

that all of these exceptions that have been mentioned by the minister and are also mentioned in the application, including the Crowsnest pass rates have no application either in the judgment or in the subsidy?

Mr. KNOWLES: That is right. The railways themselves specified the exceptions that they want to make, and they know they must keep to them. They cannot come and apply to the Board of Transport Commissioners for a 10 per cent or a 20 per cent increase on the Crowsnest pass rates.

Mr. CHEVRIER: Perhaps you might ask the chief commissioner to clear it up for us. Or perhaps the minister might tell us what is going to be in the terms of reference of the royal commission. You have a request to state what the terms of reference of the royal commission are going to be as far as the Crowsnest pass rates are concerned.

Mr. HEES: That is something that will be announced by the Prime Minister when he announces the royal commission.

Mr. CHEVRIER: The same answer.

Mr. HEES: Yes, consistent.

Mr. FISHER: Mr. Knowles, is it a fair statement that in the United States, where they do not have anything parallel to the Crowsnest pass rate, grain rates on long hauls are much higher than they are in Canada?

Mr. KNOWLES: Not only with regard to long hauls, but with regard to short hauls too. They are two or three times as high as the Crowsnest pass rate.

Mr. FISHER: Let me get a particular case. At the present time lumber and plywood shipped out of British Columbia into the Ontario market, the 17 per cent increase does not apply because there are competitive American rates from Seattle?

Mr. KNOWLES: Yes; but do not overlook the fact that those American rates have taken a 112 per cent increase.

Mr. FISHER: But even so, they were so competitive that the 17 per cent could not go on. The point I am interested in is this. Is one of the reasons the Americans are able to keep the rates low on plywood being shipped east because they have what may be closer to a true income on their grain rates?

Mr. KNOWLES: I would agree with you on that; the American carriers in the northwest get so much money on grain that they can afford to publish lower rates on apples and lumber and a lot of other commodities.

Mr. FISHER: In other words, with the statutory grain rates that we have in Canada, it is possible that adjustments or changes in them could open up completely new competitive factors, in the other rates?

Mr. KNOWLES: You are asking me the same question in another form. I would not like to comment on government policy in retaining those rates in the rate structure.

Mr. SMALLWOOD: I should like some of these gentlemen to remember, with regard to the Crowsnest pass agreement, that the railways were given a great deal of land in the west.

Mr. FISHER: I would not like Mr. Smallwood or any of the other western members to understand that we are necessarily against the Crowsnest pass rates.

Mr. BELL (*Saint John-Albert*): It is a new C.C.F. policy.

Mr. DRYSDALE: I should like to exclude myself from C.C.F. policy, Mr. Bell.

Mr. CHEVRIER: May I come back to the bill again. It has been stated—this question is to the minister—that the effect of this bill is to decrease the