Hon. Mr. Thorvaldson: Of course there were political considerations, and also considerations of high national policy which permeated this whole matter throughout all these years.

Hon. Mr. Roebuck: That is not your thesis now. You are justifying the rate from a legal and moral standpoint, not from the political standpoint.

Hon. Mr. Thorvaldson: That is quite right. I am making these remarks because I want to put on the record of *Hansard* the facts in connection with the Crowsnest Pass rates.

In order to place this subject in more complete perspective, I would like to read from page 372 of Volume 3 of the MacPherson Report. This statement, by Mr. E. P. Reid, is entitled "The Crowsnest Pass Agreement," and is a historical review and analysis of it:

> In the 1897 Crowsnest Pass Agreement the Canadian Pacific obtained a subsidy of $3,404,720 from the Government of Canada to build a line from Lethridge through the Crowsnest Pass into the Kootenay area of British Columbia where coal and other mineral discoveries had been made. In exchange the railway undertook to reduce freight rates on:
>
> 1. a number of articles important to settlers and farmers on their movement from Central Canada to the Prairies; and
>
> 2. grain and flour from its lines on the Prairies to Fort William and Port Arthur by three cents per 100 pounds. This provided rates to Fort William, for example, as follows:
>
> Winnipeg 420 miles, 14 cents per 100 lbs.
>
> Regina, 776 miles, 20 cents per 100 lbs.
>
> Calgary, 1,242 miles, 26 cents per 100 lbs.
>
> As part of the Agreement the railway undertook "that no higher rates than such reduced rates or tolls shall be hereafter charged by the company between the points aforesaid. These are the phrases which have (quite logically) been taken by the Prairie people as an undertaking in perpetuity.
>
> Fowke has summarized the objectives of the contracting parties as follows—

Mr. Vernon C. Fowke, an expert on railway matters, appeared before the Board of Transport Commissioners in Rate Base-Rate of Return case on January 12, 1953. These are the objectives as summarized by Mr. Fowke:

> Government of Canada
>
> 1. the more rapid development of the highly promising mining area of southern British Columbia,
>
> 2. the effective integration of this area into the Canadian economy in defiance of geographic facts and despite American designs,
>
> 3. the enlargement of the prairie and intermountain markets for eastern manufacturers through the provision of lower freight rates on the western movement of certain important products,
>
> 4. the stimulation of agricultural settlement and general economic expansion in the prairie provinces by means of the statutory assurance of lower rates on grain and on the inward movement of capital equipment, and
>
> 5. the acceptance by the Canadian Pacific Railway Company of the principle of governmental rate control in the national interest.
>
> Canadian Pacific Railway Company
>
> 1. the subsidy, more substantial than that considered by the previous government, would pay, according to the Company's own recorded estimates, upwards of one-half of the cost of the Crowsnest line,
>
> 2. construction of this line would entitle the Company to a large land subsidy indirectly from the Province of British Columbia,
>
> 3. the line would provide an all-rail link between the Company's main line and the Kootenay region, and
>
> 4. it would thus be possible to forestall American economic occupation of that wealthy area and to secure for the Canadian Pacific Railway Company first claim upon the traffic benefits to be derived from economic development in the southern Canadian Cordillera.

Those were the high principles of public policy which prompted the agreement and the statute.

As a matter of fact, there is a rather interesting commentary on this matter which perhaps I should read to the house. It is contained in an article entitled "Reservations on Grain," by Mr. A. R. Gobeil, who was one of the