

for political and defence reasons, to avoid bloodshed. And it allowed us to develop the whole of this country by following that route.

I began my remarks in this way because the Crowsnest agreement was developed for those same reasons. Even though there was a railway across Canada connecting the west to the centre, southeastern British Columbia was, in effect, being invaded by Americans. The states of Oregon and Washington were once British territories, but American settlers moved in and they became American. That was happening to the mineral rich area of southeastern British Columbia, and so that province urged the Government of Canada to run a branch line into the Crowsnest Pass in order to maintain our hold on that part of the country. There were political, military and economic reasons for this. They were good reasons in 1896 and there continue to be good reasons today.

When the then provincial government of Manitoba heard of the proposed gift to the CPR to compensate them for moving a line into that part of the country, they pointed out that a lot of farmers were very unhappy with the actions of the CPR. It was a monopoly and was behaving like one. It was laying down the rules as to where the little towns would be built, where the farmers could deliver their grain and which elevators would be situated on which sidings.

Now, there was quite a lot of separatist talk at the time, and part of the agreement reached was that farmers and settlers in western Canada would be guaranteed a rate based on equal distance, equal rates. That was the compromise reached at that time. The provinces of Saskatchewan and Alberta were established after 1905, and changes to the rate did not take place until World War I when it was allowed to lapse for a while. Following World War I there was a great deal of farmer unrest because of falling grain prices and freight rate inequities. We must remember that only those points which existed in 1896 and 1897 received the benefit of the Crow rate originally. All points developed since on other rail lines and in other towns and villages were not eligible for the rate. There were great inequities.

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In 1926 a new statute was passed, not because of economics but because there were 65 progressive members mainly representing that part of the country here in the Parliament of Canada. The statute of 1926 was put in place and has remained ever since. It has not been an unchanging statute; the benefits have not remained unchanged.

The railways have been allowed to abandon some lines in order to cut costs. They have received branch line subsidies, free hopper cars and free repairs to rail cars. Therefore, the rate is not the same as it was in 1926.

On top of that, the Wheat Board marketing system came in. It was part of the tumult of the early 1920s when the wheat pools were set up following the establishment of the Canadian Wheat Board. That form of orderly marketing allowed an improved use of cars and a faster turnaround. Management of the system has to some extent been borne by the farmers

through the Canadian Wheat Board. All this reduced railway costs and made the system more equitable. It was more able to survive.

I want to follow up on a point made by the hon. member for Vegreville (Mr. Mazankowski). He pointed out that the railways did not always lose money with this rate. We must remember that the land has always been and will continue to be there. Prices go up and down. Years ago Parliament granted the railways a similar long life. It is a corporation which will not die. It has to take the ups with the downs.

When the minister announced changes to the rate, he pointed out that at current grain prices it only takes between 2 per cent and 3 per cent to pay the transportation costs. That may be true in this day and age. I would like to point out something that no western Canadian has forgotten. In the 1930s, 85 per cent to 100 per cent of the price of grain was taken up with freight rates. One can go into any community and find an old-timer who recalls the time he shipped a carload of barley or oats and received a bill from the company saying he owed so much for freight. Everyone knows the standard response—"We have no money but we have more grain." The situation was a little like the current interest rate policy.

The supposed advantages touted by those who think the rate should change are as follows. They assume there will be increased livestock production in the west in spite of the fact that the increase will not be more than the losses in the grain sector. That argument is still being made by proponents of the rate in spite of the fact that the livestock industry in this country has been encouraged to diversify. There have been active programs to force livestock production in Ontario, Quebec, the maritimes and central British Columbia. Doing away with the Crow rate will disrupt that, yet we are told there will be more livestock production. We are not given any source for this information.

We have to compete in world markets. That is why grain farmers insist that the Crow rate remain. This country does not have the same cheap water transportation as other countries. In order to be competitive with the United States, our main competitor, there must be additional subsidies for grain transportation. The United States grants massive subsidies to its inland waterways. The river system is maintained by direct payments from the U.S. treasury at no cost to the users. We cannot compete without a comparable program. The Crow rate has served as that program.

If the Crow disappears, livestock producers will have some difficulty. When we talk of transportation subsidies, what about the At and East rates and the feed grain policy in all their various permutations? Therefore, there is an advantage to those outside western Canada.

The basic question is, where will this increased meat production be sold? This country now imports meat from the United States and the European Economic Community. Very little is sold to Japan and the eastern bloc countries. Those countries prefer to bring in feed grains and hire their own people to feed the livestock.