

the Government of Canada and remains a valid and binding contract.

In 1925 Parliament put the Crow rate into a statute when the railways offered to keep grain on the Crow rate if they could be relieved of the agreement for low rates on other commodities. At the time the CPR made it clear:

We are not asking for any change in the conditions established in 1897 in regard to grain and grain products.

The Crow rate has been the subject of considerable debate over the intervening years. The railroads surreptitiously attempted to influence Government to bring about change, with Government and Parliament hanging tenaciously to the original agreement.

This is not the first occasion on which the CPR has attempted to change the Crow. This will not be the last occasion on which it will attempt to change the Crow. But the CPR will fail this time as it has failed every other time.

Some Hon. Members: Hear, hear!

Mr. Deans: I want to read from the statement issued by Mr. Justice Emmett Hall when he studied the matter in 1980-81. In a statement dated November 24, 1981, he said that there is no position to take except to adhere through thick and thin that the Crow rate is not bargainable.

He also said that the railways receive full cost of transporting grain originating on lines covered by the branch line subsidy. The subsidy applies not only on the branch line but right through to the port terminal; so much grain is now carried at compensatory rate.

In 1981, he also said that the railways have been given the use rent-free of 14,000 hopper cars which cost roughly \$700 million, besides money to rehabilitate their own fleet of boxcars and money to rehabilitate their neglected lines on which they have been collecting subsidy. He added that western grain producers now subsidize eastern bread and pass it on to the consumers to the tune of five cents a loaf by virtue of the interest and storage payment for sales made to eastern millers by the Wheat Board.

I put those passages on the record to show that this is not some idle preoccupation of the New Democratic Party and a few farmers in western Canada that the grain freight rate ought not to be changed. It was quite clearly, when originated, an agreement that gave to the CPR significant benefit and from which the CPR has derived ongoing benefit in terms of its availability of land; but even more important for the purposes of this discussion it has received significant cash benefits and product in lieu of cash intended to offset whatever it was the railways were losing by way of freight rate charges.

The Crowsnest Pass arrangement is quite clearly a subsidy of sorts. It is a subsidy paid for by all Canadians in an effort to make our grain competitive world-wide. I put it to you, Mr. Speaker, that if it were true that we were to change the Crow rate, then we would undoubtedly raise the price of grain. If we increase the price of grain we will reduce the competitive nature of our grain farmers. Either that or the grain farmers will have to absorb the additional cost brought about by the

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changes proposed by the Government. If they absorb the additional cost it means their cash flow will be diminished. If their cash flow is diminished then the amount of money they, the farmers, have available for the purchase of other products necessary either to maintain their farm operations or to maintain their families will in that way also be diminished. If that happens then eastern producers of farm machinery will not have a market for the sale of their machinery. Other of those who supply grain farmers will find that the grain farmer does not have the capital to meet either his bank obligations or to meet his purchase requirements.

• (1250)

We say to the Minister that whatever his motivation, it goes against the accepted agreement of the latter part of the nineteenth century and all things which have been attempted over the years and turned back by Parliaments. It goes against what Mr. Justice Emmett Hall indicated was the situation as it applied to the transportation of grain. It goes against the best interests of western Canadian grain producers inasmuch as it reduces their income capacity. It does nothing of consequence to enhance the economics of the rest of the country. Therefore it is unacceptable legislation.

We have asked that the Bill be divided into three distinctly different sections. We have asked that there be a section dealing with what happens to the coal lands, how we can best deal with them and how they can revert back to the Province of British Columbia in the event some changes are in fact undertaken. We have suggested that there should be a section dealing with the upgrading and maintenance of railroads, not only for the transportation of grain but for the transportation of all commodities which we hope at some point will be marketable world-wide and will be transported from where they are manufactured to the East and West Coasts and in that way gain access to world markets.

We agree that some changes can be made in the way in which CN and CP have not lived up to their obligations to maintain railroads suitable for modern requirements. If the Government wants to bring forward changes to the Crow rate, we guarantee that we will do all in our power to oppose them; but we suggest that those changes should be brought forward in a separate Bill dealing strictly with the changes and nothing else.

The linkage which is being made by the Government is unacceptable. Changes to the Crow rate have no direct bearing on whether or not the railroads should upgrade their facilities. They must maintain their facilities at a level to enable them to move Canadian products across the country to the various and many markets either within or outside Canada. A change to the Crow rate does not facilitate that.

It may well be necessary at this point to discuss the ownership of the coal lands and who should have jurisdiction over them. In our opinion it may be necessary that they revert to the Province of British Columbia rather than be left in the present situation. Therefore we think it is necessary for us to