profit of $1.8 million, while keeping the valuable coal lands.

The CPR realized that to make the Crow's Nest line profitable it must encourage enough traffic for it. To this end, in 1897 it worked out a deal with the Crow's Nest Pass Coal Company, which also had rights to coal lands in the region, whereby it agreed not to mine its coal lands for ten years in return for the promise that the coal company would ship considerable amounts of coal and coke over the Crow's Nest Pass rail line. By 1901, the line was carrying 112,000 tons of coal and 199,000 tons of coke a year.

Even more important than this was the CPR's acquisition of a copper smelter in Trail. In 1898 the CPR purchased, from entrepreneur F. Augustus Heinze, this smelter and a narrow gauge railway from Trail to the Mines at Rossland, and a standard gauge railway from Trail to Robson. In addition, the CPR acquired 270,000 acres of land in the vicinity of the smelter and the railroads. This agreement formed the core of Cominco, the CPR's highly successful worldwide mining operation with operations in Spain, Greenland and Australia as well as in Canada. Canadian Pacific added a lead furnace to the smelter, one of many expansions to take place over the years. It also began buying up mines in the area to supply the smelter with ore. The final result of this was that the CPR was eventually able to secure total economic dominance of southeastern British Columbia. Not only was the CPR the chief carrier of the mineral output of the Kootenay region, but it was also one of the major producers of that output. Again I quote from Robert Chodos:

> When Canadian Pacific estimated for the MacPherson Commission (in 1961) the revenue it had received from Cominco since the latter was formed as a company in 1906, the total came to almost $250 million; since then, it has gone up to well over $300 million.

We can see from this that the CPR was able to "cash in" on the building of the Crow's Nest Pass line by exploiting its early advantage in the area to build a highly profitable mineral operation. The Crow's Nest Pass Agreement of 1897 allowed the CPR entry into the mineral-rich section of southeastern British Columbia.

Just to summarize this part of the history of the line, I should point out that today the CPR is not merely a railroad company; it is a conglomerate controlling a number of enterprises. I will not expand on that point now, however. Needless to say, the CPR would have entered some of these activities without land grants or concessions to build railroad lines. However, these grants and concessions cannot be discounted as playing a vital role in the growth and prosperity of the CPR. They no doubt made it much easier for the company to prosper and grow.

As we have seen, the land grants played a direct part in the growth of Canadian Pacific's real estate and development operations. In addition, these lands provided the base from which its oil and gas operations could provide excellent profits in the form of royalties, lease fees and, later, formation of its own oil and gas subsidiary. Also, the Crow's Nest Pass Agreement allowed the CPR to gain a foothold in the mineral rich region of southeastern British Columbia, from which it was able to buy up mines and railroad lines, and expand its mineral operations.

While these are some of the more direct examples of how the early grants and concessions aided the growth of the CPR, there is another, more indirect aspect that should be considered. This is the fact that the initial grants helped place the CPR in a position from which it could expand and consolidate its position in a number of areas. The grants gave Canadian Pacific an economic stability that other railways did not have. This enabled it to buy up other rail lines and, in many cases, to acquire the land charters that went with them. An example of this occurred in 1905 when it bought the Esquimalt and Nanaimo Railway on Vancouver Island. As well as buying a 77-mile rail line it also received 1.9 million acres of timber and coal-rich land that was part of E & N's original land grant. Canadian Pacific was later to sell some of these lands and purchase shares in the British Columbia forest company, MacMillan Bloedel. It retained enough of the lands to establish Pacific Logging, a subsidiary for lumbering. This has been a recurring pattern with Canadian Pacific.

What is left of this original legacy to the CPR? As mentioned previously, there are approximately one million acres of land, some of it the most expensive urban real estate in Canada. The value of this land would be difficult to estimate. However, one needs only to survey the price of real estate to realize that such lands are extremely valuable today. As far as the return from minerals is concerned, this is also difficult to assess. But the land grants enabled the company to gain significant returns. It also provided a good base from which to expand its mineral holdings into a world-wide operation.

● (1550)

The real effect of the original grants has been that the CPR was given a solid basis from which to conduct and expand its operations far beyond that of just a railway company. Without such concessions the company would undoubtedly have had a much tougher time of it.

During the past few years there have been many criticisms of, and calls for changes in, Canada's transportation policy. This is especially true in the area of railway transport. This was brought to the fore in March of this year when the Minister of Transport criticized the existing policy and suggested that changes were needed. In this part of my speech I will examine the proposed new transportation policy, and some criticisms of it.

The proposal can be broken down into two parts—freight and passenger services. Let us first look at the freight aspects.

In 1967 the Government of Canada passed the National Transportation Act—sometimes referred to as the NTA—which laid down the principles of free competition among the various transportation networks. The act proposed that free competition among railroads, trucking and shipping companies would be enough of a regulator to ensure that fair rates were being charged for the shipment of goods. The Minister of Transport now has largely discarded this concept as a suitable policy for the shipment of freight, and I quote from the May 1974 issue of the magazine *Canadian Transportation and Distribution*:

> In 1967, at the time of the NTA's creation, Marchand supported the Act. Now, after almost two years as Transport Minister, and based on his experience, he insists that the Act's concept of regulation through