

He then quoted the following passage from the MacPherson Commission Report.

History records how the Canadian railways provided the means of meeting not only the demands of a developing economy but, also, the goals of national policy directed towards the establishment of national unity. And today the railways continue to play a vital part in the maintenance and growth of the nation.

These words are true and they provide ample justification for the close liaison between government policy and railway policy, as well as some justification for the subsidies and other payments to the railways that the Canadian taxpayer has assumed in recent years, and will have to assume at least during the transition period between now and 1975. The hope is, of course, that during this period of seven or eight years the effect of the provisions of this bill together with the prospects of greater economic development in the future will be such as to eliminate the present heavy costs of railway transport now borne by Canada as a whole. That is the basic hope and objective of this legislation.

Included in this bill are several important principles most or all of which were referred to in the speech of the sponsor. I select as the most important changes envisioned in the bill the freedom to compete and the principle that competition in future will be the chief regulator of transport rates in this country. Another important principle is this, that where burdens are imposed upon transportation companies by law, the burdens should be borne by the public as a whole.

I refer to these two principles in the context of a subject matter I would now like to pursue, namely, the so-called Crowsnest Pass rates on grain and flour as well as other statutory rates on these commodities now prevailing in western Canada. I wish to make reference to this question especially in the light of the long debate in the other place and the subsequent deletion of the clause which decreed a revision of these statutory rates within a period of three years.

Let me say first that the Crowsnest Pass rates have for two generations in western Canada been referred to as the Magna Carta of western agriculture; hence, even the slightest suspicion or hint of Parliament laying a hand on these rates is cause for fear and anxiety in the Prairie Provinces.

Hon. Mr. Connolly (Ottawa West): It was done at one time, was it not? They were eliminated at one time, were they not?

Hon. Mr. Thorvaldson: I will come to that.

In light of the great importance of the subject of railway grain rates and also in light of the fact that most Canadians are in a state of bewilderment in regard to the words "Crowsnest rates" and "statutory rates," I wish to discuss these points briefly: First, how did these rates come about? Are they justifiable now? Is there any legal or moral justification for their abrogation?

I have before me the Statutes of Canada for the years 1896-1897, 60-61 Victoria, which volume at chapter 5 contains the statute which ratified the Crowsnest Agreement.

I refer to this important statute because I find that in talking to people, particularly from eastern and central Canada, many have no knowledge of the fact that there existed a statute of Canada which ratified an agreement known as the Crowsnest Pass Agreement and imbedded its provisions in the law of Canada. What I mean is this. Some Canadians speak of the Crowsnest Pass Agreement, and they often ask why should Canada be burdened, or why the railways of Canada should be burdened by an old agreement made in 1897. That is what I want to talk about for a few moments.

I wish to emphasize the fact that an agreement was entered into between the Government of Canada and the Canadian Pacific Railway Company. That agreement was entered into in 1897 but it was also ratified by statute, and that statute makes it crystal-clear that the agreement shall remain in force in perpetuity.

Hon. Mr. Roebuck: With no term?

Hon. Mr. Thorvaldson: With no term. It is in identically the same position as the statutes which were previously passed in regard to railway construction in western Canada, where the Canadian Pacific Railway was by statute granted freedom from municipal taxation in perpetuity. As is well known, when the legality of these statutes was brought in issue before the Privy Council it was held that they were valid, legal and binding. If my memory serves me right, the legality of the Crowsnest Pass statute has been confirmed by the Privy Council in the same way as were these other statutes concerning railway taxation. However, what I want to emphasize is that the Crowsnest Pass agreement is much