Hon. Mr. Thorvaldson: No, the consideration would be by the C.P.R. because it was the company that benefited.

Hon. Mr. Roebuck: Yes, you are quite right.

Hon. Mr. Thorvaldson: Yes, by the C.P.R., because the fact is that the rate—and I saw this figure in the MacPherson Report—the average rate on these particular 13 commodities is now 157 per cent higher than the rates indicated in the statute. I do not think it is an important factor, but as far as I know there was no consideration given by the C.P.R. for the abrogation of that clause.

There then follows paragraph (e), which provides:

> That there shall be a reduction in the Company's present rates and tolls on grain and flour from all points on its main line, branches, or connections west of Fort William to Fort William and Port Arthur and all points east, of three cents per one hundred pounds, to take effect in the following manner—

Then it was decreed that it would take effect in two stages, 1½ cents in one year and 1½ cents in the following year, making a reduction of 3 cents in all. That was a reduction from the current rate at the time—and I quote again from paragraph (e):

> ...and that no higher rates than such reduced rates or tolls shall be charged after the dates mentioned on such merchandise from the points aforesaid.

So much for that. Here was the contract, and here was the statute confirming it in perpetuity.

Then in paragraph (g) of section 1 there was a reference to a further consideration which I shall talk about later, namely, the consideration given the C.P.R. in the grant of land and mineral resources in the Kootenay Valley.

I believe that these resources were actually owned by the province of British Columbia, but presumably by some arrangement between the federal Government and government of British Columbia they were acquired by the C.P.R. Anyway, as a result of the agreement and statute the C.P.R. was enabled to build this line by a subsidy of approximately $3.5 million. But what was far more important was the tremendous potential asset which the railway received as a result of the transfer to it of the resources to which I have referred.

As I said, honourable senators, I have emphasized the fact of the statute because I have so often spoken to people who refer to the Crowsnest Pass Agreement as an agreement only, whereas it was in fact an agreement ratified by statute in the manner in which I have indicated.

I should like to refer now for a moment to an assessment of the situation made by Mr E. P. Reid, who was assistant director of research for the MacPherson Royal Commission. It is contained in Volume 3 of the Report of the Royal Commission on Transportation at page 371. I am going to ask you to bear with me while I put on the record the statement that is contained in this report.

Hon. Mr. Roebuck: Before doing so would the honourable senator allow me this question: Has he given any consideration to the change in money values and equities that might arise because the dollars of the nineties are very different from the dollars of today? The strict wording of the agreement, therefore, might be influenced to some extent by the equities brought about by the change in money values. Has the honourable senator given consideration to that point?

Hon. Mr. Thorvaldson: I say to my honourable friend that that is part of the crux of this whole problem, namely, the difficulty in making an agreement at any time that is perpetual.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Thorvaldson: That is exactly what happens, and that is one of the reasons why difficulties arise in a transaction that is made perpetual. Of course, when the value of the dollar decreased, as it did in the inflationary period of the First World War, it brought about a very difficult situation. Similarly, of course, a difficult situation is brought about by the inflation that is occurring now.

On the other hand, a partial reply—and there are other replies—is that at the time of the making of the Crowsnest Pass Agreement and the enactment of the statute the rates were based on a 20-ton railway freight car, as Senator Paterson well knows, whereas at the time of the beginning of the hearings before the MacPherson Commission in 1959 that 20-ton car had become a 60-ton car, and the car-mile cost was consequently reduced to a third. At the present time I think we have still larger and more modern cars. Automation and other developments and techniques in freight transportation have helped to ease the problem of inflation and other rising costs.