

C.P.R. is not going to continue these low rates because to do so would affect all its rates on all its commodities in the whole territory east of Vancouver in which this one and one-third rate is going to affect. That is what it is going to do, so that every reduction Calgary gets will be at the peril of the competitive rate. Let us take the illustration I gave—and I stick to the \$2. Today the competitive rate to Vancouver is \$1, and to Calgary it is \$2. If this provision comes into effect, the Calgary rate will be reduced to \$1.33. This benefit is not confined to Calgary, but is extended to all the territory east to Brandon, which means that every time the C.P.R. makes a competitive rate for Vancouver it will be sacrificing about one-third of the rates it would otherwise get in the Prairie Provinces.

**Hon. Mr. Burchill:** Does that principle not apply also under the Spokane Rule in the United States?

**Hon. Mr. Farris:** Perhaps it does, but the principle of this amendment also applies to the Spokane Rule. I am only leading up to that while I am giving these explanations as to what the effect of this legislation will be. I am not asking my honourable friend from Northumberland (Hon. Mr. Burchill) to vote against the government's policy on the one and one-third.

The honourable senator from Lethbridge (Hon. Mr. Buchanan) spoke about the Spokane Rule, but he did not say a word about the fact that it is provided that under the Spokane Rule the Interstate Commerce Commission has the right to do the very thing that this amendment is proposing. If my honourable friend from Northumberland wishes to cut out the one and one-third per cent and go back to the 100 per cent, wiping out the benefits of this, that is one thing, but manifestly that is not in the discussion that is going on here now. All I am pointing out is that this provision is inevitably bound to be a threat that these competitive rates will be wiped out altogether. If the C.P.R. finds that hauling goods on a competitive rate into Vancouver compels it to lower its rates from Brandon west to such an extent that it is operating at a loss, what is it going to do? Can any honourable senator say other than that it will have to withdraw the competitive rate? Mr. Evans testified before the committees of the Senate and of the House of

Commons that that is what will be done. Mr. Chairman, neither you nor I know whether that would happen; the royal commission did not know, nor did the members of parliament, but the threat is there.

Now then, let us come to our amendment. What does it do? Let us face this dispassionately. It does exactly what the Spokane arrangement does. It gives the ultimate decision to the Transport Board but it does not leave it in the discretion of the Transport Board in the ordinary sense at all. The statute remains intact and proclaims that the one and one-third formula is the policy of the government. Now then, we have a Transport Board whose members are appointed by the government of this country, and within the last two or three weeks a new chairman of that Board has been selected. I have not had the pleasure of knowing that gentleman, but every report I have heard about him is to the effect that he is a high-class man who gives every promise of being a credit to Canada in the performance of his new duties.

**Some Hon. Senators:** Hear, hear.

**Hon. Mr. Farris:** Have we no confidence in these men? If they are honest and fulfil their duties in a proper and fearless manner, I would ask my honourable friend from Lethbridge whether he is afraid that the Transport Board, limited as it is by this provision, will change the formula "unless for good cause" as provided in the amendment?

The honourable senator from Bruce (Hon. Mr. Stambaugh) predicts that if this amendment passes we can expect the C.P.R. to camp right on the doorstep of the board, and that there will be all kinds of litigation. I ask my honourable friend from Northumberland (Hon. Mr. Burchill) if that has been the experience of the Interstate Commerce Commission in the United States where they have exactly the same provision as this? I would ask honourable senators to consider their own experience in these matters.

Although I am not a member of the Transport Committee I put this question to honourable members of that committee: "What are you afraid of?" This provision says that the formula will not be changed unless the board feels there is good cause. Now, those who are convinced that the one-and-one-third formula is right must believe