

fares on the railway. But Major Cashin is right, it is not in the Terms; and it is not in the Terms that there is such a tax.

**Mr. Cashin** They make them so complicated; they do not mention coastal travel at all.

**Mr. Bailey** I wonder if the committee on railway negotiations took in mind the special rates to our fishermen going to Labrador. I wonder if they would continue after the CNR took over the running of the railway and steamship line?

**Mr. Smallwood** That is a good point — special rates for fishermen going to and coming from the Labrador. I will get a question in on that.

**Mr. Newell** Further to this discussion of the amount we pay extra by 15% on travel, we are working on the assumption that the basic rate in Canada is the same for Newfoundland.

**Mr. Cashin** It is higher. I am certain it is higher, particularly in the western part of Canada. If we are in the Dominion, it affects us from here to Vancouver. I think today they are looking for 30% increase in passenger and freight rates. During the war period these railways made considerable money because of war traffic. Now they are getting back to peacetime; the position is they cannot make the grade. The Canadian National Railways took over the Grand Trunk Railway after it became bankrupt. The Canadian National is the largest publicly-owned railway; the Canadian Pacific is the largest privately-owned, running on its own. Just prior to the war the Canadian Pacific were in such difficulties that they had to go to the government which had to guarantee them a loan. They started paying back interest on common stock. Today it is practically as bad as ours. With regard to our rolling stock, we have information that the Railway spent \$1 million in converting our locomotives from coal to oil. If Canada takes over, they will be taking over locomotives in first class condition.

**Mr. Chairman** This proportional increase of 30% is cited to be justified upon the urgency of replacing rolling stock worn out in war years.

**Mr. Smallwood** We talked about that application for a 30% increase. That began in January this year. A whole army of something of the order of 25 or 30 lawyers are engaged in that hearing at \$100 a day.

**Mr. Higgins** I think that is not altogether correct.

**Mr. Chairman** As one King's Counsel to

another, I am worried we were not down there.

**Mr. Smallwood** From January all through the winter, spring and summer they were there; they were there when we arrived in Ottawa, they were still at it. The railway was trying to get the Board of Transport Commissioners to allow them to increase their rates. There is nothing doing yet.

**Mr. Cashin** The general opinion is they will get 15%.

**Mr. Higgins** On this question, this applies only to rail travel?

**Mr. Smallwood** Railway and steamship.

**Mr. Higgins** It does not apply to steamship and most of our traffic out of the Dominion is by boat — boat from Halifax — and it would not apply to CNR boats.

**Mr. Smallwood** I believe that is the case.

**Mr. Higgins** Would you explain a little further.

**Mr. Smallwood** It begins at Lévis, just below the City of Quebec — all east of that is the Maritime region; it takes in roughly half of Quebec and all of Nova Scotia.

**Mr. Cashin** That act was passed to keep the Dominion Coal Company afloat, without which they would not have been able to get the coal to the market.

**Mr. Higgins** In theory it looks to be a fine act; but in practice, as most of our haulage is by boat, it is not of any real value to us.

**Mr. Smallwood** I put this to you: many people in this country are convinced, and many people in this chamber are convinced that Newfoundland should and will perhaps become an important livestock country. Newfoundland, sir, will never be, and can never be an important livestock country until feeds are made as cheap in Newfoundland as they are in the mainland of Canada. Mr. Crosbie has started this gigantic herring meal plant in Bay of Islands. I believe other firms are making herring meal or other fish meal. There is not a market for it in Newfoundland, so I understand. But what is to prevent Mr. Crosbie and some other progressive firms from starting a feed mill, if you can bring in feeds free all the way from the prairie provinces to Corner Brook without costing anything for freight — why not a feed mill in Newfoundland ... ? You have at one blow destroyed the obstacle, or half the obstacle, to a livestock industry. The Maritime Freight Rates Act could be the means of our becoming an important livestock country.