
Victoria	-	-	-	-	33	-
Prince Edward Island—Total	3,676	224,067	450	89,026	-	177,936
Charlottetown	6	198,579	-	79,194	-	107,026
Summerside	3,670	25,488	450	9,832	-	70,910

"B"

GRAIN

Senate Committee

CANADIAN CUSTOMS PORTS DURING THE YEARS ENDED MARCH 31, 1915 TO 1921, INCLUSIVE

wheat, Corn, Flax Seed, Oats, Peas, split, Peas, whole, Rye and Wheat.

1918		1919		1920		1921		Total 1915-1921	
To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries
bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.
31,392,155	85,954,576	3,999,918	1,532,778	9,214,844	3,032,341	39,392,232	41,287,765	118,830,761	402,497,842
373,010	6,655	487,656	34,515	250,084	62,092	487,414	998,216	2,238,728	3,346,353
470	-	-	-	2,046	-	19,999	-	36,501	-
3,501	-	1,300	-	259	-	1,049	-	11,761	-
7,215	9,689	1,552	11,816	2,134	6,095	3,409	7,910	35,348	2,352,415
13,580,786	9,500	288,489	-	580,060	-	9,221,783	4,500	32,493,060	241,123
9,828,533	57,560,788	1,280,903	518,172	5,193,454	2,219,128	18,212,294	23,475,330	46,492,581	258,654,778
32	-	-	-	-	-	-	-	90	-
-	-	-	-	-	-	-	-	99,999	-
5,840	-	-	-	-	-	-	-	700	-
1,153	-	-	-	-	-	16,750	-	22,845	20
143,617	335,268	242,194	225,889	155,516	109,141	1,916,128	1,122,620	3,136,438	6,459,832
7,180,687	27,919,678	1,470,831	713,240	2,875,290	634,777	8,769,832	13,969,789	32,541,637	129,068,752
45,616	9,870	6,908	29,146	16,892	-	76,808	1,491,603	165,176	1,553,098
-	103,128	-	-	-	-	-	217,797	-	820,363
58,965	-	156,933	-	92,323	1,108	103,181	-	619,608	1,108
-	-	11,621	-	47	-	51	-	11,812	-
162,730	-	51,531	-	46,739	-	563,512	-	922,812	-
445,097	73,645,357	319,517	39,008,534	951,302	71,944,819	2,111,458	54,714,059	6,698,038	437,540,734
266,134	187,772	152,227	-	827,837	220,331	854,257	60,010	3,185,731	7,440,768
5,956	39,179	1,014	-	1,981	-	22,367	3,457	46,680	46,819
1,397	-	2,732	-	12	-	13,326	-	49,280	6,538
6,210	17,793,514	8	14,727,120	2	25,199,681	75,125	17,288,340	216,031	127,083,832
2,134	-	3,292	-	-	-	-	-	13,827	-
-	-	-	-	-	-	-	-	34	-
-	-	-	-	-	-	-	-	6	-
-	-	23	-	-	-	-	-	8	-
668	54,892,849	73,322	23,749,757	-	43,826,244	75	37,058,670	74,892	294,533,630
-	620,135	-	531,657	-	2,325,939	-	71,160	-	5,225,749
62,603	-	27,761	-	68,310	-	273,942	-	1,186,338	278,152
99,881	111,908	59,099	-	48,670	372,624	865,022	232,422	1,910,817	2,925,246
114	-	39	-	4,490	-	7,330	-	14,369	-
19	6,905,274	-	3,220,492	43	3,208,785	124	823,235	2,554	21,911,146
-	-	-	-	-	-	-	50	-	50
11	6,703,946	-	2,916,117	-	3,074,142	-	766,166	29	20,717,232
-	750	-	750	-	140	-	-	-	1,640
2	166,433	-	234,341	-	73,767	-	35,837	2	918,815
-	8,080	-	-	-	-	-	-	-	8,080
-	26,065	-	69,284	-	60,736	-	21,182	2,350	265,329
6	-	-	-	43	-	124	-	173	-
6,031	14,319,703	969	16,406,053	10,913	14,760,461	11,282	9,985,874	35,289	92,254,525
213	-	23	-	-	-	75	-	455	1,022
-	-	-	-	-	-	-	-	-	37,800
624	14,319,703	-	16,406,053	-	14,760,461	-	9,985,874	-	92,215,703
5,194	-	206	-	-	-	81	-	1,495	-
-	-	740	-	10,913	-	11,126	-	33,339	-
3,590,580	17,543	751,259	1,883	1,437,526	7,556	3,457,296	1,750	21,460,614	564,702
378,635	-	49,417	-	229,752	-	345,202	-	4,081,898	-
2,073,086	12,903	303,070	1,883	792,388	7,556	2,563,630	1,750	9,493,639	535,157
1,125,375	4,640	390,387	-	253,356	-	507,334	-	7,648,571	29,545
13,484	-	8,385	-	162,030	-	41,130	-	236,506	-
1,310,318	99,213	366,406	375,382	1,164,727	12,846	935,463	528,222	3,845,273	1,274,956
634,372	-	248,858	-	544,722	-	164,539	-	1,616,560	-
31,096	-	5,847	-	294,132	-	274,866	-	614,459	-
3,126	-	7	-	3,003	-	4,093	-	10,229	-
110	-	758	-	490	-	1,823	-	4,780	-
150	-	-	-	1,340	-	459	-	1,957	-
2,230	-	-	-	1,562	-	1,764	-	5,556	-
368,772	-	109,907	-	317,509	-	361,952	-	1,160,060	-
2,472	-	129	-	31	42	19	-	179	220
259,957	99,213	370	375,382	143	12,804	621	-	3,254	-
8,033	-	530	-	1,795	-	125,227	528,222	419,643	1,274,736
-	-	-	-	-	-	-	-	8,596	-
-	61,701	-	90,349	-	52,146	21	54,548	4,147	749,773
-	39,338	-	90,349	-	52,146	21	54,548	27	621,180
-	22,363	-	-	-	-	-	-	4,120	128,593

SCHEDULE "B"

EXPORTS OF

QUANTITY OF CANADIAN GRAIN EXPORTED FROM CANADA

Canadian Customs Ports	1915		1916		1917	
	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries
	bush.	bush.	bush.	bush.	bush.	bush.
Alberta—Total.....	48,653	—	14,169	—	13,409	—
Lethbridge.....	48,653	—	14,169	—	13,409	—
Saskatchewan—Total.....	1,037,017	—	1,690,181	355,291	3,754,980	699,955
Moosejaw.....	—	—	13,629	—	123,034	—
North Portal.....	1,034,223	—	1,676,552	355,291	3,327,882	699,955
Regina.....	2,794	—	—	—	304,064	—
Yukon—Total.....	—	35	2	571	—	33
Dawson.....	—	35	2	571	—	33
Total.....	15,878,214	88,388,161	12,925,109	180,876,872	27,762,264	246,531,285

	1915	1916	1917	1918	1919	1920	1921	1915-1921
Recapitulation—								
To United States.....	15,878,214	12,925,105	27,762,264	38,830,741	5,650,419	13,983,336	49,783,774	164,813,857
To Other Countries via United States.....	40,531,372	133,055,061	160,241,184	104,104,492	16,261,781	28,832,533	58,873,744	541,900,167
Canadian Sea Ports.....	47,856,789	47,821,811	86,290,101	76,899,123	44,373,690	64,187,148	48,522,086	415,950,748
Total.....	104,266,375	193,801,981	274,293,549	219,834,356	66,285,890	107,003,017	157,179,604	1,122,664,772

—Concluded

GRAIN—Concluded

TO UNITED STATES AND TO OTHER COUNTRIES, ETC.—Concluded

1918		1919		1920		1921		Total 1915-1921	
To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries	To United States	To Other Countries
bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.
253,511	-	18,394	-	763,264	-	468,801	-	1,580,201	-
253,511	-	18,394	-	763,264	-	468,801	-	1,580,201	-
1,833,030	-	193,956	-	440,717	-	3,407,097	-	12,356,978	1,055,246
1,556	-	5,791	-	1,053	-	1,381	-	146,444	-
1,541,702	-	173,655	-	334,161	-	3,338,350	-	11,426,525	1,055,246
289,772	-	14,510	-	105,503	-	67,366	-	784,009	-
-	248	-	-	-	727	-	377	2	1,991
-	248	-	-	-	727	-	377	2	1,991
38,830,741	181,003,615	5,650,419	60,635,471	13,983,336	93,019,681	49,783,774	107,395,830	164,813,857	957,850,915

SCHEDULE " C "

DOMINION BUREAU STATISTICS—INTERNAL TRADE DIVISION

LAKE SHIPMENTS FROM FORT WILLIAM AND PORT ARTHUR DURING THE SEASON OF NAVIGATION, 1920, BY PORTS OF DESTINATION, PRELIMINARY FIGURES

	Wheat	Oats	Barley	Flax	Rye	Total	Sample Mixed Grain	Elevator Screenings
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Lbs.	Tons
<i>To Canadian Ports—</i>								
Goderich.....	6,548,016	2,994,946	762,150	292,163	131,371	10,728,646		
Midland.....	8,373,285	1,902,949	569,816		597,850	11,443,900	3,252,397	
Montreal.....	466,169	995,264	1,172,625	91,459	53,585	2,779,102		
Port Colborne.....	14,949,045	120,095	934,747			16,003,887		
Port McNicoll.....	16,636,301	2,609,025	1,605,985	165,677	118,805	21,135,793		
Tiffin.....	8,710,230	1,766,473	715,797	37,845	149,240	11,379,585		
Total to Canadian Ports...	55,683,046	10,388,752	5,761,120	587,144	1,050,851	73,470,913	3,252,397	
<i>To United States Ports—</i>								
Buffalo.....	49,121,015	3,562,056	645,392	470,010	931,867	54,730,340	5,884,353	3,028-1746
Chicago.....	1,600,485	418,213	144,803	36,797		2,200,298		3,238-1780
Cleveland.....	795,800					795,800		
Detroit.....	411,440					411,440		
Duluth-Superior.....	3,678,635		40,613	673,721	121,421	4,514,390		40,086-0610
Milwaukee.....	350,544					350,544		
Sandusky.....	210,000					210,000		
Toledo.....	1,578,415				90,770	1,669,260		
Total to United States Ports.....	57,746,415	3,980,269	830,808	1,180,528	1,144,057	64,882,078	5,884,353	46,354-0136
Grand Totals.....	113,429,461	14,369,021	6,591,928	1,767,672	2,194,909	138,352,991	9,136,750	46,354-0136

NOTE.—The foregoing figures are subject, as usual, to minor revision, which may be occasioned by the discharging of Winter Storage Cargoes at Ports other than those destined to. Final returns will not be available until all cargoes have been unloaded.

SCHEDULE " D "

DOMINION BUREAU STATISTICS—INTERNAL TRADE DIVISION

LAKE SHIPMENTS FROM FORT WILLIAM AND PORT ARTHUR DURING THE CROP YEAR 1ST SEPTEMBER, 1919, TO 31ST AUGUST, 1920, BY PORTS OF DESTINATION

	Wheat	Oats	Barley	Flax	Rye	Total	Sample Mixed Grain	Elevator Screenings
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Lbs.	Tons
<i>To Canadian Ports—</i>								
Depot Harbour.....	658,029					658,029		
Goderich.....	9,352,622	3,038,761	348,552	81,882	120,282	12,942,099	2,258,508	
Midland.....	9,038,522	2,707,635	1,912,612		675,485	14,334,254	5,005,550	
Montreal.....	458,264	1,609,485	1,475,642	21,714	109,134	3,674,239		
Port Colborne.....	19,183,544	216,556	766,405			20,166,505		
Port McNicoll.....	229,549,167	2,713,200	1,540,091	72,822	109,427	33,984,707		
Tiffin.....	11,196,425	730,344	24,440		54,349	12,005,558		
Total to Canadian Ports...	79,436,573	11,015,981	6,067,741	176,418	1,068,677	97,765,391	7,264,058	
<i>To United States Ports—</i>								
Buffalo.....	300,443	4,960,938	417,163	196,410		5,874,954	5,884,353	3,659-1246
Chicago.....	50,000	418,213	144,803	36,798		649,814		2,724-0000
Duluth-Superior.....			40,612	323,434	121,421	485,467		20,183-0890
Port Huron.....	1,016,944					1,016,944		
Toledo.....					90,770	90,770		
Total to United States Ports.....	1,367,387	5,379,151	602,578	556,642	212,191	8,117,949	5,884,353	26,567-0136
Grand Total.....	80,803,960	16,395,132	6,670,320	733,060	1,280,868	105,883,340	13,148,411	26,567-0136

SCHEDULE " E "

DOMINION BUREAU STATISTICS—INTERNAL TRADE DIVISION

LAKE SHIPMENTS FROM FORT WILLIAM AND PORT ARTHUR DURING THE CROP YEAR 1ST SEPTEMBER, 1919, TO 31ST AUGUST, 1920—BY NATIONALITY OF PORTS OF DESTINATION AND CARRIERS

	Wheat	Oats	Barley	Flaxseed	Rye	Total	Sample Mixed Grain	Elevator Screenings
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Lbs.	Tons
<i>To Canadian Ports—</i>								
Canadian Vessels.....	79,436,574	11,015,981	6,067,742	176,418	1,068,677	97,765,392	7,264,058	.....
United States Vessels.....								
<i>To United States Ports—</i>								
Canadian Vessels.....	722,111	2,098,947		137,196		2,958,254	5,884,353	8,957-0340
United States Vessels.....	645,275	3,280,204	602,578	419,446	212,191	5,159,694		17,610-0696
Grand Totals.....	80,803,960	16,395,132	6,670,320	733,060	1,280,868	105,883,340	13,148,411	26,567-1036

SCHEDULE " F "

SHIPMENTS BY RAIL FROM ELEVATORS AT FORT WILLIAM AND PORT ARTHUR—DECEMBER 1920 TO MARCH 1921 (INC.)

(Source—Lake Shippers' Clearance Assn.)

	American Seaboard	American Domestic	Canadian Seaboard	Canadian Domestic	Local Elevators	Total
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
Wheat.....	5,187,237	871,366	2,336,197	3,767,360	697,926	12,860,086
Oats.....	46,023		54,742	1,890,876	154,957	2,146,598
Barley.....	436,683	1,375	422,299	52,975	149,411	1,062,743
Flax.....		1,179		176,400	1,179	178,758
Rye.....	222,602		174,495	14,535		411,632
Total Grain.....	5,892,545	873,920	2,987,733	5,902,146	1,003,473	16,659,817

SCHEDULE " G "

EXPORTS FROM ST. JOHN, N.B. AND MONTREAL, P.Q., SEPTEMBER 1, 1919 TO AUGUST 31, 1920, WITH TOTAL SHIPMENTS TO PORTLAND, ME., IN BOND

	Wheat	Oats	Barley	Flax	Rye	Corn	Total
St. John.....	13,626,542	330,999	1,006,535	80,742	106,493		15,151,623
Montreal.....	31,422,546	2,441,284	7,282,836	35,392	456,402	1,474	41,639,934
In Bond— to Portland.....	13,019,180	1,094,359	1,443,848		885,418		16,442,805

SCHEDULE "H"

PUBLIC ELEVATORS IN THE EAST

Total Receipts of Canadian and United States Grain, crop years 1918-1919 and 1919-1920

Receipts	Crop Year 1918-1919			Crop Year 1919-1920		
	Canadian	United States	Total	Canadian	United States	Total
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
Wheat.....	133,693,991	48,138,118	181,832,109	141,641,693	20,674,592	162,316,285
Oats.....	10,180,477	32,181,161	42,361,638	17,091,582	799,653	17,891,235
Barley.....	16,552,857	925,672	17,478,529	12,315,737	666,879	12,982,616
Flax.....	807,145		807,145	225,152		225,152
Rye.....	391,273	940,314	1,331,587	1,170,346	12,005,689	13,176,035
Corn.....	27,909	1,154,508	1,182,417		1,283,261	1,283,261
Total.....	161,653,652	83,339,773	244,993,425	172,444,510	35,430,074	207,874,584

SCHEDULE "I"

QUANTITIES OF THE DIFFERENT KINDS OF GRAINS RECEIVED AT DULUTH (NORTH PORTAL AND FT. FRANCES) FOR THE CROP YEAR ENDED AUGUST 31, 1920

RECEIPTS

	Wheat	Oats	Barley	Total
	Bush.	Bush.	Bush.	Bush.
.....	975,264	5,777	237,160	1,118,201

SHIPMENTS

Tiffin.....	480,000		50,375	530,375
Port McNicoll.....	321,083			321,083
Buffalo.....	39,442			39,442
	840,525		50,375	890,900

QUANTITIES SHIPPED THROUGH NORTH PORTAL (ON THE SAULT STE. MARIE, MINNEAPOLIS AND ST. PAUL LINE)

(From Customs Figures)

	Bushels
Wheat.....	307,873
Oats.....	41,437
Barley.....	10
Flax.....	38,551
Rye.....	21,358
Total.....	409,229

SCHEDULE "J"

AMOUNT OF GRAIN AND KINDS SHIPPED FROM ANY PORT OR BY RAIL FROM CANADA TO THE UNITED STATES AND TO OTHER COUNTRIES VIA THE UNITED STATES AND VIA CANADIAN SEA PORTS DURING THE LAST SEVEN YEARS

	Years Ended March 31—							Total Exports
	1915	1916	1917	1918	1919	1920	1921	1915-1921
Exports Canadian Grain:—	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
To United States—								
Barley.....	366,101	366,573	500,536	1,093,530	165,380	1,050,031	304,898	3,847,050
Beans.....	12,526	3,835	9,456	13,522	57,637	101,485	12,280	210,741
Buckwheat.....	115,531	321,380	162,933	162,124	391,962	188,794	247,884	1,590,608
Corn.....	87,068	30,810	24,314	5,331	7,333	34,301	8,616	197,773
Flaxseed.....	7,006,249	1,930,592	4,979,531	6,371,285	1,723,161	1,020,271	1,352,815	24,383,907
Oats.....	3,825,545	1,364,475	3,298,380	7,041,104	767,885	3,751,111	4,765,202	24,813,714
Pease, split.....	13,885	11,525	37,960	26,868	12,335	22,377	2,402	127,358
Pease, whole.....	213,224	104,147	112,385	56,256	145,243	135,051	47,636	814,005
Rye.....	146,055	426,437	436,475	523,220	387,070	1,018,327	717,086	3,654,669
Wheat.....	4,092,026	8,365,331	18,200,285	25,537,501	1,992,409	6,661,588	42,324,894	105,174,032
Total.....	15,878,214	12,925,106	27,762,264	38,830,741	5,650,419	13,983,336	49,783,774	164,813,857
To Other Countries—								
Via United States—								
Barley.....	1,538,651	3,714,023	4,676,528	2,642,297	9,275	2,246,745	2,228,003	17,055,522
Beans.....	12,950	918	6		100	1,000		14,974
Buckwheat.....	227,818	168,198	35,665				22,859	454,540
Corn.....	3,000							3,000
Flaxseed.....	555,879		210,353	22,450	15,951			804,633
Oats.....	4,779,639	9,445,388	26,592,466	19,143,876	383,358	3,386,540	4,855,135	68,586,462
Pease, split.....	20,780	6,337			980	4,981		33,078
Pease, whole.....	27,851	17,388	9,293	25,843	46,366	10,153	11,615	148,509
Rye.....	109,480	218,283	231,800	130,657	45,293	593,281	1,778,908	3,107,706
Wheat.....	33,255,264	119,484,526	128,485,067	82,139,371	15,760,458	22,589,833	49,977,224	451,691,743
Total.....	40,531,372	133,055,061	160,241,184	104,104,492	16,261,781	28,832,533	58,873,744	541,900,167
To Other Countries—								
Via Canadian Sea Ports—								
Barley.....	3,671,894	1,847,777	4,504,263	3,110,963	3,330,842	11,098,255	6,030,651	33,594,645
Beans.....	3,185	5,686	686	581	312	3,474	2,094	16,018
Buckwheat.....							1,095	1,095
Corn.....	130,019	3,133	1,832,628	96,204	1,933	2,800	8,944	2,075,661
Flaxseed.....	127,397	13,951	6,050	30,815	151,866	107,715	51,304	489,098

ROUTING OF CANADIAN EXPORT TRADE

SCHEDULE "J"—Concluded

AMOUNT OF GRAIN AND KINDS SHIPPED FROM ANY PORT OR BY RAIL FROM CANADA TO THE UNITED STATES AND TO OTHER COUNTRIES VIA THE UNITED STATES AND VIA CANADIAN SEA PORTS DURING THE LAST SEVEN YEARS—Concluded

	Years Ended March 31—							Total Exports
	1915	1916	1917	1918	1919	1920	1921	1915-1921
Exports Canadian Grain:—Concluded To Other Countries—Concluded Via Canadian Sea Ports—Concluded	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
Oats.....	9,323,074	16,006,455	36,477,574	28,692,902	16,728,536	3,631,221	4,700,711	115,560,473
Pease, split.....	6,959	4,033	3,151	2,743	15,530	32,031	54,861	119,308
Pease, whole.....	20,279	45,164	40,117	25,403	57,624	83,342	53,951	325,880
Rye.....	7,887		467,136	224,347	31,017	501,694	705,436	1,937,517
Wheat.....	34,566,095	29,895,612	42,958,496	44,715,165	24,056,030	48,726,616	36,913,039	261,831,053
Total.....	47,856,789	47,821,811	86,290,101	76,899,123	44,373,690	64,187,148	48,522,086	415,950,748
Total to All Countries—								
Barley.....	5,576,646	5,928,373	9,681,327	6,846,790	3,505,497	14,395,031	8,563,553	54,497,217
Beans.....	28,661	10,439	10,148	14,103	58,049	105,959	14,374	241,733
Buckwheat.....	343,348	489,578	198,598	162,124	391,962	188,794	271,838	2,046,243
Corn.....	220,087	33,943	1,856,942	101,535	9,266	37,101	17,560	2,276,434
Flaxseed.....	7,689,525	1,944,543	5,195,937	6,424,550	1,890,978	1,127,986	1,404,119	25,677,638
Oats.....	17,928,322	28,816,322	66,368,420	54,877,882	17,879,783	10,768,872	14,321,048	208,960,649
Pease, split.....	41,624	21,895	41,117	29,611	28,845	59,389	57,263	279,744
Pease, whole.....	261,354	166,698	161,798	107,502	249,233	228,546	113,262	1,288,394
Rye.....	263,422	644,720	1,135,416	878,222	463,380	2,113,302	3,201,430	8,699,892
Wheat.....	71,913,385	157,745,469	189,643,846	150,392,037	41,808,897	77,978,037	129,215,157	818,696,828
Total.....	104,266,375	193,801,981	274,293,548	219,834,356	66,285,890	107,003,017	157,179,604	1,122,664,772

SCHEDULE "K"

QUANTITIES OF EACH KIND OF GRAIN IN STORE AT THE INTERIOR TERMINAL ELEVATORS AT THE CLOSE OF THE CROP YEAR (AUGUST 31) 1915-1920

Moosejaw	Wheat	Oats	Barley	Flax	Rye	Corn	Timothy	Total	Mixed Grain
Capacity 3,500,000 bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.	Lbs.
Crop Year 1915.....	26,826	133	344	612				27,915	
1916.....	260,601	23,688	9,933	2,576				296,798	
1917.....	166,999	39,247	1,962	283				208,491	
1918.....	2,913	110,874	64	104				113,955	224,310
1919.....	9,237	46,112	6,114	371	3	5,663		67,500	197,270
1920.....	241,867	14,491	900	8,727	1,487			267,472	

The cleaning equipment of Moosejaw Elevator is identical with Saskatoon.

Capacity 3,500,000 bush. Saskatoon—									
Crop Year 1915.....		5,682						5,682	
1916.....	94,087	33,435	1,861	13,457				142,840	
1917.....	6,352	32,697						39,049	
1918.....	40,720	76,821	3,560	25				121,126	
1919.....	2,913	59,560	2,649					65,122	
1920.....	188,359	4,289		4,686				197,334	

The cleaning equipment includes 10 No. 9 Monitor receiving separators, two Monitor Flax cleaners, two Richardson Wheat and Oats separators and one No. 9 Monitor Screenings separator. A Morris dryer with drying capacity of 24,000 bushels of wet grain per day is installed in a separate building. Steam for drying purposes is furnished from separate boiler house.

Capacity 2,500,000 bush. Calgary—									
1916.....	11,047	10,932	121					22,100	
1917.....	12,693		109	516				13,318	
1918.....	3,627	98,224	12,578	83			331	114,843	62,760
1919.....	898	50,018	12,270	104	235	1,000	8,383	72,908	112,050
1920.....	105,083	25,141	6,930		715			137,869	

Same as Saskatoon.

Capacity 1,250,000 bush. Vancouver—									
1917.....	1,995							1,995	
1918.....	48,762	8,257						57,019	
1919.....		19,862						19,862	
1920.....	13,360	594						13,954	

Vancouver Elevator does not have any drying apparatus. Has two No. 9 Monitor receiving separators.

NOTE.—Elevators only opened at years indicated.

SCHEDULE "L"

QUANTITIES OF THE DIFFERENT KINDS OF GRAIN CARRIED OVER AT FORT WILLIAM AND PORT ARTHUR AFTER CLOSE OF NAVIGATION.—IN PUBLIC TERMINAL AND PRIVATE TERMINAL ELEVATORS

Date	Wheat	Oats	Barley	Flax	Rye	Total
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
1914.....	6,694,613	3,308,989	1,135,912	1,354,305		12,493,819
*1915 (Dec. 10).....	7,912,862	3,311,935	907,270	575,892		12,707,959
*1916 (Dec. 15).....	13,055,239	6,622,103	697,197	985,619		21,360,158
*1917 (Dec. 14).....	2,826,241	2,911,125	919,845	418,573		7,075,734
*1918 (Dec. 13).....	7,330,921	2,674,692	2,223,620	389,105		12,618,338
*1919 (Dec. 14) (12).....	3,179,556	1,776,461	664,245	181,377	277,692	6,079,331
1920 (Dec. 12) (10).....	11,922,789	3,999,697	1,108,060	701,685	306,750	18,038,981

*Public Terminal Elevators only.

SCHEDULE "M"

DISTANCES FROM GRAIN SHIPPING PORTS TO LIVERPOOL

From	Nautical Miles To Liverpool
Vancouver via Panama.....	8,634
" Suez.....	18,044
" Magellan Straits.....	14,317
Seattle via Panama.....	8,613
" Suez.....	18,022
" Magellan Straits.....	14,296
Buenos Aires.....	6,258
Montevideo.....	6,133
Valparaiso via Panama.....	7,157
" Magellan Straits.....	8,747
Melbourne, Aus., via Suez.....	11,018
Sydney, Aus.....	11,501
Calcutta.....	7,865
Madras.....	7,214
Bombay.....	6,223
Rangoon.....	7,868
Singapore.....	8,211
St. Petersburg via Hull and rail.....	1,280
" N. of Scotland.....	1,716
" S. of England.....	1,722
Riga via Hull and rail.....	930
" N. of Scotland.....	1,366
" S. of England.....	1,372
Libau via Hull and rail.....	880
" N. of Scotland.....	1,276
" S. of England.....	1,282
Archangel.....	2,104
Odessa.....	3,463
Sebastopol.....	3,418
Montreal.....	2,760
Quebec.....	2,625
New York.....	3,036
Philadelphia.....	3,172
Portland, Me.....	2,776

(1 nautical mile=6,080 feet.)

(Distances taken from Philip's Mercantile Marine Atlas of the World, 1905.)

SCHEDULE " N "

MEMORANDA

From the Deputy Minister of Trade and Commerce to the Clerk of the Committee

May 3rd, 1921.

Replying to your letter of the 21st ultimo in which you state that you are directed by the Chairman of the Senate Committee on Export Trade Routing to ask me to cable to the High Commissioner's Office in London for rates from South America, Australia and the East Indies, I beg to advise you that the following cablegram on this subject has just been received from the High Commissioner's Office:—

Yours twenty-second April. Following rates paid by Royal Commission on wheat supplies:—

1919—from Australia to United Kingdom—105 shillings per ton.

1920—from Australia to United Kingdom—150 shillings per ton.

1921—from Australia to United Kingdom—52 shillings six pence per ton.

These rates are for wheat and / or flour.

River Plate to United Kingdom for wheat:

1919—up river—65 shillings.

down river—62 shillings and six pence.

1920—up river—112 shillings and six pence.

down river—107 shillings and six pence.

1921—up river—45 shillings.

down river—42 shillings and six pence.

Bahia Blanca to United Kingdom on wheat:

1919— 65 shillings.

1920—112 shillings and six pence.

1921— 45 shillings.

India to United Kingdom on wheat:

1918—75 shillings per ton.

1921—20 shillings. Scale basis, i.e. 18 cwt. wheat, 17 cwt. maize.

Endeavouring to obtain complete figures other years and will cable again.

May 6, 1921.

With further reference to your letter of the 23rd ultimo, in regard to grain rates, I beg to advise you that I have just received a further cablegram from the High Commissioner's Office, reading as follows:—

Further my cablegram second regarding grain rates. Verbally informed following commercial rates prevailed for wheat per ton.

AUSTRALIA

1920—Highest one hundred fifty shillings lowest one hundred shillings average one hundred forty-three shillings one penny.

1919—Average one hundred five shillings.

1915—Average ninety-three shillings three pence.

1914—Average twenty-four shillings.

RIVER PLATE UP RIVER

1920—Highest one hundred ninety-five shillings lowest thirty-seven shillings six pence average ninety-three shillings four pence three farthings.

1919—Average one hundred fifty-three shillings nine pence.

1915—Average sixty-six shillings two pence three farthings.

1914—Average seventeen shillings eleven pence farthing.

INDIA KARACHI DEADWEIGHT

1920—Highest one hundred thirty-three shillings nine pence lowest one hundred ten shillings average one hundred seventeen shillings eleven pence.

1919—Average one hundred eighteen shillings nine pence.

1915—Average fifty-two shillings six pence.

1914—Average fifteen shillings one penny.

BOMBAY DEADWEIGHT

1920—Highest one hundred forty-seven shillings six pence. Lowest fifty shillings average eighty-eight shillings and half penny.

1919—Average one hundred thirty-seven shillings.

1915—Average sixty-two shillings eight pence farthing.

1914—Average seventeen shillings one penny farthing.

Regarding 1916, 1917 and 1918, controlled rates in force or no ship available.

May 12, 1921.

With further reference to your letter of the 23rd ultimo, in regard to grain rates, I now enclose copy of a letter from the Foreign Freight Agent of the C.P.R., giving the rates from the Pacific coast:—

As advised the first bulk grain through this port to the United Kingdom cleared per S.S. *War Viceroy*, November, 1917. This grain was handled as an experiment by the Government and we have no particulars as to rates. There were several other shipments that went forward during the war but they were all handled on Government account. Since the first of January last the following shipments have been handled:—

SS. <i>Effingham</i> , Jan. 8, destined Glasgow..	68,253 bush. No. 1
SS. <i>Ponona</i> , Jan. 19, destined Glasgow..	81,080 "
SS. <i>Buenos Aires</i> , Jan. 19, destined London..	112,000 "
SS. <i>Siam</i> , Feb. 7, destined St. Nazaire..	167,398 "
	37,597 bush. No. 2

The rates ranged from \$16 per 2,240 pounds to \$23 per 2,240 pounds Canadian currency. From what information I can get from reliable exporters and steamship lines at Seattle the rates were approximately as follows:—

1912—from..	27s. to 32s. 6d.
1913 "	40s. to 50s.
1914 "	30s. to 45s.
1915 "	50s. to 55s.
1916 "	75s. to 135s.

when the United States Government took control and we were not in a position to get information as regards rates.

June to September, 1920, large parcels were about \$26 per 2,240 pounds United States Funds. November, 100 shillings; December, 90 shillings; and January, 1921, 80 shillings to 85 shillings; February, 70 shillings to 75 shillings; and April, 50 shillings to 65 shillings. At present lines are quoting 65 to 70 shillings.

As regards the rates from United States ports: I understand from Portland, Ore., the rate to the United Kingdom in 1914 was 30 shillings. It increased to 120 shillings per ton during the war and has now gone down to 65 shillings.

SCHEDULE "O"

I. ESTIMATED PERCENTAGES OF THE PRODUCTION OF WHEAT AND OATS THAT WERE CONSUMED IN THE UNITED STATES DURING EACH OF THE SEVEN FISCAL YEARS ENDED JUNE 30, 1919

Fiscal year ended June 30—	Wheat	Oats
	p. c.	p. c.
1913.....	80.9	99.8 ¹
1914.....	62.7	91.2
1915.....	76.3	93.7
1916.....	68.0	92.4
1917.....	79.2	92.2
1918.....	68.8	92.9
1919.....	76.3	96.9

¹In this year 22,273,624 bushels of oats were imported

NOTE.—The above percentages are derived chiefly from Tables 16 and 34, pp. 520 and 533 in the U.S. Year Book of Agriculture, 1919.

II. ESTIMATED PERCENTAGES OF THE GROSS PRODUCTION OF WHEAT AND OATS THAT WERE CONSUMED IN CANADA DURING EACH OF THE SEVEN CROP YEARS ENDED AUGUST 31, 1920

Crop year ended August 31—	Wheat	Oats
	p.c.	p.c.
1914.....	32.8	86.0
1915.....	39.0	87.6
1916.....	18.6	79.0
1917.....	17.2	73.6
1918.....	26.0	83.9
1919.....	35.2	87.3
1920.....	45.3	87.0

NOTE.—The above percentages are calculated from the figures in Tables I and III in the article on the Distribution of the Wheat and Oat Crops of Canada, 1909-19 in the Monthly Bulletin of Agricultural Statistics for April 1920, pp. 75-81. Imports are considered as negligible.

SCHEDULE " P "

THE RELATIVE PERCENTAGE OF EXPORT OF FLOUR AND WHEAT FROM THE UNITED STATES, ALSO THE RELATIVE PERCENTAGE OF EXPORTS OF FLOUR AND WHEAT FROM CANADA, IN EACH CASE DURING THE LAST SEVEN YEARS

—	Wheat	Flour	Flour expressed as Wheat	Percentage of Wheat as exported	
				Wheat	Flour
UNITED STATES	Bush.	Brl.	Bush.	p.c.	p.c.
Years ended Dec. 31—					
1913.....	99,508,968	12,278,206	55,251,927	64.3	35.7
1914.....	173,861,944	12,769,073	57,460,829	75.2	24.8
1915.....	205,925,577	15,662,400	70,480,800	74.5	25.5
1916.....	154,049,686	14,379,000	64,705,500	70.4	29.6
1917.....	106,202,318	13,919,604	62,638,218	62.9	37.1
1918.....	111,177,103	21,706,700	97,680,150	53.2	46.8
1919.....	148,086,470	26,449,881	119,024,465	55.4	44.6
1920.....	218,280,231	19,853,952	89,342,784	71.0	29.0
CANADA					
Years ended Mar. 31—					
1914.....	120,426,579	4,832,183	21,744,829	84.7	15.3
1915.....	71,913,385	4,952,337	22,285,517	76.3	23.7
1916.....	157,745,469	6,400,214	28,800,963	84.6	15.4
1917.....	189,643,846	7,425,723	33,415,754	85.0	15.0
1918.....	150,392,037	9,931,148	44,690,166	77.1	22.9
1919.....	41,808,897	9,205,439	41,424,476	50.3	49.7
1920.....	77,978,037	8,863,068	39,883,806	66.2	33.8
1921.....	129,215,157	6,017,032	27,076,644	82.6	17.4

SCHEDULE "Q"

QUANTITIES OF THE DIFFERENT KINDS OF GRAIN IN STORE AT THE OPENING OF NAVIGATION—APRIL 23, 1920—
AND AFTERWARDS EXPORTED ABROAD AT POINTS OR PORTS OTHER THAN AT FORT WILLIAM AND PORT
ARTHUR

—	Wheat	Oats	Barley	Flax	Rye	Total
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
Country Elevators, Western Division.....	11,943,005	8,090,635	1,564,531	294,825		21,892,996
Interior Terminal Elevators						
Saskatoon.....	2,054,681	392,099	3,363	2,861		2,453,004
Moosejaw.....	1,264,735	320,818	10,043	7,775	2,849	1,606,220
Calgary.....	1,257,902	568,689	52,886	1,370	24,331	1,905,178
Vancouver.....	19,989	19,475	8,570			48,034
Depot Harbour.....						
Midland.....	25,271	131,015	73,158			229,444
Tiffin.....	55,423					55,423
Port McNicoll.....	169,603	87,933	3,415			260,951
Collingwood.....						
Goderich.....	462,282	22,400				484,682
Toronto.....	167,353		1,489			168,842
Kingston.....		19,578				19,578
Port Colborne.....	326,678					326,678
Montreal.....	786,272	438,976	140,809		3,439	1,369,496
Quebec.....		42,042				42,042
West John, N.B.....	588,615		130,592			719,207
St. John, N.B.....	303,338		34,940			338,278
Halifax.....						
Portland, Me.....	487,486	140,817	146,399		160,730	935,432
Baltimore, My.....					12,446	12,446
Total.....	19,912,633	10,274,477	2,170,195	306,831	203,795	32,867,931

SCHEDULE "R"

DOMINION BUREAU OF STATISTICS

DEPTH OF WATER

Vancouver.. . . .	In channel	35 feet.. . . .	at wharf over 35 feet
Montreal...	"	27 "	" " 30 "
Quebec...	"	"	" " 30 "
St. John, N.B... . .	"	27 "	" " over 27 "
Portland, Me... . .	"	over 30 "	" " 30 "
New York...	"	40 "	" " over 40 "
Seattle..	"	over 40 "	" " over 40 "

Per Mr. Stewart, Hydrographer, Department Marine and Naval Service.

SCHEDULE "S"

DOMINION BUREAU OF STATISTICS

PRODUCTION OF GRAIN IN THE PRAIRIE PROVINCES—MANITOBA, SASKATCHEWAN AND ALBERTA—
1914-1920

	Wheat	Oats	Barley	Flax	Rye	Total
	Bush.	Bush.	Bush.	Bush.	Bush.	Bush.
1914.....	140,958,000	150,843,000	19,535,000	7,083,000		318,419,000
1915.....	360,187,000	279,692,000	36,003,000	6,045,000		681,927,000
1916.....	242,314,000	313,916,000	33,419,000	8,212,500		597,861,500
1917.....	211,953,100	254,877,200	40,384,100	5,835,900		513,500,300
1918.....	164,436,100	222,049,500	47,607,400	5,776,000	6,181,700	446,050,700
1919.....	165,544,300	235,580,000	36,682,400	5,232,300	7,262,400	450,301,400
1920.....	234,138,300	314,297,000	40,760,500	7,588,800	8,723,600	605,508,200

SCHEDULE " T "

DOMINION BUREAU STATISTICS—INTERNAL TRADE DIVISION

STATEMENT SHOWING THE NUMBER OF CARS OF GRAIN DELIVERED MONTH BY MONTH OFF EACH OF THE RAILWAYS AT FORT WILLIAM AND PORT ARTHUR FOR THE CROP YEARS ENDING AUGUST 31, 1915-1916 to 1919-20.

Months	Crop Year 1915-16			Crop Year 1916-17			Crop Year 1917-18			Crop Year 1918-19			Crop Year 1919-20		
	C.P.R.	C.N.R.	G.T.P.	C.P.R.	C.N.R.	G.T.P.	C.P.R.	C.N.R.	G.T.P.	C.P.R.	C.N.R.	G.T.P.	C.P.R.	C.N.R.	G.T.P.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
September.....	10,246½	7,514	1,275	6,473½	4,964½	907½	5,501	4,460½	1,044	1,399½	2,088½	319	7,111	5,606	2,395
October.....	28,500	14,291	7,093	13,280½	8,371½	2,919	16,170½	7,127½	4,905½	10,662½	6,459½	2,702½	9,339	7,213½	3,392
November.....	28,847	12,211	7,756½	18,200	7,964½	4,126	19,421	8,022½	6,036	11,266½	6,775½	2,707½	8,435½	5,613	2,775
December.....	19,660½	10,550½	6,859½	13,161½	6,740	3,360½	8,201½	5,186½	2,815	9,320½	6,108½	2,811	4,760½	3,580½	2,055½
January.....	4,990	3,372½	1,538	4,691	2,673½	1,133	2,255½	3,049½	776	1,382½	5,119½	1,891½	1,830	3,082	1,563
February.....	3,128	1,030	861	1,943	430½	148	881½	2,427½	248	1,076	3,484½	570½	644½	1,987½	614
March.....	5,015	1,992	1,311½	2,535	314½	38	1,014	2,267½	340½	793½	1,838	163½	760	1,936	364½
April.....	5,030	2,679	1,018½	2,610	731½	68	1,323½	3,690½	480½	994½	2,288	657½	1,234	3,378½	760
May.....	16,988½	7,456	2,681½	13,955	6,740½	3,424	983	2,686	558½	601½	4,164½	530½	772	3,903	639½
June.....	14,712	8,543½	2,350½	9,598	7,488	2,002½	2,036½	1,764	577½	683½	673½	194½	687½	1,330	337½
July.....	12,487½	11,096	2,501½	6,370½	6,207½	1,160½	727	847½	224½	1,451½	1,629½	449½	2,516	2,095	296½
August.....	11,601	8,293½	1,207	1,728½	1,807	518	195	300½	33	637	1,574	114½	2,170½	1,708½	657½
Total.....	161,246	89,029½	36,453½	94,546½	54,433½	19,805	58,710	41,830	18,039	40,269	42,203	13,112½	40,260½	41,433½	16,450

SPECIAL COMMITTEE

SCHEDULE " U "

STATEMENT SHOWING THE NUMBER OF CARS OF GRAIN DELIVERED MONTH BY MONTH OFF EACH OF THE RAILWAYS AT FORT WILLIAM AND PORT ARTHUR FOR THE PERIOD FROM SEPTEMBER 1, 1920 TO MARCH 31, 1921

Months	C.P.R.	C.N.R.	G.T.P.
	No.	No.	No.
September 1920.....	6,496	3,982½	1,191
October 1920.....	18,866½	7,682	2,582½
November 1920.....	19,815	7,919	3,268
December 1920.....	16,027½	7,369½	3,258½
January 1921.....	2,144½	4,615½	2,404
February 1921.....	965	4,046	1,386
March 1921.....	1,536½	4,803	1,099

SCHEDULE " V "

LAKE RATES IN 1914 TO 1920 INCLUSIVE

FREIGHT RATES PER BUSHEL ON CANADIAN WHEAT SHIPPED FROM FORT WILLIAM AND PORT ARTHUR TO THE FOLLOWING PORTS:—

GEORGIAN BAY PORTS

	1914	1915	1916	1917	1918	1919	1920
	c.	c.	c.	c.	c.	c.	c.
April.....	1.82	1.61	4.28	.....	5.04	3.50	3.01
May.....	1.45	1.21	3.91	4.81	3.61	3.07	3.00
June.....	1.11	1.16	3.44	4.64	3.50	3.00	3.00
July.....	0.90	1.09	4.27	3.22	3.50	2.34	3.00
August.....	1.04	1.18	4.57	3.74	3.50	2.36	2.99
September.....	1.23	1.94	4.07	3.32	4.00	2.93	3.87
October.....	1.26	3.65	3.84	3.99	3.99	3.00	5.08
November.....	1.35	.....	4.28	4.03	4.11	3.00	5.52
December.....	2.20	.....	4.53	5.00	5.38	5.15	5.64
Average.....	1.46	1.69	4.13	4.25	4.32	3.15	4.17

OTHER CANADIAN PORTS

Port Colborne

April.....	1.75	1.75	5.19	.....	5.50	3.95	3.50
May.....	1.60	1.35	3.73	4.78	3.50	3.31	3.50
June.....	1.41	1.22	3.20	4.42	3.67	3.02	3.44
July.....	1.35	1.26	3.10	3.85	3.72	2.57	3.50
August.....	1.05	1.27	3.46	3.87	3.64	3.43	3.50
September.....	1.34	1.82	3.39	3.52	4.19	3.41	4.32
October.....	1.40	3.27	3.92	4.07	4.27	3.41	6.05
November.....	1.52	.....	4.12	4.41	4.11	3.31	6.32
December.....	2.24	.....	4.93	4.90	5.78	5.60	6.75
Average.....	1.48	1.71	3.89	4.18	4.48	3.46	4.57

BUFFALO

April.....	2.79	.....	5.19	.....	4.00	.....	.....
May.....	1.26	0.89	4.17	5.62	4.00	3.50	.....
June.....	1.41	1.00	3.61	6.07	4.00	.....	.....
July.....	0.82	1.58	4.45	3.99	4.00	3.00	.....
August.....	2.10	.....	4.58	4.38	.....	3.50	3.00
September.....	1.11	2.60	3.76	4.27	.....	.....	5.34
October.....	1.59	7.08	4.27	4.50	.....	.....	6.06
November.....	1.46	.....	4.03	4.47	6.00	.....	5.74
December.....	2.23	.....	4.23	5.13	.....	6.00	5.31
Average.....	1.63	2.63	4.25	5.00	4.11	3.73	5.70

SCHEDULE V—*Concluded*

KINGSTON

April.....						
May.....	4-06					
June.....	2-38					
July.....	3-15					
August.....	2-72					
September.....	2-92					
October.....	3-37					
November.....	3-16					
December.....	3-75					
Average.....	3-08					

MONTREAL

	1914	1915	1916	1917	1918	1919	1920
	c.	c.	c.	c.	c.	c.	c.
April.....	5-52	4-83	7-00			12-00	
May.....	5-01	4-19	8-05	10-50	10-50	11-50	11-00
June.....	4-17	3-89	6-71	10-57	10-50		11-00
July.....	4-02	3-59	7-62	7-20	10-50	9-89	
August.....	4-47	4-09	7-62	9-78	11-35	10-50	
September.....	4-53	5-21	7-61	9-44	12-50	11-00	13-46
October.....	4-31	3-72		11-00	12-50		11-00
November.....	4-30		9-11	11-00	12-50	11-10	
December.....							
Average.....	4-58	4-22	7-67	9-78	11-39	10-76	11-64

SCHEDULE W.

CANADIAN NATIONAL RAILWAYS

EXPORT AND IMPORT DEPARTMENT

TORONTO, ONT., April 25th, 1921.

MEMORANDUM TO MR. C. A. HAYES

Movement of Wheat from Western Canada for Export via Canadian Ports

Merchandising Grain.—The question of moving the grain from the Canadian Northwest through Canadian ports as against American ports is one which brings to the surface very many conditions which should be properly understood—of course it must be realized that we have been working since the year 1914 or rather since the War broke out under most abnormal conditions.

During the War it was not so much a question of rates or ports as it was to get the grain to the seaboard and at ports which could be worked to their utmost capacity and to which ship tonnage was supplied by the British Ministry of Shipping and directed to suit the conditions which presented themselves from time to time. Therefore, any movement which took place during the War cannot very well be taken as a criterion as to what can or should be done in peace time. Since the Armistice conditions have still continued to be abnormal; whilst the Canadian ports received a very fair proportion of the movement of the grain crops during the years 1918 and 1919 they were assisted very materially by the fact that the wheat crop was purchased by the British Government and I think, financed by credits raised in Canada, this naturally had a tendency to turn the grain towards Canadian ports and I think the Canadian Wheat Board realized that it was proper to route the

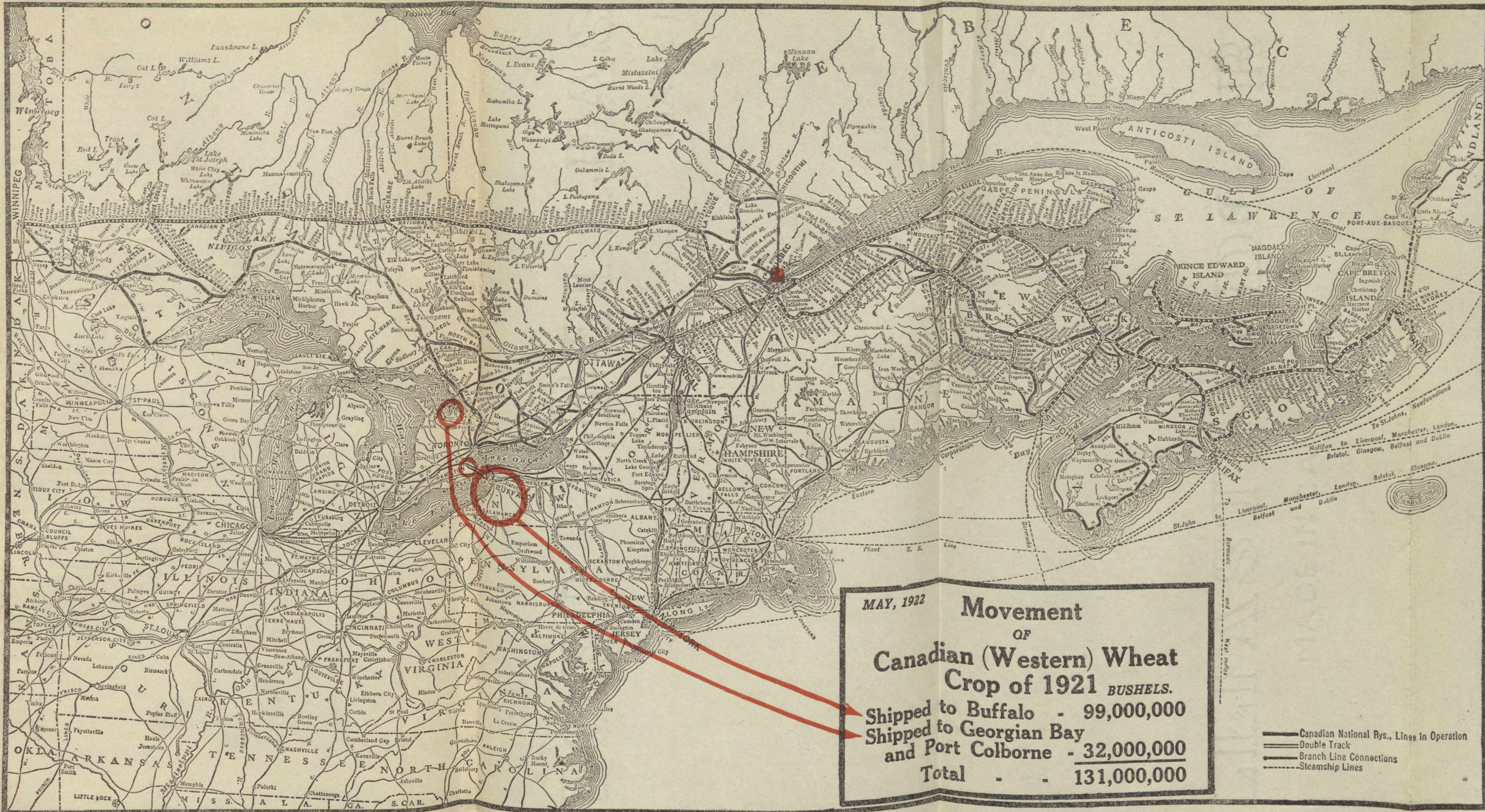
traffic through our ports as against American ports and did so very largely, ship conditions of course always being taken into consideration. The crop of 1920 however, was not purchased by the British Government, as a matter of fact, Great Britain has only purchased a very small proportion of the wheat crop of 1920—on the contrary that which has already gone to market apart from that which was sold for milling purposes in the United States very largely sought the Continent, Italy, Greece, Switzerland and Belgium being the chief buyers.

In marketing our grain in pre-war days exporters were accustomed invariably to sell the grain C.I.F. abroad but when the Continental buyers came into the market in 1920 they purchased their grain F.O.B. ship, the object being to utilize as far as possible their own tonnage which had been practically tied up during the War and thus create an earning for the operators and owners of such fleet. It is well known that the owners and operators of these vessels had little, if any, money to finance the operation and their governments came to the rescue by loaning money for this purpose and I am credibly informed that 90 per cent of the foreign continental tonnage which came to this side of the Atlantic for the 1920 crop was practically financed or subsidized by the governments so that it should be understood these same governments who purchased the wheat would be able to dictate and did so to the buyers at what port they desired loading.

The remnant of the Old Wheat Board who acted during the War and now known under the name of Robson & Company of New York, did buying for these foreign governments and naturally they would prefer to do their financing in New York City. I had a conversation a week ago with one of the large grain exporters in New York, formerly a resident of Canada, and in discussing this question with him he stated that on many occasions he had spoken to the gentleman representing Robson & Co. about diverting the grain to a Canadian port, and I believe the buyer endeavoured to persuade some of the foreign governments at least to direct their ships to the St. Lawrence but with very little effect as the owners of the vessels were directed almost in all cases to send their ships to Hampton Roads for orders and bunkers from whence it was more convenient to distribute the tonnage between the Atlantic ports beginning with New Orleans in the Southwest and ending with Portland, Me., in the East, and during the winter season a very fair proportion of the grain was handled from Portland, Me., whilst a much lesser quantity was handled through the port of St. John to which port it seemed very difficult to get either foreign government controlled tonnage or tramp tonnage.

It must not be inferred that the whole of this crop moved under vessels of Italian, Greek and Belgian register as a very large quantity was taken away by tramp steamers engaged for the purpose. It should however, be clearly understood that regular liners carry as a rule only a very small proportion of the grain crop, by far the larger portion being handled in so-called "tramps." Therefore, it seems quite clear that for the foregoing reasons buyers during the open season of lake navigation would ask for wheat prices F.O.B. Head of Lakes or C.I.F. Buffalo, as a matter of fact the latter port had the call.

Ship Tonnage.—I have mentioned herein the conditions of merchandizing and in a measure I have explained the reason why the grain was purchased C.I.F. Buffalo, but I might add this in addition, i.e., that New York being the largest port in America and being the financial centre thereof it is quite natural that it should also be the city of the large grain exporters and one of the many reasons why New York is chosen is because of the opportunity presented at that port for securing shipping tonnage. The regular liner tonnage, as I have already indicated, does not carry a great proportion of the wheat but there is always an opportunity to secure space for anywhere from 5 to 10 loads of wheat (a load of wheat is equal to 8,000 bus.) should there be buyers in the market for grain which may be required in the countries to which liner tonnage is consigned and when I tell you that there are for the month of April 1921, 240 so-called liner sailings out of New York to all ports in the world as



MAY, 1922

Movement OF Canadian (Western) Wheat Crop of 1921 BUSHELS.

Shipped to Buffalo	- 99,000,000
Shipped to Georgian Bay and Port Colborne	- 32,000,000
Total	- 131,000,000

- Canadian National Rys., Lines in Operation
- Double Track
- Branch Line Connections
- Steamship Lines

against 56 out of the port of Montreal for the month of May, you can readily see the great advantage the port of New York has from a liner tonnage standpoint, but the "tramp" is the ship the grain exporter is after and there is no place in America where you can engage tramp steamers to better advantage than the port of New York as all tramps of the Oceans that are coming to America for cargoes invariably report where they can get bunkers and Hampton Roads has the call over any other port that I know of, because as already stated of its geographical position for distribution of tonnage. On the other hand, tramps avoid the St. Lawrence because of the higher rates of insurance on their hulls, the St. Lawrence route being considered more hazardous than the routes to American ports, at least Baltimore and East, therefore, it would seem that from the standpoint of the grain merchant placing his wheat at a strategic point such as Buffalo where it can be distributed to the various American ports as tonnage offers, would be good sound business tactics from his point of view. In proof of what I say it is a fact that after the beginning of the movement of last year's crop, say in September, there were approximately only about 22,000,000 bushels shipped through the port of Montreal as against some 45,000,000 to 50,000,000 bushels shipped through Buffalo for distribution from New York, notwithstanding the fact that there was a differential in favour of Montreal to the extent of $1 \frac{3}{10}$ cents per bushel divided as follows $\frac{3}{10}$ of 1 per cent per bushel in the rate from the bay to Montreal under the Buffalo to New York rate and our rate from bay port to Montreal included elevation of 1 cent per bushel at that port, whilst the rate Buffalo to New York was exclusive of elevation at that city. You will therefore, see that with the difference of $1 \frac{3}{10}$ per bushel in favour of Montreal we were unable to secure a very large volume of the grain via that port and for the reasons I have mentioned in the first part of this memorandum.

Rates.—In some quarters it is thought that by reducing our rates from the West to Canadian ports this will solve the difficulty, but will it? The head of the lakes, i.e., Port Arthur—Fort William, has been established as the granary through which our crops are to pass in order to find the markets in Eastern Canada and foreign countries on the other side of the Atlantic and therefore, lake tonnage must be taken into consideration in any attempt which might be made to make a rate which would, if it were possible, divert the grain through Canadian channels. I observed that the Board of Trade of the city of Quebec has memorialized the Canadian Railway Board to call upon the railways, the Canadian National being under discussion, to establish a rate from Winnipeg to Quebec "All Rail" at least 3 cents per bushel under what they are pleased to call the "Lake and Rail" rate from Winnipeg to New York with a maximum of 20 cents per bushel. As a matter of fact, there is no lake and rail rate between Winnipeg and New York, all grain rates break at Port Arthur and Fort William and lake shippers are at liberty to go into the market and make whatever rates may be necessary to take the traffic eastward either to Buffalo, Georgian Bay ports or "All Water" to Montreal as may seem fit. Therefore, whilst the rate might open at $3 \frac{1}{2}$ cents per bushel at the beginning of the season or even 4 cents per bushel, by reason of competition and perhaps the quantity of grain in store, these rates might be reduced to 2 cents per bushel, or, as I have seen in former days, $1 \frac{1}{2}$ cents to bay ports and Buffalo, the latter securing the preference always by reason of the fact that there is invariably a chance for a return load of coal to the head of the lakes. Therefore, it is not possible to fix upon a stationery "Lake and Rail" rate between Winnipeg and New York but above all this there are several trunk lines of railways running down to New York from Buffalo and just as soon as the Canadian National Railway made a 20 cent per bushel rate from Winnipeg to Quebec just so soon would these trunk lines reduce their rates to meet the competition, and they could afford to do so a great deal better than the Canadian lines because of the dense traffic carried through that territory between New York, Buffalo and points west which would provide return loads for their cars whilst we would be

compelled to haul cars empty from Quebec back to the starting point. The result in my judgment, would be lowering all the rates for the benefit of the shippers but no compensation for the carriers, on the contrary a great loss of revenue. Any action on our part to fix a rate of this character would also bring about the reduction of the grain rates on the whole continent of America where grain is sent to the seaboard and not only grain but flour and grain products would have to follow in its wake, a very serious proposition indeed.

The rate situation to-day is as follows—the lake rates are being quoted from Port Arthur and Fort William to Georgian Bay ports $2\frac{1}{2}$ cents per bushel; to Buffalo 2 cents per bushel. The rate from bay ports to Montreal is 11.60 per bushel, or a through rate from the head of the lakes to Montreal of 14.10 per bushel, which rate includes elevation at the bay port and elevation at Montreal. The rate from Buffalo to New York is 12.10 per bushel, which makes a through rate via Buffalo from the head of the lakes of 14.10 per bushel the same as Montreal, except that the rate does not include elevation at New York. So that whilst there is a cheaper rate from Midland to Montreal than from Buffalo to New York you will observe the lake boat takes up the slack, i.e., $\frac{1}{2}$ cent per bushel, but notwithstanding this we still are 1 cent per bushel to the good via Montreal. Usually this is sufficient to turn business but owing to conditions I have already indicated, the traffic still very largely seeks the Buffalo route, and already very nearly 3,000,000 bushels of wheat, oats, barley and flax, principally wheat, has been carried to Buffalo from the head of the lakes this season. There is no doubt however, that a certain portion of this wheat was sent to Buffalo for domestic purposes, the Washburn Milling Co. being largely interested at that point and no doubt rushed our wheat in before the Fordney (now the Young Bill) should come into force. On the other hand we have had a little over 1,500,000 bushel of grain to Georgian Bay ports largely influenced that way by reason of the fact that a recent spurt in the grain market sold a quantity of both wheat and coarse grains to Great Britain for the first half of May, loading at Montreal. It remains to be seen however, what quantity will be moved through these respective ports after the early rush has subsided. In a recent wire I had from Winnipeg our representative in that city states that New York exporters are all requesting C.I.F. prices Buffalo. It is to be hoped that the British buyers will come into our market much stronger than they have been doing in the past six months and if so I feel quite certain that they will at least supply us with enough grain through the St. Lawrence gateway to fill the requirements of our liners and it may be that we will be able to attract some of the tramp tonnage, but of this I am not very sanguine, because as already stated the St. Lawrence is considered a poor place by tramps by reason of its hazards.

The views I have given you above are the result of my careful inquiries and practical experience, particularly during the past season, but might I suggest that a round table conference be held at which we should have representatives of those who merchandize the grain as well as ship and railway operators, and perhaps it might be as well to invite also some of those who are so anxious to have us reduce our rates to the Canadian ports and what they think will solve the difficulty.

Yours truly,

D. O. WOOD,
General Foreign Freight Agent.

