

Supply—Transport

reason for its existence and how it came about. In the early part of the settlement of western Canada we found ourselves with a completed trans-Canada railroad. In the prairie provinces there were about 300,000 people. They were discontented. There were high freight rates, and settlement was at a standstill. Eastern Canada itself had only about five million people.

It was decided that to develop the country a vigorous program of immigration must be introduced, that the people of eastern Canada must depend upon western Canada to purchase everything that they required to settle that country. The natural market for the prairie country lies to the south. The great lakes region prevented our coming east. The Rocky mountains prevented our going west; trade was naturally with the people to the south.

The Canadian Pacific Railway wanted to overcome this, and therefore built a line from Lethbridge to Nelson, so that it would get in and shut off the traffic which was going from southwestern Alberta and southern British Columbia into the United States. It had been promised then that immigration would be strongly supported. This road was built, and for that the Canadian government gave to the C.P.R. a subsidy of \$3,404,000 and from British Columbia it received a land grant of 3,620,000 acres with the mineral rights, and 60 square miles of coal land. They obtained a monopoly on the transportation to southern Alberta, and therefore were in a most favourable position to control trade there.

We know what has resulted from this. The great Trail smelters have developed into one of the greatest sources of income for the C.P.R. today. For this what did the railway give? It gave the Crowsnest pass agreement which was an undertaking that it would reduce the rates on grain to the extent of three cents per hundred pounds shipped from prairie points to the lakes. It also agreed to bring settlers effects, machinery and other essential goods for settlement from eastern Canada at a favoured rate amounting to a reduction of from 10 to 33½ per cent. These rates were set up and were to constitute the maximum for all time. The C.P.R. set the rate that it would give.

Owing to competition from the Canadian National Railways, which came into Manitoba, an agreement was made whereby the maximum rate was not changed until 1918. In 1918 a Tory or union government at Ottawa did away with the Crowsnest pass agreement. This may be surprising to some Conservative members when they learn about it. But

thanks to an alert senator, Senator Watson, the Senate did not approve of the bill with the result that the rates were only suspended for three years. They rose above the maximum set by the Crowsnest pass agreement; but in 1922 a Liberal government again restored the rates on wheat and flour moving from the prairie provinces to Fort William. The rates on commodities moving west were restored in 1924.

Then arose a dispute as to the application of the agreement. The railways claimed that the rates applied only to points in existence when the act was passed, and that from any other points they could charge full rates. The submission to the royal commission on transportation by the pools in January of this year contains the following:

Upon reinstatement of the Crowsnest pass rates in their entirety, July 7, 1924, the C.P.R. for the first time took the position that the agreement only applied to shipping points which were in existence in 1897. It accordingly ignored the maximum set by the agreement in so far as all other points were concerned. The discrimination and confusion thus created brought about appeals to the board of railway commissioners, and the government alike. The board held that the provisions of the agreement had been overridden by the Railway Act and it, therefore, restored the rates in existence prior to July 7, 1924, which on westbound freight were at a level higher than the maximum set by the agreement.

The board's decision was reversed by the Supreme Court of Canada, which held that the Crowsnest agreement was binding upon the railroad and the railway commissioners, but only applied to shipping points in existence in 1897.

The Parliament of Canada in 1925 intervened by relieving the railway company of its obligations under the agreement with regard to all commodities shipped from eastern Canada to the west. Thereby it removed the ceiling set by the agreement on all such commodities. At the same time, parliament not only refused to relieve the railway company of its obligations with regard to grain and flour rates, but enacted that they should apply to all shipping points, irrespective of whether or not they were in existence in 1897.

It is as a result of this Crowsnest pass agreement that the Maritime Freight Rates Act was passed, giving a 20 per cent reduction in freight rates to the maritimes. It was also responsible for the removal of the mountain differential, which was first reduced and then completely abolished by a Liberal government.

The *Winnipeg Free Press* of November 3, 1924, reports Mr. Mackenzie King as having said: "The east is protected by waterways, the Pacific by the Panama canal and the west by parliament." It is just that protection from monopoly that we in the west are asking for today. We are forced to sell on the open market; we are forced to export principally through eastern Canada and British Columbia. I believe the Hudson Bay route has not been given a fair trial, and with modern radar